

**TRANSLATION OF THE PROCEEDINGS AND
RESOLUTIONS OF THE 79TH SESSION OF THE
NATIONAL ASSEMBLY OF BHUTAN**

I. Inaugural Ceremony

The 79th session of the National Assembly began on June 28, 2001 corresponding to the 8th Day of the 5th month of Female Iron Snake Year. His Majesty the King was escorted to the National Assembly Hall with *Chibdrel* and *Serdang* ceremony. The session commenced with the offering of *Zhugdrel Phuntshum Tshogpa*.

In his inaugural address, Dasho Ugyen Dorji, the Speaker welcomed His Majesty the King, and the honourable members. He expressed Tashi Delek to the 32 new chimis and 10 chimis who were re-elected after the completion of their terms.

The Speaker congratulated candidates from the 20 Dzongkhags who have won the nomination for people's representatives to the Royal Advisory Council in their constituencies. Since the term of office of the incumbent councilors conclude in October this year, the candidates would contest for election in the National Assembly during the 79th session.

Towards the conclusion of the 78th session, the representatives of the people, the Monastic Body and the nominees of Royal Government elected the incumbent Speaker to office. He expressed regret for failing to thank the honourable members of the Assembly since it was only after the conclusion of the last session that he could receive *dhar* from His Majesty the King.

The Speaker said that although he had no formal education he had been groomed in the traditions and etiquette of the country since his childhood. He

expressed profound gratitude to His Majesty the King and the honourable members for bestowing their trust and confidence in him and electing him as Speaker.

He called upon the support and co-operation of each and every member of the Assembly to enable him discharge his responsibilities effectively. He expressed full optimism that such invaluable support would always be forthcoming. On his part, he pledged his loyalty and dedication to serve the Tsa-Wa-Sum unfledglingly during his tenure as the Speaker.

Before submitting the agenda of the 79th session to the honourable members, he informed them of the honour he had in participating as the representative of the National Assembly in the First Conference of Presiding Officers of National Parliament held in New York from August 30 to September 1, 2000. The conference took place in the Conference Hall of the UN General Assembly during the Millenium Summit of the United Nations. He said that the participation in such a conference was a great experience for the National Assembly of Bhutan. The Speaker addressed the conference in Dzongkha, the national language. The address was translated in major languages of the world.

Since the initiation of unprecedented political reforms by His Majesty the King in 1998 during the 76th session, the National Assembly has been charged with new and added responsibilities. In order to adapt to changes ushered in by socio-economic development and by developments in the international scenario, new legislations and acts are being constituted. Moreover, there is a constant need to review and amend national laws and Chathrim.

Enacting legislation is the primary responsibility of the National Assembly. The Speaker acknowledged the honour he had in conveying the standing command of His Majesty the King in establishing a legislative committee of the National Assembly.

The National Assembly ratified seven different Chathrim during the 78th session. Drafts of six new Chathrim were already circulated to the honourable members in the last session for discussion in the current session. Besides, drafts of two new Chathrim would be submitted to the Assembly this year.

It is very important for the National Assembly to concentrate on legislation and other related tasks. If a legislative committee were not established, the National Assembly would find it very difficult to fulfill the most important of its responsibilities. Therefore, the Chathrim for the legislative committee drafted by the secretariat of the National Assembly by upholding the command of His Majesty will be submitted in the next session. Similarly, the revised Chathrim for election of Chimis and that of the Speaker are already drafted for submission in the next session.

On behalf of the National Assembly, the Speaker expressed gratitude to His Majesty for commanding the establishment of a standing legislative committee. His Majesty has issued this command with deep and profound consideration for the present and future benefits to the people and well being of the country.

Bhutan is a small country located between two powerful Asian nations. It has enjoyed an era of peace and happiness uninterrupted by famine, epidemics and war. On the other hand, the socio-economic conditions of the people have improved at an unprecedented scale. The relationship between the government and the people has been harmonious. All this has been possible due to the blessings of the Triple Gem, the benevolence of His Majesty the King, and the good fortune of the people.

Although the Bhutanese are generally peace-loving people and enjoys very friendly relations with other countries, the problems created by the presence of

armed ULFA and Bodo militants of the bordering state of Assam, India has posed grave and unprecedented threat to the sovereignty of the country.

The issue has been repeatedly discussed in the National Assembly since the 75th session. The honourable members are very aware of the various resolutions passed pertaining to this issue. Nevertheless, the people of the 20 Dzongkhags have again submitted, as one of the points for the agenda, the need to develop strategies to solve the ULFA-Bodo problems without further delay. Their submission is an indication of their concern for the country and of the unity between the government and the people in solving the problem on time. The Speaker said that it is extremely important for the honourable members to give serious thought and consideration on the issue and come out with a fruitful resolution.

During the royal visit to different Dzongkhags, and the audience given to people and students, His Majesty has repeatedly commanded that if they do not express love, concern and loyalty for the country, no one else would. In order to safeguard the independence and sovereignty of the country, both the government and the people must honour their sacred commitment and loyalty for each other. The time demands commitment to unity and co-operation through both difficult and peaceful times.

The honourable members of the Assembly are either nominated or elected by the Monk Body, the government and the people with full trust and confidence. Therefore, they must always keep in mind the immediate and future interests of the country, and commit themselves to open and frank discussion in the Assembly. The Speaker expressed his prayers and hope that the resolutions they adopt would be in fulfillment of the wishes of the government and the people.

He then informed that the 79th session would begin by electing six Royal Advisory Councillors among the nominees of 20 Dzongkhags through secret

ballot. A brief curriculum vitae of each of the contestants along with copies of the procedure of electing the councillors have already been distributed to the honourable members in advance. The Speaker concluded by expressing his hope that the election of the councilors would be held fairly in conformity to the standard official procedure.

II. Election of the People's Representative to the Royal Advisory Council

Since the three-year term of the six people's representative to the Royal Advisory Council would come to an end on October 31, 2001, the following contestants from the twenty Dzongkhags participated in the election at the national level.

Sl. No.	Dzongkhag	Name of Contestant	Occupation
1.	Pema Gatshel	Sangay Dorji	Director, National Fodder Centre, Bumthang
2.	Trashigang	Chador Wangdi	Former Gup, Radhi
3.	Trashi Yangtse	Choeten	Chimi, National Assembly
4.	Mongar	Sangay Wangdi	Deputy Director, Royal Advisory Council
5.	Lhuntse	Sonam Zangpo	Dzongkha Teacher, Tangmachu Primary School
6.	Bumthang	Gyonpo Tshering	Officiating Director, National Library
7.	Zhemgang	Sonam Wangchuk	Former Dzongrab
8.	Trongsa	Dophu Tashi	Chimi, National Assembly
9.	Wangdue Phodrang	Pasang	Manager, Bhutan Oil Distributor

Formatted

Formatted

Formatted

Formatted

Sl. No.	Dzongkhag	Name of Contestant	Occupation
10.	Punakha	Thujay	Gup, Karbisa
11.	Gasa	Zeko Dorji	General Manager, Food Corporation of Bhutan
12.	Thimphu	Dago Tshering	Dzongrab gom
13.	Paro	Gyeltshen	Gup, Dop Shari
14.	Haa	Kelzang Norbu	Head Master, Changzamtog Junior High School
15.	Samdrup Jongkhar	Dozang	Gup, Orong
16.	Sarpang	T.P Humagai	Chimi, National Assembly
17.	Tsirang	Phugay Dukpa	Chimi, National Assembly
18.	Dagana	Leki Pem	Chimi, National Assembly
19.	Samtse	Chand Bahadur Ghallay	Chimi, National Assembly
20.	Chhukha	Jamyang	Business

Formatted

Formatted

Formatted

Formatted

Formatted

Formatted

Formatted

The curriculum vitae of the nominees were circulated to honourable members of the National Assembly on July 26, 2001. Besides, the procedure for election through secret ballot was read out to the honourable members by Dasho Tashi Phuntsog, Secretary of the National Assembly on the day of election, i.e July 28, 2001. The contestants of the eastern, western and southern region were then introduced individually to the Assembly. A total of 145 votes were cast: one each by ten representatives of the Monk Body, thirty six nominees of the Royal Government, six representatives of the people to the Royal Advisory Council, and 93 Chimis (excluding Chimis contesting in the election). Amongst the seven contestants from eastern region, Chador Wangdi from Trashigang and

Sonam Wangchuk from Zhemgang won the election by 39 and 29 votes respectively. Gyeltshen from Paro and Pasang from Wangdue Phodrang won among the seven candidates of western region with 31 and 28 votes respectively. From the southern region consisting of six Dzongkhags, Jamyang from Chhukha and Leki Pem from Dagana won the election with 64 and 27 votes respectively.

The six elected councilors will assume office after receiving *dhar* from His Majesty the King.

Once the results of the election were declared, the honourable Speaker, Dasho Ugyen Dorji congratulated the six winning contestants. He also extended appreciation to the remaining fourteen contestants for having participated fairly at different stages of the election.

III. Annual Report of the Chairman of Lhengye Zhungtshog

The annual report of the activities of the Royal Government was submitted to the National Assembly by His Excellency Lyonpo Yeshey Zimba, the honourable Finance Minister and the third Chairman of the Lhengye Zhungtshog.

Introduction

The Chairman began by expressing his happiness in reporting to the National Assembly that as Bhutan enters the last year of the 8th Five-Year Plan, it would be yet another successful plan period. Although the country faces serious difficulty owing to the presence of ULFA-Bodo militants, he said there is no doubt that the people of Bhutan would continue to enjoy peace, progress and prosperity due to the blessings of guardian deities, the enlightened leadership of His Majesty the King and the hard work and cooperation of the people.

Although Bhutan is a small developing country, it has made tremendous socio-economic progress in the last four decades without compromising her cultural and traditional values and the natural environment. Every Bhutanese is aware that such progress toward balanced, equitable and sustainable development has been inspired by the concept of Gross National Happiness.

In order to attain Gross National Happiness, it is essential to ensure that both the spiritual and material requirements of the people are met. Therefore, it is important that they have access to basic needs such as sustainable income, health care and education, and also fulfill their spiritual and emotional needs. Besides, it is important to promote traditional value system, religious and cultural heritages. As happiness can only be ensured in a just and equitable society, the Royal Government continues to make concerted efforts to improve the system of governance and ensure it is stable and responsive to the needs of the people. The Royal Government will, as always, place people at the centre of development and ensure that development is economically and environmentally sustainable.

Today, the country's rapid progress and unique development philosophy is gaining increasing recognition in the world, and therefore, the Bhutanese people have reasons to be happy about past development achievements. This success has been possible due to the farsighted vision and dynamic leadership of His Majesty the King who has worked tirelessly to ensure the development and security of the country and the well being of the people.

National Security

The Chairman submitted that national security is the most urgent issue facing the country today. It is an indispensable prerequisite for sustaining development process in the country. Since the Ngolop problem and the presence of ULFA-

Bodo militants in the country pose grave threat to national stability and prosperity, national security has become the foremost concern of the Royal Government and the people. Hence, the ULFA-Bodo issue has been extensively discussed in the National Assembly in the past five years.

The Royal Government has sought the approval of the National Assembly in implementing any strategy to expel the militants. The Chairman reminded that the 78th session has endorsed four strategies to resolve the militant problem: peaceful negotiation, stopping supply of rations to the militants, enforcing the National Security Act by punishing supporters of the militants, and if all else fail, resort to military action. Since a military action involves heavy expenditure and also threatens the lives of many Bhutanese people, the Royal Government has persevered in expelling the militants through peaceful means. No peaceful approach till date has however, been effective and the government has initiated discussions to resort to military option.

In submitting reports on the recent negotiation with the ULFA-Bodo militants, the Chairman informed that the talks did not lead to a satisfactory outcome. Nevertheless, some peaceful means of solving the problem has come up. He said that a detailed report would be submitted by the Hon'ble Home Minister during the discussion on the issue according to the agenda.

The ULFA-Bodo problem has affected development activities in twelve Dzongkhags. Moreover, the security of Bhutanese people, especially those living in high security-risk area has been greatly endangered. Therefore, the Royal Government has pledged to expel the militants at the earliest possible. The Chairman reminded the Assembly about the tragic incident of December 2000, when eleven innocent Bhutanese passengers were murdered, and fourteen others injured. The security problem has made it unsafe for Bhutanese vehicles to travel through India greatly affecting trade and commerce in south-eastern Bhutan. Since the militants are rebels fighting against the Indian government,

their presence in Bhutanese territory threatens to harm Bhutan's friendly relationship with India. Hence the need to find a speedy solution to this issue has become more urgent than ever. The Chairman said that if the peaceful approaches of persuading the militants to leave the country do not succeed, the Royal Government is fully committed to implement the resolutions passed by the National Assembly.

During the 8th plan review meetings in the twenty Dzongkhags, the Royal Government has received overwhelming support from the people to implement the National Assembly resolutions. In all the Dzongkhags, members of the Geog Yargye Tshogchung (GYT), Dzongkhag Yargye Tshogchung (DYT), representatives of the business community, students and the general public expressed their full support to any action taken by the Royal Government to expel the militants from Bhutanese territory.

The people are fully aware of the extent of threat and danger posed by the militants to national security and independence. They have also volunteered to make financial contributions and take up arms. The Royal Government was inspired by such overwhelming and united support shown by the people. It indicates their unfailing faith and loyalty to Tsa-Wa-Sum. The Chairman said that the Royal Government is grateful to the people for their support and for their united stance during such a difficult time.

National security is not dependent on military strength alone. The national economy, and leadership must be very strong. It is of utmost importance for the Bhutanese people to unite in thought and action, place the interest of the nation above everything else and work with total loyalty and dedication. Every Bhutanese must assume full responsibility in strengthening national security.

Bhutan is a very religious country. Any action undertaken has always been initiated by invoking the blessings of Triple Gem. The Dratshangs and

Goendeys in the country continue to perform religious ceremonies for the well being of the Tsa-Wa-Sum. His Holiness the Je Khenpo has led the performance of the Goenboi Tongtso Kurim all across the country. The recently concluded Sipa Chidoe and Damtsi Torma ceremony performed by His Holiness is perhaps the most significant religious event of the year. The Chairman conveyed the gratitude of the Royal Government to the Dratshang, and also to the *Lams*, *Anims*, *Gelongs*, *Gomchens*, and all individuals who have performed *Kurim* all over the country for the well being of the nation. He also expressed gratitude to the Bhutan Chamber of Commerce and Industry and to the private sector for contributing about Nu.10 million to sponsor the Sipa Choe Doe and Damtsi Torma Kurim.

The Chairman noted that the voluntary financial contribution made by the private sector is an indication of their loyal and dedication to Tsa-Wa-Sum. However, more than such ad hoc contributions, a sustained flow of resources is very important for national security. He encouraged the business community to invest in economically viable activities, pay their taxes honestly and on time, generate employment opportunities for the youth, and refrain from fronting and other illegal activities that compromise national security. The private sector must contribute to national security by assuming full responsibility for economic growth and development.

During the royal visit to many schools around the country, the students submitted their concern for the security situation to His Majesty the King, and offered to undergo military training to defend national security and sovereignty. The Royal Government is highly appreciative of the selfless patriotism expressed by the students. However, as His Majesty has repeatedly stated that ‘the future of the country lies in the hands of our children’, it is extremely important to enable the children, who are the future citizens and leaders of the country continue their education. It is equally important for parents and teachers to provide them good education, and to impart values and instill in them a sense of loyalty, dedication and integrity at an early age. Since Bhutan is a small

country with a very small population, strengthening the national security demands strengthening its base. Therefore, the children must be imparted education that will enable them to think positively of their country.

Although the country faces grave security threat, the Royal Government has not been able to discuss the issue with the civil servants so far. However, a very serious discussion has been convened with them this year as commanded by His Majesty the King. In it, the civil servants not only expressed their concern for national security and committed to make financial contributions through deduction of their salary but also pledged to take up arms at the risk of their lives. Although the Government highly appreciates this gesture of the civil servants, the Chairman said that it is important for them to discharge their official responsibilities fairly and efficiently with loyalty and dedication in the service of the government and the people. Besides this, there is no greater contribution they could make.

Similarly, the people have also expressed their deep concerns over the present security problem both in the National Assembly and in the Dzongkhag plan meetings. The Royal Government highly appreciates the commitment of the people to sacrifice their own lives for the well-being of the country. It is important for the people to comply with the policies of the government, and refrain in any circumstances from associating with the Ngolops and the militants by considering their self-interest. There is no doubt that the national security will be strengthened if the people place the national interest above everything else and commit themselves with honour and loyalty in all endeavours.

The Royal Government has taken the following military measures in conformity to the resolutions of the National Assembly in the event of all peaceful measures failing to compel the militants leave Bhutanese territory.

1. The military capability of the armed forces has been strengthened in terms of numbers and ammunitions. Moreover, many new military camps have also been established. As reported in the last session of the Assembly, the military expenditure is being met from the budget of the armed forces without incurring any expense to the plan budget.
2. In order to maintain law and order, the Royal Bhutan Police has also been strengthened.
3. In the event of an emergency, there will be great difficulty in traveling from southern Bhutan. Therefore, the national highways have been made pliable at all times to ensure safe transport facilities.
4. As there is risk involved in traveling through Indian territory, new rest houses have been established for the convenience of passengers traveling within the country.
5. Arrangements have been made to provide necessary food provisions to people in the high-risk areas and to distribute petroleum products in the eastern Dzongkhags.
6. Preparations are being made to provide shelter and other facilities in case people have to be evacuated from their villages in the event of a military emergency.
7. As there will be many casualties in the event of a military confrontation, emergency medical units have been established.
8. Contingency plans are regularly reviewed to ensure the security of the people in the event of a military engagement.

9. As commanded by His Majesty the King, two security co-ordination meetings have been held in Gelephu and Deothang to facilitate effective co-ordination among public organizations in the event of an emergency.
10. In addition, His Majesty the King and the cabinet continue to review the security situation in the country frequently.

Although the ULFA-Bodo problem is of utmost urgency today, it is equally important to remember the *ngolop* threats as it has serious implication for the country's future. The Chairman informed that the Joint Verification of the people living in the camps in Eastern Nepal has been initiated since last year. It is crucial for the people to remain ever vigilant of such subversive elements that threaten the peace and stability of the country.

Socio-Economic Development

In his presentation on the socio-economic development of the country, the Chairman said that a strong and sustainable economy is extremely important for safeguarding the security and independence of the country. Hence, His Majesty has repeatedly emphasized the significance of enhancing economic self-reliance. Besides other services and resources which the people need, increasing their income and diversifying opportunities along with access to health and education facilities are very crucial. As such, socio-economic development is integral to achieving Gross National Happiness.

In the last forty years, Bhutan has successfully emerged from being one of the poorest countries in South Asia to having one of the highest per capita income (USD 656). In education, the national literacy rate has already reached 54% while 72% of Bhutanese children are school-going. The national health coverage has reached 90% and life expectancy risen to 66 years. The economy continues to experience a steady and sustained growth of about 6%, the inflation

rate is 4.5%, and the balance of payments continues to be positive. All indicators show that while the Bhutanese economy is sustainable, equitable and balanced, it is also transforming from an agrarian to a modern one.

Review of the 8th Plan and Preparations for the 9th Plan

In spite of the existence of security problems, His Majesty has commanded that the 8th plan be concluded successfully for the benefit of the people. The Chairman reported that the final year of the 8th plan has been reached without any disruption of development works. The expenditure for the plan period has exceeded beyond the initial estimated budget of Nu.30,000 million to Nu.40,000 million. But the domestic revenue has been able to meet the current expenditure.

The 8th Plan mid-term review meetings in all the twenty Dzongkhags, which began last year in Trongsa concluded recently in Gasa. His Majesty the King and His Royal Highness DASHO JIGME KHEGAR NAMGYEL WANGCHUCK graced most of these review meetings. In accordance with the policy of devolution of responsibilities, the Chairman reported that he had the privilege of chairing these meetings. The meetings provided a great opportunity for the Government officials, members of the DYT and GYT, community and business representatives to meet and exchange views directly like members of one family. The meetings revealed a satisfactory level of progress in terms of physical implementation of development activities and financial expenditure. According to financial reports submitted by the twenty Dzongkhags in these meetings, the level of financial expenditure ranged from 40 to 100 percent. On average, the achievements of the Dzongkhags in the first three and half years of the 8th plan were 66%. The Dzongkhags expressed their confidence in implementing the remaining development activities before the conclusion of the 8th plan.

Since sector heads of different Dzongkhags are involved both in the formulation and implementation of planned development programmes, His Majesty has time and again commanded that their capabilities have to be strengthened. The Chairman expressed appreciation to the Dzongkhag sector heads who presented the review reports for the first time. While this was in contrast to the earlier practices, it was in keeping with the policy of decentralization.

The profound gratitude expressed by the people to His Majesty the King and to the Royal Government in the meetings has proven that irrespective of how near or far they live, they continuously enjoy the benefits of development programmes. Besides, the people also expressed unfledging dedication and loyalty in safeguarding the security and sovereignty of the country.

During the consultations with the people held within and outside of the review meetings, it has become evident that their priorities today have shifted from schools and hospitals, drinking water and renewable natural resources to motor roads and electricity. This shift in priorities indicates that no area in the country suffers from lack of basic essential facilities and that development process has been balanced and equitable. Since access to roads and electricity will contribute in enhancing rural income, the Royal Government will address these needs in the 9th plan.

The Chairman then informed the National Assembly about the progress on national projects. The 1,020 Mega Watt Tala Hydro-power Project which is the largest Indo-Bhutan friendship project, would be successfully completed by 2005. While the first turbine of the Kurichu Hydropower Project has already been commissioned, it is expected that the project itself would complete by 2002 with the commissioning of the remaining three turbines. In order to distribute power to rural communities, the Royal Government has, with the assistance of the Indian Government, begun works on the Eastern Transmission Grid, which will connect Kurichhu with six eastern Dzongkhags. The first phase

of the Basochhu Hydropower Project will be completed in October 2001, and preparatory works for the second phase are already in progress.

The rural electrification project, which is underway, will benefit more than 6000 households in fifteen Dzongkhags. These initiatives will directly benefit the people and also help boost industrial development within the country. Enhanced export of electricity will bring in substantial revenue.

The Chairman expressed gratitude of the government and people of Bhutan to development partners and international organizations for their support, and especially to the Government of India who has not only provided considerable financial assistance to the 8th plan but also to the power sector. He assured them that the Royal Government would ensure that their assistance is judiciously used for the benefit of the Bhutanese people.

The Royal Government is in the process of preparing the 9th five-year plan which will begin in July 2002. The estimated budget for the 9th Plan would be at least Nu.50,000 million, representing an increase of about 67% from the Nu.30,000 million budgeted for the 8th Plan. In contrast to earlier plans, the 9th plan will, for the first time, feature independent plans for 202 geogs. This is in conformity to His Majesty's desire of empowering the people. It will have significant impact on the process of decentralization and people's participation. The Chairman noted that it is imperative for the people to identify capable and honest persons from different constituencies and elect them as their representatives.

Employment

Youth employment is one of the emerging issues that is a concern to the Royal Government as well as to many parents and students. Till today, the country has faced difficulty not from unemployment but from shortage of manpower.

However, as the number of educated youths increases over the years, problems of unemployment would also increase. Current estimates show that there will be 91,000 school leavers who will join the work force over the next 10 years. Therefore, there is an urgent need to create gainful employment opportunities for the educated youth.

During His Majesty the King's visit to schools around the country, many students expressed concern about their employment prospects. The Royal Government shares their concern as unemployment has negative implications for the stability of the country as well as the self-esteem of the unemployed people. However, considering that there are more than 50,000 expatriate workers in the country, the problem is not of the absence of employment opportunities. On the other hand, the expectations of school leavers do not match that of the existing job opportunities in the country. While most people look to the civil service for employment, it cannot absorb more than a limited number of employees. Therefore, it is important for the private sector to invest in productive activities that can generate employment for the growing number of job seekers.

The Royal Government has been making concerted efforts to improve the employability of school leavers. Some of the important measures taken are as follows:

1. The National Technical Training Authority continues to oversee the expansion and improvement of technical and vocational education.
2. The National Employment Board is working to further streamline the employment system and to intermediate between employers and job seekers.

3. The Department of Education has been providing career-counselling services for the students so that young people make realistic and informed career choices.
4. In order to encourage Bhutanese nationals to join the national work force, the Royal Government has raised the daily wage from Nu.50 to Nu.100 per day. The wages of skilled craftsmen have also been raised accordingly.
5. The Employment Rules and Regulations of Bhutanese Nationals in the Private Sector are being reviewed.
6. The Ministry of Finance has recently begun mobilizing funds to improve and expand basic skills training for new school graduates and unemployed youth. This is expected to improve their employability and enhance their income generating opportunities.

In order to urge young people become entrepreneurs and participate in activities of the private sector, the Royal Government has also initiated several policies to boost the private sector. The Chairman informed that this issue would be dealt in greater detail in the budget presentation.

He emphasized the need for greater attention to create gainful employment opportunities in rural areas, and encourage young people to return to villages and take up farming as self-employment enterprise. With the application of modern farming techniques and farm mechanization, there is immense potential to increase farm productivity and efficiency. Furthermore, there are bright prospects for educated farmers to export high value agriculture products.

The following measures have been initiated to encourage the educated youth to return to the farms:

The Ministry of Agriculture has initiated a project to train people on modern farming practices, which have good income generating potential.

Greater emphasis has been placed on rural access to roads in the 9th plan to enable farmers market their produces.

The Bhutan Development Finance Corporation continues to expand its rural credit facilities for farming activities.

During the visits by His Majesty the King to various schools around the country, many students expressed concern about the limited access to and growing competition for higher education. The Education Department has upgraded numerous schools to accommodate students for higher education. However, not all schools could be upgraded due to shortage of teachers and budgetary constraints. In order to address this shortage, and also to make education cost-effective, the government has been encouraging the establishment of private schools in the country.

Culture and Tradition

At a time of rapid change and development occurring in Bhutan and abroad, it is very important to preserve and promote indigenous traditions, cultural heritage and values, which constitute symbols of national identity. The rich culture and time-tested values, which are strongly inspired by Buddhism have enabled Bhutan to maintain national harmony and unity. Furthermore, the preservation and promotion of traditional values and culture gain added significance in an age of rapid modernization and globalization. As the children are the custodians of culture and values, it is important that parents and teachers assume full responsibility in making them understand and appreciate the values of culture and tradition.

As Gross National Happiness places great emphasis on the spiritual and emotional needs of the people it is important to promote the institutions, knowledge system, expression, beliefs, social patterns, and relationships that enable the people to realize the richness of Bhutanese traditions and cultural values. Some of the notable initiatives taken by the Royal Government pertaining to the preservation and promotion of Bhutan's unique culture and traditions are as follows:

1. Various programmes related to literature, drama, songs and music have been organized to promote Dzongkha, the national language.
2. Traditional songs and dances have been promoted in all twenty Dzongkhags.
3. Traditional and cultural values are transmitted and promoted through the Bhutan Broadcasting Service and Kuensel.

Further emphasis has been placed on the promotion of Zorig Chusum, and the 15th day of the 3rd month of the Bhutanese calendar has been declared as the National *Zorig* Day by His Holiness the Je Khenpo. The Kalachakra has been identified as the tutelary deity of Zorig. His Holiness has also composed a prayer dedicated to the flourishing of Zorig Chusum.

In order to promote and preserve traditional weaving skills, a textile museum has been opened in Thimphu. The tax on yarn has also been abolished to encourage weaving industries in Bhutan.

Lhakhangs are prone to dangers of arson and robbery. Many safes, which are resistant to fire and theft, and which will be distributed to Lhakhangs and Dzongs are being tested and examined. Besides, about 200 caretakers have been trained in security aspects.

The most important restoration work presently being undertaken by the government is the reconstruction of the Paro Taktshang monastery. The Chairman said that the restoration works there are progressing very well. Other major planned restoration projects include Gangtey Gonpa, Trongsa Dzong, Talo Monastery and Petsheing Lhakhang in Bumthang.

The responsibilities for the restoration of cultural and historical sites and monuments have been decentralized to the Dzongkhags to enhance their role in the promotion of traditional craftsmanship and skills. This has enabled construction of new Lhakhangs every year besides restoration and renovation of large number of existing ones.

The country's unique and rich cultural heritage is gaining evermore recognition and popularity in the world. Following the highly successful exhibitions held in Austria, Switzerland, Spain and the Netherlands, Bhutan participated in the Expo 2000 held in Hanover, Germany. This forum provided a great opportunity to demonstrate to the world the uniqueness and richness of Bhutan's tradition, culture, environment and craftsmanship. It is a matter of great pride that the Bhutanese pavilion comprising of a traditional Lhakhang and other exhibits was rated the best among 180 participating countries.

The theft of the invaluable Rangjung Khasarpani from Punakha Dzong last December deeply shocked and saddened the Bhutanese people. However, the fortune and merit of the people were such that this priceless treasure was recovered and restored in Punakha Dzong. While the initial loss of the *nangten* was a sign of the difficult times that Bhutan is going through, its recovery is an auspicious omen foretelling the continuity of the teachings of Buddhism. It also signifies that the guardian deities of Palden Drukpa are ever powerful and protective. This augurs very well for the future of the country.

Good Governance

Since people-centred development lies at the heart of the Bhutan's development policy, good governance constitutes one of the four pillars of Gross National Happiness. His Majesty the King has always desired a system of governance that is efficient, transparent, accountable, and most importantly a system that is responsive to the needs of the people.

His Majesty the King has initiated a process of political reform to enhance people's participation in determining the future of the country. The voluntary devolution of executive powers from the throne to an elected Council of Ministers is a highly estimable event that is unprecedented in the world. The process of decentralization is also well underway and the Royal Government has already begun to formulate the 9th five-year plan which is geog-based. These wide ranging political reforms are a testimony of His Majesty's trust and confidence in the Bhutanese people. The Bhutanese people must, however, remember that this places greater responsibilities on them and that they must work to fulfill His Majesty's noble aspirations.

The DYT will be entrusted with very important decision-making powers and responsibilities in the 9th plan. In order to ensure that the additional powers and responsibilities are discharged effectively, the Royal Government is in the process of reviewing the Chathrim of development committees. Besides, the Dzongkhags have been authorized to retain the rural tax. New ordinances and legislation are being drafted to strengthen the judicial system. As informed during the Dzongkhag review meetings, it is extremely important that capable and honest people are elected as representatives to DYT and GYT.

In order to strengthen the rule of law, the Royal Government has submitted six more acts in the current session for approval by the National Assembly. The legislation on Bill for Civil and Criminal Procedure Code is the most important one as it is fundamental to strengthen the judiciary and help achieve its goals.

In continuation of the restructuring exercise initiated in 1999, the Royal Government continues to persevere in enhancing efficiency, transparency and accountability in all spheres of governance. The following measures are those taken by the government in its efforts to curb corruption and stem unhealthy practices:

1. To restructure and improve the system of governance, the Royal Charter for the Royal Civil Service Commission is being reviewed.
2. To further meritocracy, efficiency and professionalism in the civil service, the Royal Government is in the process of finalising the job classification for the civil servants.
3. A Committee of Secretaries has been formed to enhance inter-ministerial coordination and cooperation in order to facilitate the development of an efficient, accountable and transparent system of governance.
4. In order to vitalise Bhutan's private sector, a Private Sector Development Committee consisting of representative from both the private sector and the Government has been formed to recommend appropriate policies and strategies to facilitate the growth of private sector.
5. Internal Audit Units have been established in all Ministries to ensure the implementation of government policies, judicious utilisation of public resources and to curb corrupt practices.

The Natural Environment

Recognizing the deep reverence that the Bhutanese people have for the natural environment and the importance of pursuing a sustainable approach to development, the Royal Government continues to place great emphasis on the conservation of the natural environment. Bhutan is committed to keep 60% of her land under forest cover. This is due to the understanding that benefits accrued from the forests are crucial to the livelihood of Bhutanese people. This will enable Bhutan to contribute to the protection of global ecological diversity.

Some of the major initiatives taken in the previous year to conserve and promote the natural environment are as follows:

1. To reduce pressure on the natural environment, taxes on domestic electrical appliances have been exempted.
2. A system for obtaining clearances for projects with regard to environment impact assessment has been framed.
3. Environment Assessment Process has been institutionalised.
4. Environmental Codes for implementation in urban areas in sectors such as Sewage and Sanitation Management, Solid Waste Management and Urban Roads and Traffic Management have been instituted.
5. Clean technology is being promoted in major industrial establishments.

As a signatory to the UN Framework for Convention on Climate Change (UNFCCC), Bhutan submitted the inventory on sources and sinks of greenhouse gases in November 2000 at the Sixth Conference of parties to the UNFCCC. The issue of climate change is important for Bhutan as there are significant potential negative impacts of such changes on the fragile mountain ecosystem.

The key threats to Bhutan are retreating glaciers, glacial lake outbursts, floods and variability in weather patterns affecting agriculture and loss of bio-diversity.

International Relations

The Royal Government continues to make concerted efforts to promote and strengthen Bhutan's global image, safeguard its national interest, strengthen and maintain friendly relations with all countries, particularly with neighbouring countries and development partners.

The excellent relations with India have been further strengthened through numerous high level visits, cultural exchanges, development co-operation and extensive trade relations. India continues to be Bhutan's largest development partner as well as a trusted friend. The recent visit of the Indian foreign secretary has further strengthened the close ties of friendship between the two countries.

Last year, the Hon'ble Foreign Minister paid an official visit to India followed by the visit of the Hon'ble Minister for Health and Education this year. There are many programmes planned for such bilateral visits hereafter.

This year, an exhibition on the theme 'the Living Religion and Cultural Traditions of Bhutan' will be hosted in several Indian cities. The Chairman expressed confidence that such events will help to further strengthen the strong bond of friendship and understanding that already exists between the peoples of India and Bhutan.

One of the most important events in the past year pertaining to Bhutan's foreign relation was the Seventh Round Table Meeting held in Thimphu last November. It was by far the biggest international conference held in Bhutan. Very senior officials representing the donors and development partners participated in the

conference. This is an indication of the good will and trust that exist between Bhutan and donor governments and agencies.

The other notable event was Bhutan's participation in the UN Millennium Summit in New York, which saw the largest gathering of world leaders at the highest levels. The Chairman of Lhengye Zhungtshog represented Bhutan. This summit presented an opportune moment for Bhutan to reaffirm her commitment and support to the principles and purposes of the UN and to play her role as a responsible member state of the international community.

In the past year, the Hon'ble Foreign Minister made official visits to Thailand, Finland, Norway, and the Netherlands. The visits have helped to promote Bhutan's good will and further strengthen her bilateral relations with these countries. The 14th round of the annual border talks with China was held in November 2000. The Chairman said that the Hon'ble Foreign Minister would make a detailed presentation subsequently according to the agenda.

In order to facilitate smooth functioning of Bhutan's diplomatic missions and enhance her presence in other countries, the Royal Government has also purchased house and properties in New York, Geneva and Bangkok.

The past year also witnessed a breakthrough in bilateral talks with the Government of Nepal on the issue of people living in the camps in eastern Nepal. In accordance with the agreement reached at the 10th Ministerial Joint Committee meeting held in Kathmandu in December 2000, the joint verification teams have begun the verification process. The Chairman informed the Assembly that the verification process is proceeding smoothly. Bhutan and Nepal, which are the only two kingdoms in the Himalayas with hereditary monarchy, have also taken steps to strengthening bilateral relations through enhanced economic cooperation and cultural exchanges. In view of the

importance of this issue, the Chairman said that the Hon'ble Foreign Minister would brief the house in greater detail.

Conclusion

The Chairman reported that the year 2000-2001 has been a very successful and eventful year. Activities of the plan period have been successfully implemented while the review of the 8th Plan in all the twenty Dzongkhags has been completed. The country is preparing for the 9th plan, in which decentralization and people's participation will be strengthened through the introduction of geog plans. Bhutan is poised to restructure the economy and face the emerging challenges of youth employment, urbanization, information technology and globalization.

However, the problem posed by the ULFA-Bodo militants whose presence threatens the national security and sovereignty must be resolved expeditiously. All the Bhutanese people as well as the Royal Government have demonstrated the political will to solve the problem. While the commitment of the Bhutanese people is steadfast, there are people who express a sense of uneasiness at resorting to military measures against the ULFA-Bodo militants. There are also people who raise concerns pertaining to the small size and population of the country. It is certain that a military confrontation will require considerable resources and result in many human casualties. However, the Chairman highlighted the fact that there is no option but to remove the militants. The Bhutanese people must shoulder the responsibility of taking recourse to military engagement, and they have the necessary capability.

The people have confronted similar problems in the past with the British and Tibetans. They have proven that size and number are not as important as national unity and a common sense of purpose. Then, our forefathers, who were united in thought and action, determined and fully devoted were able to

safeguard the sovereignty of the country. Similarly, it is the people's duty to safeguard the sovereignty of the country even at the cost of their own lives. The time has come for every Bhutanese man, woman and child to demonstrate the legendary Bhutanese strength and bravery to protect the security of the country. The Chairman said that if the people remain united in thought and action, there is no doubt that the present problem as well as any other arising in future would be solved.

If the militants had to be expelled through military confrontation, the armed forces have to be engaged. The armed forces consist of our parents and children, siblings and relatives. The Chairman said that the Royal Government and the people of Bhutan have a deep sense of gratitude and appreciation to the armed forces for their selfless services at a time when the country is going through a very difficult period. The country's gallant soldiers are the true sons of Bhutan. Their loyalty and services have evoked deep admiration, respect and confidence of both the government and the people. The Chairman said that they would be provided with every necessary support.

The Chairman conveyed the gratitude of the Council of Ministers to the outgoing members of the Royal Advisory Council for their hard work and dedication in discharging their responsibilities competently. He expressed his hope and desire that they would continue to work for the well being of the people and the government. He also extended Tashi Delek to the newly elected members of the Royal Advisory Council.

Although the country faces a daunting security problem, he expressed his confidence that the security and sovereignty of the country can be strengthened and sustained by the blessings of the guardian deities of the Palden Drukpa, the enlightened leadership of His Majesty the King and the unfailing loyalty of the people. He concluded by praying for His Majesty the King's long life and continuous reign.

The Chimis of Punakha, Haa, Samdrup Jongkhar and Paro submitted that although the new Speaker of the National Assembly has been elected towards the conclusion of the 78th session last year, the session closed before the celebration for his new office could be held. No one could express their gratitude and Tashi Delek to both the former and present Speakers. Therefore, before submitting their views and opinions on the conduct of the government, they expressed their gratitude to Lyonpo Kinzang Dorji, the Hon'ble Minister for Agriculture for discharging his responsibilities as the Speaker very efficiently and for guiding the Assembly members very ably during his tenure. They also conveyed their Tashi Delek to the new Speaker for assuming responsibilities of the most exalted office of the National Assembly, and expressed their hope that as entrusted by the government, Monk Body and the people, he would fulfill their aspirations.

They expressed appreciation to the Chairman of Lhengye Zhungtshog for his submission on the activities of the government which consisted of reports on national security, socio-economic development, mid-term review of the 8th plan, policies and preparations for the 9th plan, and initiatives for enhancing good governance. The Assembly members were not only able to comprehend these issues but encouraged and inspired to think further.

The honourable members have greatly appreciated the willingness of the civil servants to help safeguard the national security and independence, and commended their pledge to make contribution of a month's salary. As submitted by the Chairman of the Lhengye Zhuntshog, they emphasized the significance of civil servants discharging their responsibilities with honesty and dedication. More than their financial contribution, this would greatly benefit the national security, government and the people.

They also expressed their profound gratitude to His Majesty the King and Their Majesties the Queens for granting audience to the people and for the opportunity of submitting their opinions during the 8th plan mid-term review in different Dzongkhags. They also expressed their gratefulness to His Royal Highness, Dasho Jigme Khesar Namgyel Wangchuck who graced some of the review meetings on behalf of His Majesty the King.

The Chimis submitted their appreciation for the review of GYT and DYT Chathrim which are intended to give these bodies the responsibility and authority to ensure the successful formulation and implementation of geog-based plans in accordance with the policy of decentralization which emanated from the throne.

The Speaker in his inaugural address informed that the *chathrim* for the election of the Chimis and of the Speaker are being amended. On this, the Chimis emphasized the need for making relevant amendments of Chathrim in keeping with the political and economic changes occurring in the country.

In the document ‘Good Governance’ distributed on the occasion of the Coronation Silver Jubilee, the importance of curbing corruption and dishonest practices have been highlighted. If this objective were to be realized, it is imperative that new legislation and amendments are made on time. The Chimis expressed their appreciation for the Chathrim of a standing legislative committee, which is being prepared for submission in the subsequent session of the National Assembly.

They congratulated the Hon’ble Speaker and the Chairman of Lhengye Zhungtshog for being able to participate in the international Conference of Presiding Officers of National Parliaments and Millenium Summit of the world leaders in New York last year. They then requested the Royal Advisory

Councillors to brief the Assembly on their activities that accrued benefits to governance.

The *Zhung Kalyon* responded by stating that the main responsibilities of the Royal Advisory Council is to monitor if the people, ministries and different governmental departments implement the resolutions and legislations passed by the National Assembly or not, and to maintain good relationship between the government and the people. He informed that the Council continues to engage in consultations and discussions with the Council of Ministers on security and other important issues facing the country. Moreover, the Royal Advisory Councillors are also members of the Lhengye Zhungtshog. Since the National Assembly convenes only once a year, the Council is the only organization that continuously facilitates consultation between the government and the people.

Furthermore, the Council continues to investigate cases which have been appealed to His Majesty the King after verdicts passed by dungkhag and dzongkhag courts and by the High Court were found unsatisfactory by the litigants.

After expressing his appreciation to the honourable members of the Assembly for their understanding and respect for the achievements of the Royal Government which has been clearly presented by the Chairman, the Speaker concluded the discussion on the annual report of the government.

A total of eight Chathrim including the six Chathrim distributed to the honourable members during the 78th session of the Assembly, the Livestock Act of Bhutan and Bhutan Electricity Act would be distributed for discussion in the current session. The Speaker expressed his hope that the honourable members would find time to study the Chathrim carefully so that an in-depth discussion could be held which would lead to a fruitful resolution. This was followed by the presentation of the year 2001-2002 budget, distribution of information

booklet on the financial report of Year 2000-2001, and the drafts of the following Chathrimis to the members of the National Assembly.

1. The Industrial Property Act of the Kingdom of Bhutan, 2001
2. The Copyright Act of the Kingdom of Bhutan, 2001
3. The Commercial Sale of Goods Act of the Kingdom of Bhutan, 2001
4. Bhutan Co-operatives Act, 2001
5. Income Tax Act of the Kingdom of Bhutan, 2001
6. Bill for Civil and Criminal Procedure Code, 2001
7. Livestock Act of Bhutan, 2001
8. Bhutan Electricity Act, 2001

IV. Review of the Year 2000-2001 Budget and Presentation of the Year 2001-2002 Budget

The information booklet on the review of the fiscal year 2000-2001 budget and statement of the fiscal year 2001-2002 Budget prepared by the Ministry of Finance was distributed to the honourable members of the National Assembly on June 29, 2001. *Lyonpo* Yeshey Zimba, the Hon'ble Finance Minister presented them to the Assembly on July 2, 2001.

He said that the fiscal year 2000-2001, which was marked by a comprehensive mid-term review of the 20 Dzongkhags, was a very successful one. According to reports submitted during the review meetings, the Dzongkhags were able to utilize, on average, only 66% of the plan budget. Heavy rainfall in the past year, shortage of manpower and the unavailability of funds on time committed by donors were the main reasons.

Since the fiscal year 2001-2002 is the last year of the 8th Five-Year Plan, the government is also preparing for the 9th Five-Year Plan. Many five-year plans have been completed successfully in the last four decades. This has accrued

immense benefits to the people brought about by unparalleled socio-economic development. Hereafter, the country's development policies and plans will not only consider the welfare of the people, but endeavour to boost trade and industry to make the economy viable and competitive in the context of globalization. Some of the most pressing issues confronting the country today includes provision of employment opportunities to increasing number of youths who graduate from schools and institutions every year, and expanding the urban centers to adjust to pressures of rural-urban migration.

Therefore, the development of private sector is extremely important to advance the country's socio-economic development. There is no restriction against import of foreign goods. The private sector must grow and contribute in the development of industrial establishments. However, since most Bhutanese are subsistent farmers, the Royal Government will ensure that the services for improving the livelihood of rural farmers are also taken care of alongside the development of the private sector.

In the fiscal year 2001-2002, the economy has experienced a steady growth rate of 6%, and the inflation rate remained below 4.5%. This is an indication of the nation's healthy economy. While the exchange rate was relatively stable, the balance of payments remained positive and favourable. The foreign reserve, which stood at USD 292.5 million can pay for 19 months of import. The foreign debt to GDP ratio was 39% and the debt service ratio 4.1%. Domestic revenue was able to meet the current expenditure.

The annual budget of Nu.9,323.711 million approved by the National Assembly last year increased by 4% to Nu.9,704.934 million. This has been due to increases in the cost of essential items and payments of salary for newly recruited civil servants. An additional expenditure of Nu.278 million was incurred in renovating roads and bridges in southern region which were damaged last year owing to heavy rainfall. Besides, an additional expenditure of

Nu.260 million was spent on purchasing buildings for embassies in New York, Geneva and Bangkok. Furthermore, the daily wage of national work force was increased from Nu.50 to Nu.100. The increases in the cost of essential items also increased expenditure of nationally executed projects. The DSA and sitting fees of the members of GYT have also been increased. In all, the results of the fiscal year 2000-2001 have been very positive. Since there has been favourable feedback by the International Monetary Fund on Bhutan's fiscal management, the Royal Government's policies and programmes deserves to be appreciated.

The Hon'ble Minister then submitted the budget for the fiscal year 2001-2002 for approval by the National Assembly. Considering the security situation and the national revenue, the Ministry of Finance has estimated a budget of Nu.10,047.144 million which represents an increase of only 3.5% from the Nu.9,704.934 million spent in the previous year. The budget has been kept low mainly because there will be difficulty in seeking external assistance in the event of a national emergency. It is important to remember that the fiscal spending for this year would be met, as far as possible from the budget approved by the Assembly. The resource gap would otherwise amount to Nu.1,047.101 million or 10.42% of the projected GDP.

If Bhutanese children must have good education, it is important to have motivated teachers. The teaching allowance of primary school teachers has therefore, been increased from 15% to 30% of their salary. Similarly, medical doctors were paid an incentive ranging from 30-40% of their basic salary to improve health services.

The Hon'ble Minister then reported on the domestic revenue generation and tax related issues. Although revenue from taxes is crucial to finance maintenance of public facilities like schools and hospitals, it is also important in equitable distribution of benefits. One of the aspirations of the people and of His Majesty

the King is to ensure that benefits are equally distributed for the welfare of the people.

The corporate income tax is the most important in ensuring equitable distribution of benefits. Hence, the draft Income Tax Act was submitted by the Ministry of Finance to the honorable members of Assembly in its last session. In it, there are provisions for three different types of taxes: sales tax, customs duty and income tax. Among them, the income tax is a new introduction. The chairman said he hoped that the honourable members would carefully analyze the draft act and engage in a constructive deliberation when it is discussed subsequently in accordance with the agenda.

He said that the 8th plan would conclude at the end of the plan period 2001-2002. The most important challenge of the 9th plan would be issues of youth employment and urbanization, and those brought about by globalization. It is imperative to resolve the problem posed by the presence of ULFA-Bodo militants in the country before the 9th plan commences. He said that the Royal Government undertakes to commit any resources necessary if a military confrontation is unavoidable to solve the militant problem. He concluded by expressing his hope and prayer that the Kingdom of Bhutan continue to enjoy unprecedented peace and happiness as a result of the blessing of the guardian deities, the profound benevolence of His Majesty the King, and the strong relationship between the government and the people.

P.S: See Annexure A for documents of the review of 2000-2001 national budget and the budget report of 2001-2002 distributed to the honourable members of the National Assembly.

The BCCI Chimi thanked the Hon'ble Minister for his presentation on the budget review of the fiscal year 2000-2001 and budget report of 2001-2002 and for explaining the fiscal policies of the Royal Government. Although the

Nu.381 million increase in the budget of the last fiscal year approved by the National Assembly amounts to only 4%, the amount spent is not very negligible when considered in actual figures. But this additional expenditure has been incurred, as reported by the Hon'ble Finance Minister, to repair and renovate vital public infrastructure which were destroyed by heavy rainfall and flood last year. Since additional unforeseen expenditure would be incurred, it would be difficult to balance income and expenditure. Therefore, it would be necessary to consider the budget so that the income and expenditure are balanced. He submitted his appreciation to the Ministry of Finance for ensuring a balanced budget despite the rise in expenditure in the last fiscal year.

The national spending for the fiscal year 2001-2002 must go beyond totaling the current and capital expenditure presented for the sake of Chimis' understanding and comprehension. He pointed out that it would be worthwhile if different activities and programmes were also explained clearly. If it were necessary to incorporate expenditure of the mega power projects into the national budget, it is important to understand the nature of such spending.

The ability to meet current expenditure by domestic revenue has become a basis of credibility and appreciation. The Chimis extended gratefulness to India and other development partners for their assistance in making capital investments.

Although the private sector is expected to help boost the national economy by taking up industrial and commercial entrepreneurship, the small size and inaccessibility of the country have been very detrimental to its growth. Private undertakings are confined to very small businesses. They have not ventured into major commercial and industrial activities and failed to make substantial contributions as desired by the government. Besides, they have not been even able to provide employment to educated youths graduating from schools and institutions. However, in order to help boost industrial establishments as desired by His Majesty and the Royal Government, five sites have been identified for

the development of industrial estates. This would help encourage full participation of the private sector and enhance socio-economic development by providing employment opportunity to the youth, and increasing the tax base.

The Mongar Chimi conveyed the gratitude of the people of Mongar Dzongkhag to the government for identifying a 90-acre site in Lingmithang as industrial estate. The first turbine of the Kurichhu Hydropower Project has already been commissioned and the inauguration ceremony concluded. With the commissioning of the remaining three turbines very soon, the establishment of industries in this site will be enhanced. He expressed his hope that this would greatly benefit the people and contribute to national revenue generation. Although Mongar Dzongkhag ranks second among the twenty Dzongkhags in terms of geographic and demographic size, the limitation of power supply has not been favourable for the establishment of industries. Its contribution to the national GDP, therefore, has only been 0.49%.

Once the Mongar-Nganglam highway is opened, the industries at Lingmithang will not only benefit the people of Mongar but accrue economic benefits to people of neighbouring Dzongkhags like Trashigang, Trashy Yangtse, Lhuntse and Bumthang. Bhutan is a Bae-Yul blessed by Ugyen Rinpoche, the second Buddha. There are many sites of pilgrims and worship. Besides, it is also a mountainous country, and therefore in a position to attract many tourists and enhance the revenue earning capacity of the country. However, the geographic distance of the eastern Dzongkhags has not been favourable for considering aviation facilities. Owing to the ULFA-Bodo problem, travel through Samdrup Jongkhar has been stopped. This has not been conducive to tourism in eastern Dzongkhags. The introduction of helicopter services would promote equitable tourism.

The Hon'ble Finance Minister responded to the concern raised by the BCCI Chimi pertaining to the unavailability of programme list for which expenditures

would be incurred. Although the current and capital expenditures submitted by different organizations were not included in the integrated budget presented to the National Assembly, they are clearly elucidated in the plan budget of the organizations. The reason for excluding expenditures of mega project in the plan budget is mainly because the capital of the projects cannot be utilized according to plan programmes. The Hon'ble Minister said that there is no difficulty in making the information available if honourble members were interested to know about it. The report on the financial aspect of the projects has already been presented in the chairman's annual report to the National Assembly. Besides, these have been clearly reflected in the plan budget of relevant ministries and departments.

On this issue, he said that the first turbine of the Kurichhu Hydropower Project has been recently commissioned while the remaining three turbines would be commissioned the following year around this time. Thereafter, the establishment of the Lingmithang industrial estate would not only benefit Mongar and Lhuntse Dzongkhag but also contribute to the development of industries in all the eastern Dzongkhags. The completion of the Kurichhu Hydropower Project would make electricity available not only in the eastern Dzongkhags but also in the central and southern Dzongkhags.

The Hon'ble Minister for Trade and Industry pointed out that the Mongar Chimi has implied the need for an airport in eastern Dzongkhags to promote tourism in the region. Since His Majesty's enthronement, many distinctive national policies were formulated. While the economic development has progressed forward, both the cultural and traditional heritage and the natural environment has been well-preserved. This has resulted in peace, happiness and prosperity of the Bhutanese people. At such a time, it is important to promote tourism related activities. This will not only generate revenue for the government but also enhance private sector development. It will be conducive for the establishment of industries related to Zorig Chusum. There will be great opportunity to market

these handicraft products. Tourism will also be able to generate employment opportunities for the youth.

The Hon'ble Minister informed that the Department of Tourism is in the process of promoting various programmes and activities that will accrue immense benefits to the government, the people and the country. Besides mere cultural tourism such as visiting monasteries and Tshechu, the department is also formulating plans for trekking, white river rafting and pilgrimage. He said that the hounourable members are aware that geographic distance and bad weather are also accountable for limited tourism in eastern Bhutan. The objective of tourism industry is not to bring in more tourists but to increase the value of earning from each individual tourist. For example, the current USD 200 fee paid by each tourist could be revised to as high as USD 300-400.

Since most of the tourists are wealthy and old people, the absence of good transport and hotel services in far away places would cause them lots of inconveniences. Although the construction of an airport would be very ideal, the mountainous terrain of the country makes it difficult to identify an ideal place with good weather conditions. The huge amount of expenditure involved in the construction of an airport makes it impossible to construct one immediately. The Hon'ble Minister said that the Ministry of Trade and Industry and the Ministry of Communications are discussing privatization of helicopter service industry to benefit the eastern Dzongkhags.

The Chimis of Chhukha, Samdrup Jongkhar, Punakha, Trashigang, Haa and Lhuntse extended their appreciation to the Hon'ble Finance Minister for his presentation of the budget review of the fiscal year 2000-2001 and the budget report on fiscal year 2001-2002. They said that the financial report of the previous fiscal year have been discussed comprehensively by members of the GYT and DYT during the mid-term review of the 8th plan. Therefore, the

budget presentation by the Hon'ble Finance Minister has been understood very clearly by the people's representatives.

Since a budget of Nu.10,047 million has been allocated for the fiscal year 2001-2002, there is no doubt that the last year of the 8th plan would be very successful if no emergency situation arises in the country and if the people and the government work hand in hand. They expressed gratitude and appreciation of the people to the government for preparing the budget.

They also pointed out that the government has been very generous to raise the teaching allowance of the teachers of primary schools from 15% to 30% of their basic pay, and provide incentives ranging from 30-45% to medical doctors. Since this has been done with the noble objective of benefiting the people, they expressed their expectations that the teachers would also work with loyalty and dedication without rendering these benefits as worthless. The children are the future citizens of the country and it is extremely vital that the teachers impart them valuable value education.

Since the daily wages of the national work force has been increased by 100% considering the welfare of the humble people, their gratitude to the Royal Government will be unparalleled. This raise in the daily wage would hopefully decrease the numbers of expatriate workers and encourage Bhutanese to participate in the national workforce, thereby fulfilling the policies of the government and aspirations of the people to streamline and consolidate the national workforce system. They also extended thankfulness for increasing the daily subsistence allowance of the civil servants.

Since the launching of the five-year plans, the vital public infrastructure and services has been provided free of cost to the people. At the end of the 8th plan, which completes four decades of development, the people of Bhutan are still the least taxed in the world. All these are credits to the Royal Government alone.

Besides mere expressions of gratitude, they said that some day the people would be able to make substantial contributions to government revenue through taxes, and to that end they hoped to work harder by remembering the income-related difficulties in the country.

Similarly, they also expressed gratitude for abolishing sales tax and customs duty for a wide range of domestic electrical appliances, computers, office stationeries and CGI sheets.

Bhutan is a Buddhist country and therefore, the Ministry of Health and Education has launched intensive campaigns to disseminate information and awareness on the negative effects of smoking, drinking on health and hygiene to rural communities. The South-East Asian Anti-tobacco flame has been taken to all the twenty Dzongkhags along with the messages it conveys. It is highly admirable that the level of smoking in the country has been dramatically reduced. The chimis submitted that cigarettes which causes high health risk be totally banned from import or imposed high sales and custom duty. Similarly, the tax on liquor may also be increased. Besides, a strong mechanism for regulating Television programmes, which have negative effects on youths who are highly impressionable, needs to be instituted.

Summarizing the discussion, the Speaker said that as reported by the Hon'ble Minister for Finance in his budget review and presentation for the fiscal year 2000-2001 and 2001-2002, the steady growth rate of 6% and an inflation maintained under 4.5% is an indication of a healthy national economy. He said that the honourable members must appreciate the fact that the economy maintained a stable exchange rate and a foreign reserve of USD 292.5 million which can account for 19 months of import in the event of a national emergency.

The fact that the debt service ratio to GDP was 4.1% and that the domestic revenue has been able to meet current expenditure indicates sound fiscal policies of the government. The reasons for additional expenditure of approximately Nu.400 million in excess of the budget for the fiscal year 2000-2001 approved by the National Assembly has been clearly explained by the Hon'ble Finance Minister. While the government has to undertake many important activities, the rainfall and floods last year have caused considerable damage to infrastructure like roads and bridges in the country. An amount of approximately Nu.278 million has been spent on repairing and renovating them. Besides, new embassy buildings have been purchased in New York, Geneva and Bangkok at a cost of Nu.260 million. Furthermore, the salary of the new recruits of civil servants, increasing the daily wage of the national work force by two fold by His Majesty the King, and the increases in the DSA and sitting fees of DYT and GYT members have caused the increases in expenditure. The Speaker said that it is important for the honourable members of the National Assembly to understand that in the fiscal year 2001-2002, there will be a negative difference of Nu.10,47 million or 10.5% over the approved budget, and that the government will ensure a very stringent spending.

The Speaker pointed out that the fruitful outcome of the fiscal year 2000-2001 as desired by the people and the government has been possible due to the visionary and dynamic leadership of His Majesty the King, and the collective wisdom of the Council of Ministers. Moreover, the Ministry of Finance has also maintained sound fiscal management policies.

In order to promote the growth of the private sector, the government has initiated many plans and policies. Three different study tours will be jointly organized abroad. Reform of taxation policies and abolishing taxes for essential consumer goods indicates steady and sustained socio-economic development process. He extended gratefulness to the UNDP and other development partners for their assistance. He also noted a special vote of thanks on behalf of the honourable

members of the National Assembly to the Government of India for their continued support to the socio-economic development of Bhutan. The Speaker submitted the gratitude of the Assembly members to His Majesty the King and members of the Lhengye Zhuntshog. The budget presentation for the fiscal year 2001-2002 was well-received and endorsed by the National Assembly.

V. Issues Related to Socio-Economic Development

1. Construction of New Roads

The people of Senge, Doban, Gelephu and Sershong Geogs under Sarpang Dzongkhag submitted that many Bhutanese in the border areas continue to travel through Indian highways in pursuit of trade and commerce. Those traveling through Assamese territory frequently face security risks. In view of such difficulties, they requested the government to consider construction of a network of roads linking all the southern Dzongkhags.

They said that if the government could decide on the construction of a road from Daifam in the east to Sibsoo in the west, it would also help in solving the current security problem faced by the country. They proposed the construction of a feeder road from Sarpang connecting Sibsoo, Dekiling, Ratipani, Burser, Asiney, Pangkhey till Jigmechoeling gewog. This would greatly benefit activities of the people for their daily livelihoods and help in successful completion of development programmes. The road will also be able to link the industrial estate of Jigmeling under Dekeling Geog.

In response, the Royal Advisory Councillor and the Chimis of Trashigang, Chhukha and Haa submitted that an exhaustive discussion has been held in the 78th session regarding the need for constructing a national highway in the southern region of the country. If this highway could be constructed, passenger travel and trade will be highly enhanced. There will be no need to route through

the territories of Assam and Bengal. They said that many people who have taken loan from the government to invest in profitable business have faced difficulty in disposing their goods on time owing to difficulties posed by road problems. Consequently, they have been responsible for incurring millions of losses to the government. The construction of the road would be a key solution to avoid such problems.

The Secretary of the Ministry of Communications said that as submitted by the people of Sarpang Dzongkhag, the construction of a highway inside Bhutanese territory has become an imperative in view of the security risks arising while traveling through Indian territory. A feasibility study on the construction of a highway connecting Gelephu, Phuntsholing and Samdrup Jongkhar has been done. According to it, a total road length of approximately 554 kilometers from east to west in the south has to be constructed. In addition, 23 major bridges, nearly 100 medium and 30 small bridges have to be constructed. Besides, walls above and below the roads, drainage, retaining walls and embankments have to be constructed. The total cost of construction is estimated at Nu.2,500 billion. The alignment also falls in areas of unstable soil conditions, and at the foothills of mountains, which are prone to landslides. Therefore, a study to assess the viability of the road, and an environment impact assessment has to be done. If the study indicates its viability, it will be included in the national highway master plan which is being currently prepared.

The feeder road proposed by the people of Sarpang Dzongkhag would benefit development activities, and also transportation requirements for cash crops such as oranges, cardamom, ginger etc. However, the construction of this road has not been included in the 8th Five-Year Plan programmes. Nevertheless, since the 8th plan is concluding, the proposal for the construction of this road will be included in the national highway master plan after assessing its viability.

The Chimis of Paro, Haa and Chhukha pointed out that there is already an internal road linking Sibsoo and Samtse. Rather than constructing a new one, the existing one should be maintained. Although the Phuntsholing-Daifam highway will accrue great losses to the government, it will not only benefit the people of southern and eastern Dzongkhags but also have great advantage to all people of the twenty Dzongkhags in the context of current difficulty in the country. They urged the honourable members of the Assembly to give the proposal serious thought and consideration without postponing it for years.

The Hon'ble Minister for Finance said that although the construction of the Daifam-Phuntsholing highway is an absolute necessity, the cost incurred in constructing bridges and other infrastructure will amount to millions of Ngultrums. A serious consideration must be given to the expenditure involved, and to resources in prioritizing needs. The need for roads in both the southern and other Dzongkhags must be assessed and included in the national highway master plan which is being prepared as directed by the resolution of the 78th session of the National Assembly. Thereafter, roads will be constructed considering the national needs and priorities. Hence, the Hon'ble Minister said that the Assembly members should not view this with grave concern.

Before any plans are made for road construction, an analytical assessment has to be made. Since no such assessment and studies have been made while constructing the existing roads, many maintenance and changes have to be made making previous investments a waste, and incurring additional expenditure. This results in imbalance of income and spending. The internal revenue is limited while external assistance is not always forthcoming. Although the budgetary requirement of government organizations this year amounts to Nu.17,000 million, it has been reduced to 10,000 million. Still there is the need to spend about Nu.1,047 million. The Hon'ble Minister asked as to how would the government address this budget deficit.

Since many of the plan projects could be initiated only during the middle and closing period of the plan, most of the funds have to be made internally available. It is not possible to cut spending from the plan budget. Although budget for purchases of vehicles this year were cut down, there were many other prioritized activities which will cost million of Ngultrums. Therefore, it is vital that the budget deficit of Nu.1,047 million should not be allowed to increase any further. In view of this deficit, the proposal for constructing new roads has to be considered seriously.

The Secretary of Roads also pointed out that although the discussion on the construction of the highway has been held in some of the previous sessions of the National Assembly, the availability of limited resources held up from including it in the 8th plan programmes. Moreover, His Majesty the King has commanded that the east-west highway be maintained properly to ensure the safety of transportation at a time when the ULFA-Bodo problem is unresolved. He informed that the Thimphu-Tashigang highway is being repaired and expanded, shortened wherever possible. He said it would be convenient if the east-west highway in southern region be considered, after analyzing its feasibility for inclusion in the 9th plan according to the national highway master plan.

The Deputy Minister of Communications informed the Assembly that according to the resolution of the previous session, the prospect for constructing highway from Daifam in the east to Sibsoo in the west is being analyzed, and that the reports on road construction have been received from concerned Dzongkhags. He said it would be ideal if the network of roads at the Geog, Dzongkhag and national level be included in the master plan after analyzing their benefits to agriculture and trade, industrial establishment and tourism, and then implemented accordingly. The National Assembly resolved that in accordance with the resolutions of the 78th session, the construction of the highway in southern

Bhutan be implemented in accordance with the master plan after considering its priority, cost and benefits to the country and the people.

2. Expanding the National Highways

The BCCI Chimi said that due to the benevolence of His Majesty the King, the development activities in the country has progressed very fast. As a result, the number of vehicles in the country has also been increasing every year, and public transportation services have also improved quite a lot. However, he pointed out that there is an urgent need to expand the Thimphu-Paro highway.

Although the Thimphu-Phuntsholing highway has been opened in 1961, it has not been expanded and remains as it was 40 years ago. In proportion to the level of economic development, the number of vehicles plying between Thimphu and Phuntsholing has increased drastically. If the highway were not expanded, the increasing traffic would cause delays and also aggravate risks of accidents. Besides, many people are increasingly constructing settlements on roadsides. There are many people who are constructing houses alongside the Thimphu-Phuntsholing highway. If construction along the highway continues, both the people and the government would face great inconveniences when the road expansion takes place later. Since the Thimphu-Phuntsholing highway is extremely vital to the people of Bhutan, both the people and the government would be benefited, if the highway expansion were done immediately.

Earlier, when landslides blocked the Thimphu-Phuntsholing highway, the Tsirang highway used to provide an alternative route. However, this alternative route has become unsafe owing to the presence of ULFA-Bodo militants. Therefore, it would be very beneficial if the Thimphu-Phuntsholing highway could be expanded to accommodate a double lane for traffic. Even if this could not be done, the people would be grateful if the road could be relatively expanded and maintained to ensure continuity of traffic both during summer and winter. The

issue of the Thimphu-Phuntsholing highway was discussed in the previous sessions of the National Assembly. He submitted that road expansion and maintenance could be done as desired if the Department of Roads could take over the highway from Dantak.

The Punakha Chimi said that the people are highly indebted to Dantak for providing invaluable assistance in constructing roads in the country. The significance of the Thimphu-Phuntsholing highway, which is the lifeline of the country, has greatly increased in the present context of the great security problem. He said that the country should take over the full responsibility of improving and maintaining infrastructure that are vital to national economy and security. This is not a gesture of lack of confidence in the Dantak but in keeping with the national policy of self-reliance. After two or three years of joint supervision and management with Dantak, the Department of Roads would have gained experience to assume full responsibility of the Thimphu-Phuntsholing highway. He expressed reservations of the people on continuing dependence on them.

The Secretary of Communications acknowledged the concern borne by the Chimis regarding the expansion of highways. It is important to prepare for a road system that will cater to rapid increases in number of vehicles brought about by modernization and development. The Council of Ministers has been long concerned about this issue. In accordance with the decision to improve and expand the Paro-Thimphu highway, a budget of Nu.179 million has been estimated. Negotiations have been initiated to seek the assistance of Government of India. It has been agreed that the construction of the Tashichho Dzong-Babesa expressway would also be incorporated as part of the Thimphu-Paro highway expansion project. But the cost of the expressway will be more than the Nu.179 million pledged by the Government of India. Therefore, it has been decided that the expenditure for this expressway will be borne by the Royal Government. The Government of India has given instructions to Dantak to prioritize road expansion

activities, and also instructed it to prepare estimates for making the Thimphu-Paro highway a double lane highway.

The issue of expanding the Thimphu-Phuntsholing highway has been discussed in the previous sessions of the National Assembly. Recognizing the significance of the highway, the Council of Ministers has commanded that the road between Damchu and Chhukha be expanded, and wherever feasible, shorter routes be cut after reviewing the current road alignment. Although there is constant difficulty on the Thimphu-Phuntsholing highway posed by landslides, the Dantak continues to commit themselves in ensuring that the highway is always open. It also continues to provide support in terms of equipment and other resources to the Department of Roads whenever required.

The Chimis of Wangdi Phodrang and Haa extended their gratitude to the Government of India, who, despite their own difficulties and problems, has supported Bhutan's development since 1961. Through such assistance, the capabilities, skills and experience of the Bhutanese have improved a lot. Both the government and the people continue to persevere in attaining the goal of self-reliance. Accordingly, the Department of Roads has been constructing new roads and maintaining them in the rest of the country. So there is no reason as to why it cannot repair and maintain the Thimphu-Phuntsholing highway. They argued in favour of the Department of Roads taking over this responsibility from Dantak.

The National Assembly extended its appreciation to the Royal Government for its decision to expand the vital Thimphu-Paro highway. It stated that the wishes of the people would also be fulfilled if the Department of Roads could take over the responsibility of maintaining the Thimphu-Phuntsholing highway from Dantak. It resolved that the Ministry of Communications must enter into negotiations with Dantak to make an arrangement for it to co-operate with the Department of Roads in assuming responsibility for expansion and maintenance of the Thimphu-Phuntsholing highway. It also resolved that through expansion and maintenance,

the Department should ensure that the highways are open to traffic both in summer and winter.

3. Clearing the Forests along Highways in the Assam-Bhutan Border

The people of Dekiling, Sarpang Tar, Senge and Hilay Geogs under Sarpang Dzongkhag submitted that officials of the Indian government must co-ordinate clearing of forests on their side of the highway along Assam-Bhutan border. The Bhutanese people clear the forests thrice a year on their side of the highway. Since the countries share a common border, they requested that the Indian government must arrange to clear forests on their side. The clearance has resulted in reduced incidences of ambush and robbery on the highways. Further clearance will reduce the harassment of Bhutanese passengers by Assamese militants.

The BCCI Chimi pointed out that there were many incidences where Bhutanese people traveling through the border areas have been subjected to robbery and ambush. Extensive clearing of forests on either side of the highway is a preventive measure, and will greatly benefit the people. It would also benefit in protecting people from risks posed by the presence of the militants.

The Secretary of the Ministry of Home Affairs said that the need to clear forests and bushes on either side of the Gelephu-Sarpang highway has become very urgent since 1990 when the Ngolop problem started. The Ngolops have frequently harassed and attacked travelers on this highway. The urgency has been further enhanced by the recent harassment of Bhutanese people by militants across the border.

He informed that according to an agreement between Bhutan and the Assam state government, each is required to clear 3 meters of forests on their side of the border. To prevent ambush and firing on passengers traveling between Gelephu and Sarpang, forests and bushes are being cleared by a minimum of 100 meters

on either side of the road. Since the bushes there have a very fast growth rate, they require clearing for a minimum of three times in a year.

Besides the Ngolops, there is great danger of Bhutanese vehicles and travelers being harassed by ULFA-Bodo militants. Therefore, massive clearance of forests were launched along highways between Samdrup Jongkhar and Narphung, Deothang and Bangtar, Alabari check post and Nganglam, Changkhar, Sarpang and Darachu, Gelephu and Surey and other high security risk areas.

Since clearing of forests and bushes alongside highways in insecure border areas are very important, the Speaker extended his appreciation to the dzongkhag who undertake this responsibility under the co-ordination of the Ministry of Home Affairs. The discussion concluded by highlighting the need for the Ministry of Home Affairs and Sarpang Dzongkhag to enter into discussion with the responsible officials of the Assam government to clear forests along the highways and reduce security risks.

4. Flood Control and Land Protection Project

The people of Sarpang Tar, Hilley, Gelephu, Bhur and Lhamoi Zingkha Geogs pointed out that Sarpang is the rice bowl of the country. The flash floods in the monsoon wash away fertile soil, as the land in the area is highly vulnerable to erosion. Besides, there is danger of landslides in future due to flash floods. Therefore, protection measures like construction of embankments along the rivers and streams need to be urgently initiated. They expressed their hope that if the project were approved as a major programme in the 9th plan, it will not only help protect the fertile arable land but also help protect the natural environment.

The Hon'ble Minister for Agriculture responded by saying that Bhutan's geographic terrain is very rugged and mountainous, and therefore, there is limited arable land for agriculture. The largest and the most fertile of this arable land is in

Sarpang Dzongkhag. He extended the appreciation of the Ministry to the people's representatives for raising concern for the danger of fertile lands being washed away by flash floods. The issue has also been raised in March-April 2001, when the planning officer of the Ministry along with the agriculture, animal husbandry and forestry officials visited the Dzongkhags to help it prepare the geog-based 9th plan. He informed that one of the most important policy objectives of the Royal Government is to ensure food security of the people and achieve national self-reliance in essential food items. If the objective were to be met, the protection of arable land from flash floods as submitted by the people's representatives is the most important activity.

As the honourable members are aware, the rivers and streams in southern Dzongkhags overflow during monsoon season. The rivers change course and the volume increases destroying and washing away embankments. The Minister said that even if embankments were constructed its benefit would only be for a short while.

For example, a water pump station was built at Lodrai over a decade ago with the assistance of the Indian government to drain water from Maokhola and cultivate all the paddy fields in Gelephu. During the monsoon, the small stream flowing next to the pump station was overflowed with high volume of water. The station was washed away and covered under mud and debris. The Ministry has initiated two major agricultural projects in Gelephu many years ago. The first project which began in 1978 and concluded in 1986 was undertaken at a cost of Nu.25,1,10,000 which was provided by the Government of India. The second project launched at Taklai in 1983 and concluded in October, 1990 was funded by the UNDP/UNCDF. The project which cost USD 4.5 million helped in building public infrastructure. However, these were made unusable by the Ngolops when they left the country.

These two projects have given the Ministry invaluable experiences. Scientists and experts involved in the project have assessed the possible change of river course and feasibility of constructing embankments. Their findings revealed that the embankments would be beneficial only for short duration, and that there is no way they will last long. Nevertheless, the government still considers programmes for constructing embankments and protecting lands in Sarpang Dzongkhag. The Taklai irrigation channel which has been destroyed by the Ngolops has been renovated in 1997 at a cost of Nu.8,3,44,000. But it was again destroyed by heavy flash flood last year, and has to be renovated once again at a cost of 4,1,50,000. As commanded by His Majesty the King, an embankment has been constructed at Lhamoi Zingkha at a cost of Nu.1,2,60,000. Although this was not for irrigation purposes, it would protect the town from flash flood risks. The Hon'ble Minister said that in order to protect lands in Sarpang Dzongkhag, the Ministry will make every efforts to implement programmes of different geogs that were included in the 8th plan. He reminded that it is important for the people to refrain from careless exploitation of the environment in order to prevent occurrences of such disasters, and that it is vital to give preference to viable future alternatives than present short-term gains.

The Chhukha Chimi and a Royal Advisory Councillor said that although it is essential to construct embankments to protect arable lands from flash floods, the lands in Sarpang Dzongkhag is not stable. There will be many damages done by flash floods during heavy rainfall. Hence, even if embankments were built, its benefits would be very short-lived and would not last for even a year or two. All the expenditure would go to waste. However, it would be of some relief if the government could provide financial support to enable people to clean the river source and debris in its course with machines and equipment. Since there are problems of flash flood in other areas stretching from Samdrup Jongkhar to Samtse, it would be ideal to establish a National Flashflood Prevention Committee to formulate land protection strategies.

The Speaker underlined the significance of implementing programmes included in the Sarpang Dzongkhag's plan, and to refrain from careless exploitation of the environment as measures to prevent flash floods and protect lands. Since the Chimis who submitted this issue did not express any disapproval, the National Assembly resolved that programmes should be implemented as submitted by the Hon'ble Minister.

VI. Rangjung Kharsa Pani

The Chimis of Samdrup Jongkhar, Punakha, Thimphu and Paro submitted that Rangjung Kharsa Pani is the most sacred relic of Palden Drukpa. It is the pride of the nation, an object of worship and prayer, a relic of the emanation of Chenrezig, the Buddha of Compassion. Although this relic has been stolen by the most nefarious and unscrupulous criminals like Tsip Sangchung and Kinley, it has been recovered and reinstated within a very short time owing to the blessing of the Triple Gem and guardian deities, and also by the fortune and merit of the Bhutanese people. The recovery and reinstatement of this rare and holy relic has brought great joy to all the people of Bhutan. They extended the gratitude of the people to His Holiness the Je Khenpo and the monastic community who performed *Kurim*, and rituals to the guardian deities and worked tirelessly for its recovery, and also to all the people who were instrumental in its search and finding.

As a popular saying states, 'the pious cannot advance if the impious are not purged', they pleaded to award the criminals the heaviest of punishment. Although repeated discussions have been held in the previous sessions of the National Assembly to award very severe punishment to anti-Dharma agents, the degree of vandalism to sacred relics has not gone down. This is because no existing penalties have been seriously awarded to such unscrupulous criminals.

According to the clause Tha-12 of the Thrimshung Chhenmo which was codified in 1954, those involved in theft of sacred relics and *nangten* are punishable by life imprisonment. The criminals apprehended in this case were those who have committed repeated crimes. Considering that Tsip Sangchung could not be apprehended between Thimphu and Phuntsholing, there is an urgent need to start investigating smaller vehicles at security check posts. They enquired as to what punishments are being awarded in accordance with the resolutions of the 77th session.

Although intensive discussions on it were held in the previous sessions of the Assembly, the theft of *nangten* have relatively increased. The main reason for this proportionate increase in theft and vandalism is the leniency shown without applying the clause Tha-12 of the Thrimshung Chhenmo. If the attitude of the people has to be improved, there is no other alternative than to enforce both spiritual and temporal discipline. They pleaded that the law must be strictly enforced hereafter.

The hon'ble Home Minister reminded that the Assembly members who were present in the 78th session has had the opportunity to go visit the Punakha Dzong on June 11, 2000 and receive blessings of the sacred Rangjung Kharsa Pani. The loss of this invaluable relic within a few months later is an incident that is still unthinkable not only to the Assembly members but to all the people in the country.

The loss of this relic was discovered on November 27, 2000, a day after the arrival of His Holiness the Je Khenpo and the Central Monk Body at Punakha for their winter residence. The news of the loss shocked and saddened the whole country for a week.

After a week, on December 3, 2000, the relic was surprisingly found kept in front of the doorstep of the Dukhang. Its loss and the recovery has been reported by

Kuensel and the Bhutan Broadcasting Corporation. Since the honourable members of the Assembly were seriously concerned about its security, they were able to comprehend the news report.

The Hon'ble Minister said that the miraculous recovery of Rangjung Kharsa Pani has been a result of the collective merit and fortune of the Bhutanese people. Otherwise, it would have meant the loss of the life-tree of the Dratshang and the people. The loss of such sacred relic indicates that the Bhutanese people are no longer hesitant in resorting to such unscrupulous act of vandalism, lured by temptations of material gains. This also indicates that the security for the *nangten* is lapse and that it has been kept without serious attention.

The reason for considering Rangjung Kharsa Pani as the most sacred relic in Bhutan has been Zhabdrung Ngawang Namgyal's declaration that it is the source of unlimited blessing. In 1616, i.e some 385 years ago, the great lama himself has brought this relic. The Tibetans then contrived to take it back to Tibet. In order to protect and keep it in the country, many battles were fought subsequently between Bhutan and Tibet. The symbolic drowning of the *norbu* and the dances of *pazabs* held during the Punakha Domchoe are dramatic re-enactment of a legend which depicts how Rangjung Kharsa Pani and the country were saved by Zhabdrung from Tibet's domination. As believed, the Punakha Dzong was built mainly to house this sacred relic.

Tsip Sangchung and all his nine accomplices who stole the Rangjung Kharsa Pani from the Rangjoen Lhakhang inside the Utse of Punakha Dzong are all under police custody. They are being interrogated about their crime by the High Court. The conspiracy to steal and sell the most sacred of Bhutan's relic is the most criminal of offences. It is a crime that cannot be even imagined by any Bhutanese. Therefore, everyone is highly appreciative of the High Court for its comprehensive hearing of the criminals and for holding them under strict custody.

There are many people who have worked so tirelessly for a week after the loss of the *nangten* was reported. Led by His Holiness the Je Khenpo, the Zhung Dratshang, *Rabdeys* and *Goendeys* in the country performed numerous *Kurim* to ensure the recovery of the *nangten*. Under the wise guidance of His Majesty the King, the commitment and untiring efforts of the armed forces, Dzongkhag administrations, Dratshang Lhentshog, and the National Commission for Cultural Affairs have helped to apprehend the accomplices. The Hon'ble Minister extended the heartfelt gratitude of the Royal Government and the people of Bhutan to the staff and employees of these organizations.

The Chimis of BCCI, Trashigang, Gasa, Haa and Trashi Yangtse submitted that the loss of Rangjung Kharsa Pani which is the sacred heritage bestowed by the Zhabdrung to the future generations of the country has caused unbearable concern and worry to both the leaders and people of the country. However, they expressed thankfulness for the fast recovery of the invaluable relic stating that this is the outcome of perfect harmony that exists between the spiritual and temporal governance. They pleaded that an independent fund be set aside to improve security and prevent similar unfortunate incidences. While the law has to be implemented without any leniency, very responsible caretakers have to be appointed so that there is no lapse of security. They questioned as to why the existing clause of awarding capital punishment is not implemented which would help reduce the number of hard-core criminals. Many Chimis emphasized that besides imprisoning the criminals, the stolen *nangten* have to be confiscated. If the *nangten* cannot be recovered, the criminals must be made to pay fines equivalent to their values. While the criminals themselves serve prison sentences, their family and relatives sell the *nangten* and proudly live on the money earned. To prevent such sacrilegious acts of vandalism, the capital punishment has to be re-instituted, and life imprisonment itself be made more stringent.

The Hon'ble Minister for Health and Education commended the Chimis for their expression of gratitude for the recovery of Rangjung Kharsa Pani. He informed that the *nangten* are increasingly being taken outside the country every year. In order to prevent the damage and loss of sacred *kusung thukten* that are still in the country, the Hon'ble Minister proposed that the Government should consider establishment of a fund to devise a system that will ensure them timely protection and minimization of risks.

The Hon'ble Minister raised grave concern that if no actions are taken to prevent the smuggling of antiques and *nangten* out of the country, a time may come when religious artifacts and precious handicrafts may have to be purchased or borrowed from other countries to be used as exhibits in museums that may be established. As an example, he pointed out that many old textile products, which were known to be outside the country have to be asked for to be kept in the recently inaugurated Textile Museum in Thimphu.

The Chimis of BCCI, Gasa, Paro and Samdrup Jongkhar reiterated the significance of strict implementation of laws on such criminals to reduce the risk of *nangten* robbery and vandalism. The lenient stance adopted by the courts has nearly caused the irreplaceable loss of the country's most sacred *nangten*. They submitted that fresh and renewed discussions take place in the National Assembly regarding the imposition of capital punishment to protect sacred *nangten* which are the object of worship and reverence by many people.

The Chimis expressed concern that giving public accessibility to this invaluable *nangten* whose powers equal that of *thongdroel* could actually aggravate the risk of its loss. They enquired if the Dratshang were responsible for its loss and entreated that after interrogating the accomplices of Sangchung, the most serious of punishments be awarded to them.

The Hon'ble Foreign Minister said that the responsibility of awarding punishments to criminals involved in stealing *nangten* should be undertaken by the court and not by the National Assembly. First, he said that the foundation of the Bhutanese state lies in the tripartite division of its principal organ into the Legislature (National Assembly), Judiciary and the Executive. The national policy requires that none of these interfere in each other's responsibility. The main responsibility of the National Assembly is to enact legislation. In line with this responsibility, seven Chathrimis have been approved in the 78th session. Likewise, eight new Chathrimis have been distributed to the honourable members of the National Assembly for discussion and approval in the current session. As informed by the Hon'ble Home Minister, Tsip Sangchu and his nine accomplices are being interrogated by the High Court. There is no need for the National Assembly to involve in discussion pertaining to their punishment.

Second, he remarked that although exhaustive discussions have been held in the previous sessions of the Assembly regarding the punishment of anti-Dharma agents, many of the Chimis still continue to deliberate on it. This particular point is not included for discussion in the present agenda. However, the Hon'ble Minister said that if the Chimis desire to deliberate on this, the issue must be submitted for inclusion in the agenda of the next session.

Third, he acknowledged that as submitted by the Chimis there are many other sacred *nangten* in the country's numerous Lhakhangs and *Goendeys* besides the Rangjung Kharsa Pani. A strong conclusion has to be urgently drawn after an exhaustive discussion on the arrangements and strategies for improving the security of these *nangten*. Since sacred relics like the Rangjung Kharsa Pani can fetch enormous amount of money, it is possible that there will be many more unscrupulous persons. As proposed by the Hon'ble Minister for Health and Education, he pledged his support for establishing a fund for safeguarding the *nangten*. The Government, Dratshang and the Royal Bhutan Police may discuss the issue and prepare a report for submission in the next session of the Assembly.

A Royal Advisory Councillor and the Samdrup Jongkhar Dzongdag submitted that there are many sacred artifacts and relics in *Dzongs* and Lhakhangs bestowed by eminent luminaries of the past and by our forefathers. They admitted that although many discussions on the protection of sacred relics have been held in the previous sessions, the submission by the chimis on punishing those who vandalizes them has great value. It is necessary to define a distinct system of imprisonment and punishment for criminals who vandalize sacred *tensum* instead of treating them at par with ordinary criminals.

The representative of the Zhung Dratshang said that on the day following the arrival of the Dratshang at Punakha for their winter residence, His Holiness the Je Khenpo commanded that the box containing the invaluable Rangjung Kharsa Pani be opened for offering *Thruesel* and for viewing by the Monk Body. It was then discovered that the incomparable relic has disappeared like a rainbow. An unbearable sense of sadness gripped them. His Majesty the King was immediately informed. The Zhung Dratshang and the monastic community immediately began praying and performing *Kurim*. The insurmountable merit of His Majesty the King, the good fortune of the people, and the full support of the Royal Bhutan Police and staff of relevant government organizations all contributed to the recovery of this invaluable *nangten*. He expressed his happiness and admiration to all devout followers.

Although repeated discussions have been held in earlier sessions of the Assembly on *tensum* security, the resolutions have so far remained only on paper. He requested the government to speed up the distribution of fire-proof and secure safes as discussed in the last session.

In order to control growth of unscrupulous persons, students in schools are being inculcated with education focusing on values such as *ley jumdrey*. He expressed

hope that enhancing such education would bring greater benefits. The Dratshang is ready to provide qualified teachers for this purpose.

The Rangjung Kharsa Pani, which is the image of Chenrezig has emanated from the vertebrae of Tsangpa Gyare, the founder of the Drukpa Kagyu Buddhism. It has been brought to Bhutan as the country's sacred heritage in fulfillment of the prophecy of Guru Rinpoche. As the news of its loss caused unbearable sadness, it is logical that the Chimis raise its issue in the National Assembly.

Although this incident has been unthinkable, the Rangjung Kharsa Pani has been recovered due to the blessings of the Triple Gem and guardian deities, and the fortune of the people. In an age when vandalism and thefts of religious artifacts are increasing, there is difficulty in appointing caretakers of Lhakhangs and *Goendeys* since they are held responsible for the loss till the culprits are apprehended. This has caused great concern to the Dratshang and the monastic community.

The chairman of Lhengye Zhungtshog said that the recovery of the Rangjung Kharsa Pani is an auspicious omen affirming the continuity of Palden Drukpa. There are many sacred relics in thousands of Lhakhangs and *Goendeys* in the country. Besides, many people have important relics in their own homes. Fearing the probable loss of these relics, the National Assembly has discussed the issue many times, and the government continues to address this concern. According to the people, the solution to the issue lies in the existence of a strong law and its effective application. The chairman acknowledged this view as very valid, but said that other measures must also be considered. He supported the proposal of the Home Minister and Foreign Minister that relevant ministries and organizations should consult among themselves and submit a report in the next session of the Assembly. Moreover, he said that the government would ensure full financial support for the cause of protecting and safeguarding the sacred relics.

The Speaker noted that the government, Dratshang and people have all been concerned about the security of many other sacred relics besides the Rangjung Kharsa Pani and many debates have been held concerning this. As submitted by the people, he said that the recovery and reinstatement of Rangjung Kharsa Pani in Punakha Dzong has been possible due to the blessings of the Triple Gem and the guardian deities, the good fortune of His Majesty the King and the collective merit of the people. Its recovery has been a very auspicious occasion. On behalf of the honourable members of the National Assembly, the Speaker extended their gratitude and appreciation to the Royal Bhutan Police, Ministry of Home Affairs, National Commission for Cultural Affairs, and the Dratshang Lhentshog for their role in helping recover the Rangjung Kharsa Pani.

Concerning the law and punishment of criminals who steal relics and artifacts, he said that the most important responsibility of the National Assembly is to pass new legislations and amend existing ones. The Judiciary is responsible for interpreting the laws passed by the Assembly and for deciding on the verdicts. As such, the High Court is currently hearing the case of those involved in the theft of Rangjung Kharsa Pani. Although the people have repeatedly appealed in earlier sessions of the Assembly for awarding capital punishment to such criminals, it has been discussed that they be sentenced to life imprisonment in view of the fact that Bhutan is a Buddhist country. However, their sentences were to be more stringent in comparison to other convicts. The Speaker said that the arguments by some Chimis to award the most heavy of punishments, and the doubts expressed by others regarding the system of awarding penalties have been very clear.

He asked the Ministry of Home Affairs and the Royal Bhutan Police to submit a report analyzing the existing system of punishing and imprisoning criminals stealing sacred *nangten*, and also propose necessary amendments in the next session of the National Assembly. His Majesty has issued a specific Kasho to the National Commission for Cultural Affairs and other related organizations

pertaining to the protection of *nangten*. He reminded that the Assembly has discussed the provisions of the Kasho in earlier sessions and come out with specific resolutions.

The Assembly resolved that the government would continue to work without losing time in procuring, testing and distributing fire-proof and secure safes to store and protect the sacred *tensum*. The National Commission for Cultural Affairs, Dratshang Lhentshog and the Royal Bhutan Police should review the existing methods of safeguarding sacred relics and artifacts, and propose any amendments or changes in the next session of the National Assembly.

VII. ULFA-Bodo Problem

The people of the 202 Geogs of the 20 Dzongkhags and the Bhutan Chamber of Commerce and Industry submitted many points regarding the problem of the ULFA and Bodo militants for discussion in the National Assembly. The people's representatives pointed out that the ULFA and Bodo militants, who were fighting against the Indian government, had illegally entered into the south-eastern areas of Bhutan and were refusing to leave the country. Their continued presence in the country was posing a very serious threat to the security and sovereignty of the country of the Palden Dukpa. This was causing grave concern among the people, making their nights sleepless and their food devoid of taste.

The ULFA-Bodo problem had been discussed many times in past sessions of the National Assembly. During the 77th session, a four-point strategy had been adopted to remove the militants. Firstly, the Royal Government would continue to hold dialogue with the militants in an effort to resolve the problem peacefully. At the same time, the supply of rations and other provisions to the camps of the militants would be stopped. People caught helping the militants would be punished under the National Security Act. If all peaceful measures

failed to resolve the problem, there would then be no other option left but to take military action to remove the militants. In keeping with this resolution the Royal Government and the armed forces, under the wise guidance of His Majesty the King, had continued to make every effort to make the militants leave through peaceful means. However, instead of leaving Bhutanese territory, the militants appeared to be expanding their existing camps and establishing new ones. They also seemed to be carrying out training more extensively. Going by their activities they do not seem to have any intention of leaving Bhutanese territory until they achieve their objective. In the areas affected by the presence of the militants, the people had been facing great difficulties in pursuing activities crucial to their daily livelihood and almost all development programmes in these areas could not be implemented.

The National Assembly has reposed in His Majesty the King the full responsibility of resolving the ULFA-Bodo problem. At the same time, the people have also repeatedly pledged their full support for any course of action under His Majesty's wise guidance. The people's representatives expressed their deep gratitude and appreciation to His Majesty for visiting the high risk areas, without even considering his own personal safety, in the interest of the nation's security and sovereignty and to look into the Kidu and well being of the people living under fear of the militants. However, the people were deeply concerned over the personal safety of His Majesty the King and appealed for the royal visits to the high security risk areas to be cut down to the extent possible. The people's representatives also called on the three service forces to take full and effective measures to ensure the security of His Majesty the King.

The members requested the Government to brief the Assembly on the initiatives taken so far to resolve the militant problem through peaceful means. Since the issue of the ULFA and Bodo militants is India's problem, they requested for a briefing on any discussions and cooperation between the Royal Government and the Indian government and the State government in Assam to resolve the

problem. The members pointed out that while the embargo on supply of rations and other provisions to the militants should be enforced by all parties concerned, and not just by Bhutan, there appeared to be no visible effort made by the Assam government or the Indian army to stop transportation of supplies to the militants from their side of the border. Although the central Government and the Assam state government should stop the militants from crossing the international boundary and entering Bhutanese territory, their infiltration has continued unabated. The members could not fathom whether there was any inner objective of the ULFA and Bodo militants and observed that the problem was very difficult and complex.

The members noted that while the Royal Government continued in its efforts to find a peaceful solution to this problem, the ULFA and Bodo militants were gaining time for stocking supplies and weapons besides carrying out extensive training. They pointed out that the continued presence of these militants on Bhutanese soil will affect Bhutan's excellent relations with its closest friend and neighbour, India besides posing an increasingly serious threat to the security and sovereignty of the country.

The members emphasized that the security and sovereignty of the country is of utmost importance to the Bhutanese people and they will not back out from their responsibility of defending the country and safeguarding its peace and prosperity. It was evident that the militants would not leave the country as a result of peaceful measures. Although it would involve considerable loss of lives and property, there was no option left but to resort to military action as decided during the 78th session of the National Assembly. They submitted that a resolution should be adopted to make preparations and deploy the armed forces to remove the ULFA and Bodo militants.

The members also pointed out that it was important to understand from before hand that once military action is taken against the militants it would lead to

serious resentment and animosity between the Assamese people and the Bhutanese people, and Bhutan would face a very difficult situation. Once military action is started it will not be possible to predict how the conflict would be concluded. The limited strength of the armed forces must, therefore, be enhanced to ensure that the security and sovereignty of the country is protected. To this end, military training should be started for high school students and graduates before they take up permanent professions. Military training should also be imparted to militia volunteers and to all physically fit young men as well as to school dropouts who are looking for employment. The members said that the security of the country is more important than the socio-economic development programmes. They suggested that development programmes should be postponed, and the budget earmarked for them should be used as emergency fund for safeguarding the security of the country. As already submitted to the National Assembly in previous sessions and to His Majesty the King during the royal visits to the different Dzongkhags, the people reiterate their pledge to provide both manpower and material support to His Majesty and the Royal Government for safeguarding the security and sovereignty of the country. If necessary, the people were fully prepared to sacrifice their lives to protect the nation. The members expressed their confidence that under the wise leadership of His Majesty the King, and with the blessings of the Guardian Deities, the officers and soldiers of the three armed forces will be able to remove the militants from Bhutanese territory.

Speaking on the issue, the Home Minister reminded the members that the Bhutanese people of all walks of life were enjoying the enhancement of the Buddha Dharma along with unprecedented socio-economic development due to the blessings of the Guardian Deities and the wise leadership of His Majesty the King. At a time when the sunshine of peace and prosperity was shining over the country, the presence of armed ULFA and Bodo militants on Bhutanese territory had brought about an eclipse of the sun and cast a long shadow over the entire nation.

The continued presence of the militants in the country had caused unbearable concern to everyone, threatening the very existence of the Bhutanese people in the land of their forefathers. The presence of armed foreign militants is a threat to the security and sovereignty of any country, especially to a small country like Bhutan, he said. It posed a real danger of armed conflict between the armed forces of Bhutan and the militants. If no action is taken to remove the militants it could also affect Indo-Bhutan relations and Bhutan could even become a battleground between the India army and the militants.

The Home Minister pointed out that although the camps established by the militants are in a few south-eastern Dzongkhags, their presence is a threat to all the 20 Dzongkhags just as pain in one limb affects the rest of the body.

The problem of the ULFA and Bodo militants is affecting trade and economic activities in the country, particularly in 12 of the 20 Dzongkhags. It could also result in death and injury to hundreds and thousands of Bhutanese in the armed forces and the civilian population.

The Home Minister explained that the ULFA were fighting to establish an independent state of Assam. The Bodos were people across the Indo-Bhutan border in Assam with two rival organizations:

- i. The Bodo Liberation Tigers (BLT) whose objective is to establish a Bodoland State within the Indian union. Although the BLT frequently intrude inside Bhutanese territory they do not have camps inside Bhutan.
- ii. The National Democratic Front of Bodoland (NDFB) whose objective is to establish an independent state of Bodoland. The NDFB militants have established camps inside Bhutanese territory.

The NDFB militants are fighting the Government of India and the Indian army. Their presence in Bhutan is not for peaceful purposes nor did they come as refugees. They entered illegally and established armed camps from Kalikhola to Daifam. The ULFA has nine camps and 28 observation posts while the NDFB has five camps and 10 observation posts. They are well funded and very well armed, carrying out training in their camps and launching frequent attacks across the border in Assam.

The security threat posed by the ULFA and Bodo militants has been discussed intensively throughout Bhutan during the past several years in the Geog Yargye Tshogchungs and Dzongkhag Yargye Tshogchungs and other public meetings. During the recent 8th Plan review meetings held in the presence of His Majesty the King, people from all walks of life expressed their disappointment and frustration over the lack of results in the efforts to find a peaceful solution through dialogue and over the continued presence of the militants inside Bhutanese territory. The people have reiterated that the militants must be removed at all costs and had requested for military action to be taken if no peaceful solution could be found to resolve the problem. To this end, they have offered their complete support and commitment in terms of men and materials and had pledged their readiness to even sacrifice their lives, if necessary, to protect the security of the country.

The issue had also been the main subject of deliberations in the National Assembly over the past five years, and the house had adopted the following four points resolution last year;

- i. Every effort must continue to be made to find a peaceful solution through a process of dialogue;
- ii. All supplies and rations to the militants must continue to be stopped;
- iii. All persons found assisting the militants must be prosecuted under the National Security Act;

- iv. If there is no other option left, military action will be taken as a last resort.

The Home Minister said that the Royal Government had been implementing the National Assembly decisions and presented a brief report on the actions taken on each aspect of the above four point resolution.

Talks with ULFA and Bodo leaders to find a peaceful solution:

In accordance with the National Assembly resolutions and the directives of His Majesty the King, five rounds of talks had been held with the ULFA and Bodo militants. Three rounds of talks were held with the ULFA and two rounds with the NDFB. The Royal Government was represented by the Home Minister, the Chairman of the Royal Advisory Council and members of the Royal Advisory Council. The last round of talks with the NDFB was held in May and with the ULFA in June this year. The following is a summary of the talks held with the two militant organizations since the last session of the National Assembly.

Talks with the NDFB

It may be recalled that till October last year, the Royal Government was not able to hold any talks with the NDFB leaders. Since then, the Royal Government has held two rounds of talks with them. The first round which was held over two days on 6th and 7th October last year was attended by a four member delegation of the NDFB which included their Vice President, General Secretary and Publicity Secretary. The second round of talks was held seven months later on 15th May 2001, for which the NDFB was represented by their President, Mr. D.R. Nabla, and their Publicity Secretary.

It was impressed upon the NDFB leaders that the presence of their armed cadres was a serious violation of Bhutan's territorial sovereignty which not only

affected the security of the country but also created great hardship and difficulties for the Bhutanese people. They must, therefore, remove their camps from Bhutanese territory at an early date. In response, the NDFB leaders said that they had been compelled by circumstances to establish camps in Bhutan. They said that, as asked by the Royal Government, they intend to leave Bhutanese territory but could not give an assurance at this stage when they would be able to do so.

1. Talks with the ULFA.

It may be recalled that the Royal Government held two rounds of talks with the ULFA leaders in 1998 and 1999. The outcome of these two rounds of talks with the ULFA leaders, which remained inconclusive and unproductive, was reported to the National Assembly during its 77th and 78th sessions. It would be recalled that during the second round of talks held on 7th May 1999, the ULFA Commander in-Chief, Paresh Barua had said that the ULFA would require at least one and a half years before leaving Bhutanese territory and he had agreed to return along with the ULFA Chairman, Arabinda Rajkhowa within one or two months for further talks.

However, the ULFA leaders did not come for talks even after two years and both the ULFA and Bodo militants continued to stay in Bhutan and, instead of leaving, they had even increased the number of their men and camps. This was a cause for much concern.

Finally, in June this year, a two member ULFA delegation comprising of the Political Advisor of the ULFA, Mr. Bishnujyoti Burhagohain and their Finance Secretary cum Assistant General Secretary, Mr. Chitraban Hazarika came to Thimphu for talks with the Royal Government. The Home Minister led the Royal Government delegation which comprised of the Chairman of the Royal Advisory Council, three members of the Royal Advisory Council, one officer

from the Foreign Ministry and two officers from the Home Ministry. The talks were held on 11th, 14th and 18th June 2001 spread over a period of one week. On the last day of the talks, the two sides were able to sign an Agreed Minutes of the Meeting.

The Agreed Minutes which was translated into Dzongkha for reading out to the house, and a copy of which was distributed to the hon'ble members after it was read out by the Secretary of the National Assembly, is reproduced below:

2. Agreed Minutes of the Third Round of Talks Between RGOB and the ULFA held on 11,14, and 18 June, 2001

1. The third round of talks between the Royal Government of Bhutan (RGOB) and the United Liberation Front of Assam (ULFA) was held at the Tashichhodzong in Thimphu on 11,14 and 18 June, 2001. The RGOB delegation was led by Lyonpo Thinley Gyamtsho, Home Minister of Bhutan and comprised of Dasho Rinzin Gyaltsen, Chairman of the Royal Advisory Council, Dasho Tashi Dorji, Royal Advisory Councillor, Dasho Nob Tshering, Royal Advisory Councillor, Dasho Jambay Ngedup, Royal Advisory Councillor, Daw Penjor, Director, Foreign Ministry, Karma Hamu of the Home Ministry and Kinley Dorji of the Home Ministry. The ULFA was represented by Mr. Bishujyoti Burhagohain, Political Adviser of the ULFA and Mr. Chitraban Hazarika, Finance Secretary cum Assistant General Secretary of the ULFA. The talks were held over three days with a break of two days after the first day and three days after the second day to give time for the two delegations to consult their respective higher authorities.
2. The RGOB delegation handed over a list of the nine ULFA camps in Bhutan to Mr. Bishujyoti Burhagohain and Mr. Chitraban Hazarika, and asked what proposal they had for shifting their camps from Bhutan.

The ULFA delegation said that they had the mandate from their Chairman and the Executive Council to inform the Bhutan Government that the ULFA is willing to close down the following camps.

- i. The Gobarkonda camp in the Manas Wildlife Sanctuary.
- ii. The Nangri camp in Pemagatshel District
- iii. The Deori camp under Samdrup Jongkhar District
- iv. The Military Training Centre under Matshala Block

They also informed the RGOB delegation that the ULFA camp in Daifam had been recently closed down and that they had a Military Training Centre and another camp called the Middle Zonal Camp under Martshala Block.

3. When the Home Minister asked Mr. Burhagohain and Mr. Hazarika where they were going to shift their camps from Bhutan they mentioned that the cadres from the camps will be sent to ULFA camps outside Bhutan. On being asked when the shifting of the camps will take place the ULFA delegation said they will require time untill December as they can only shift the camps after the monsoon season.
4. The Home Minister and the Chairman of the Royal Advisory Council asked Mr. Burhagohain and Mr. Hazarika whether they were thinking of consolidating the nine camps into five big camps. The ULFA delegation said that they would not only shift the above camps but would also reduce the strength of the remaining five camps.
5. The Home Minister pointed out that there has to be a specific time frame for the remaining ULFA camps to be shifted from Bhutan. Otherwise, the shifting of the camps mentioned by them would serve no purpose with five major camps still remaining in Bhutan.

6. It was agreed by the two delegations that the ULFA will remove the Gobarkonda camp in the Manas Wildlife Sanctuary, the Nangri camp in Pemagatshel District, the Deori camp in Samdrup Jongkhar District and the Military Training Centre under Matshala Block from Bhutan within December 2001. The ULFA will also reduce the strength of their cadres in their remaining five camps, namely, the Ninchula Camp in Kalikhola Sub-Division, the Mangkhar Camp in Nanglam Sub-Division, the Merengphu Camp, the Middle Zonal Camp and the Pukaptong camp which are under Samdrup Jongkhar District. Following the implementation of this agreement by the ULFA within December 2001, the RGOB and the ULFA will meet again to find a solution to the problem of the remaining five ULFA camps in Bhutan.

S/D	S/D
For the RGOB Delegation	For the ULFA Delegation
(Dasho Rinzin Gyaltshen)	(Mr. Chitraban Hazarika)

18 June, 2001

The Home Minister summarized the Agreed Minutes as follows:

The ULFA will remove four of the nine camps they have in Bhutan, namely the Gobarkonda camp in the Manas Wildlife Sanctuary, the Nangri camp in Pemagatshel Dzongkhag, the Deori camp in Samdrup Jongkhar Dzongkhag and the military Training Centre under Matshala Geog, within December 2001.

The ULFA will reduce the strength of their cadres in their remaining five camps, namely the Ninchula camp under Kalikhola, the Mangkhar camp in Nganglam Dungkhag, the Merengphu camp, the Dingshiri camp and the Phukaptong camp which are under Samdrup Jongkhar Dzongkhag. The two sides agreed that, following the implementation of the undertaking given by the ULFA within December 2001, the Royal Government and the ULFA will meet

again to find a solution to the problem of the remaining five ULFA camps in Bhutan.

3. Reflections over talks with the NDFB and ULFA leaders

The Home Minister said that the agreement by the ULFA to close down four out of their nine camps does not really resolve the problem of their presence in the country. However, the agreement reached with the ULFA in June to close down the Nangri Camp, the Manas camp, the Deori camp and their Military Training Centre at Dingshiri would be a good step towards a peaceful solution of the problem. It was sincerely hoped that similar progress would be made regarding the remaining five ULFA camps as well as the five NDFB camps during the next round of talks with their leaders.

The Minister said that it was extremely difficult to hold talks with the ULFA and the NDFB militants. Their middle level leaders, who are in Bhutan, have very little mandate to discuss issues with the Royal Government and take decisions. They keep saying that their top leaders live abroad and their whereabouts are unknown to them. The top leaders refuse to come for talks on various pretexts and if at all they do come, they have only one agenda for discussions, which is to stay in Bhutan till they achieve independence of Assam and Bodoland. As this will never materialize their stay inside Bhutan could be indefinite and even be for generations. When pressed hard by the Royal Government to leave Bhutanese soil immediately, they promise to discuss amongst themselves and return for further meetings. However, they have generally failed to keep their promises of returning for further talks, citing security reasons for not being able to come to Bhutan.

The Minister said that in view of the past experiences in his dealings with them, he had some doubts as to whether ULFA leaders would indeed implement the agreement signed by them within December 2001.

He said that the Royal Government delegation made every effort during the talks with the ULFA and NDFB leaders to ensure a positive outcome bearing in mind the importance of avoiding armed conflict and resolving the problem through peaceful means. To this end, the delegation used all possible strategies including diplomacy, pressure tactics and even offering of cash incentives for removing their camps. Holding dialogue and negotiating with the militant leaders was an extremely difficult process, he said.

The Home Minister reported that implementing the National Assembly resolution on stopping rations and supplies to the militants had also proved to be extremely difficult. This was mainly due to the porous and thickly forested 266 kilometer open border Bhutan shared with Assam. However, within Bhutan, the Royal Government had been taking steps to stop the flow of supplies to the militants and also to prosecute persons found extending assistance to them.

He said that the shopkeepers in the border town of Kalikhola, Nganglam and Bhangtar had closed down their shops and decided to move out from these places to ensure that the militants could not obtain any supplies from them. The closing of these border towns have caused great economic loss and hardship to the shopkeepers and tremendous difficulties and problems for the local people in the nearby areas.

The Minister also informed the house that seven persons against whom there was concrete evidence of them extending assistance to the militants had been prosecuted under the National Security Act and the Courts had award life imprisonment to three of them.

The Speaker called on the Secretary of the National Assembly to read out the Agreed Minutes of the Talks held between the Royal Government delegation

led by the Home Minister and the ULFA leaders. After the reading of the agreed Minutes, a copy was distributed to all the members of the house.

The Chairman of the Royal Advisory Council reported that His Majesty the King, keeping in mind the importance of safeguarding the security and sovereignty of the country, had directed the Royal Advisory Councillors to also participate in the talks. Accordingly, the members of the Advisory Council had taken part in the five rounds of talk held up to now with the militants, making every effort to fulfill the command of His Majesty the King and the policies of the Royal Government for the benefit of the Bhutanese people.

Out of the four point resolution taken by the National Assembly during the 78th session last year, every effort had been made to implement the first three steps of the resolutions. Due to the blessings of the Guardian Deities and the close bond between the Government and the people, it was a cause for some satisfaction that a small opening for finding a peaceful solution to the problem may have been achieved without having to resort to the fourth step which involves military action, as decided by the National Assembly last year.

The people's representatives of Punakha, Bumthang, Trongsa and Trashigang Yangtse Dzongkhags said that after going through the copies of the agreed minutes of the meeting which had been distributed in the house, there was some reason for satisfaction on the agreement reached. However, they could not forget how the militants had refused to come for negotiations earlier and also that during the earlier rounds of negotiations, they had agreed to leave the country after one and a half-years. Several years later, instead of leaving the country, the number of militants had increased. It was difficult to trust them since they had shown no respect up to now for Bhutan's status as a sovereign, independent country.

The Chhimis expressed serious concern that the ULFA intended to stay in Bhutan until they achieved their objective of independence of Assam. Their continued

stay on Bhutanese soil would not only affect the excellent state of Indo-Bhutan relations but also threaten the security and sovereignty of the country. They said that the responsibility of removing the militants fell on the Government and the people and it should not be an impossible task to carry out.

Although the ULFA had agreed to remove four of their camps within December 2001, it was important for the people to know the course of action that the Government and the armed forces would take if the militants did not implement the undertaking given by them. Some of the members expressed their doubt that the ULFA and Bodo militants might even be receiving support from their own government. The members also inquired about the state of preparedness of the armed forces if military action had to be taken. Since the militant problem is a very difficult one and poses a serious threat to the security of the country there was a need to provide military training to the people, and it was important for the National Assembly to pass a resolution on this issue. The members also pointed out that His Majesty the King, who had assumed full responsibility for national security, had visited the areas affected by the militants, without giving any thought to his own safety, to assess the security situation. Due to the continued and selfless efforts made by His Majesty the King, the Royal Government and the ULFA leaders had been able to hold talks and sign an agreement for which the people extended their deep appreciation and gratitude.

The members also called upon the Dratshang and the religious community to continue performing Kurims for the benefit of the Tsa-Wa-Sum and for the peace and well-being of the country.

Speaking on the issue, a Royal Advisory Councillor pointed out that the Hon'ble Home Minister and the Chairman of the Royal Advisory Council had given a very clear account of the talks that had taken place between the Royal Government and the ULFA leaders. In addition he said that the main reason for drawing up an agreement with the ULFA leaders was because they do not

represent a government since they are a militant organization. As with the ULFA, it was also necessary to negotiate and reach an agreement with the NDFB.

Although the Royal Government has held repeated negotiations with the ULFA, there had been no fruitful outcome until now because they do not represent a government but are a militant organization. The Councillor also said that it was important to know the army's state of preparedness if it became necessary to take military action to remove the militants. It was also necessary to know the difficulties that the people in the affected areas would face if such an eventuality were to arise.

The Mongar Chimi said that on behalf of the people of Mongar Dzongkhag, he expressed their appreciation and gratitude to the Home Minister and the Royal Advisory Councillors for the agreement reached during the talks held with the ULFA leaders. However, going by the way the militant leaders had refused to come for talks earlier, despite repeated invitations, he expressed concern that they might be deceiving the Royal Government with the agreement they had given.

Since the militants had only agreed to remove four of their camps from Bhutan and had not specified the number of men they would reduce, there was not enough reason to trust them. The Chimi also informed the house that in keeping with decision of the previous Assembly session, Mongar Dzongkhag had sent 300 young men as recruits for the armed forces to strengthen the security of the country and he hoped that the armed forces may have something to share with them on the issue. He expressed the view that if the militants refused to leave despite all the efforts to make them go peacefully, then it would be necessary to resort to military action to remove them. Similarly, many other members expressed doubts about the effectiveness of peaceful measures in making the militants leave Bhutan.

His Majesty the King noted that the Assembly members had serious reservations and doubts about the sincerity of the ULFA leaders in giving a written undertaking, during the talks held with them in June, that they would remove four out of their nine camps and relocate them outside Bhutan within December 2001. The members had also inquired about the preparations made by the Royal Government in the event the militants had to be removed through military action. His Majesty said that it would be useful if the Home Minister briefed the house about the various steps and measures that the Lhengye Zhungtshog had discussed at great length to deal with any fallout and problems that would arise from taking firm action to remove the militants.

The Home Minister, while reporting on the implications and fall outs of a military confrontation, pointed out that from the four point resolution passed by the 78th session to remove the militants, military action was the fourth and last option. He quoted the relevant section on this resolution as given below:

“The National Assembly decided that all the measures laid down in the resolution passed by the 77th session must be fully implemented. In particular, the Royal Government must continue the process of dialogue with the militants and make every effort to resolve the problem peacefully. If the efforts to resolve the problem through peaceful measures failed to produce any concrete results, military action will have to be resorted to in order to remove the militants from Bhutanese soil and protect the security and sovereignty of the country”.

The Home Minister said that the ULFA and Bodo militants had taken advantage of the fact that Bhutan is a small country with a very small population and had forcefully established camps in the country. He reminded the members that taking military action against the ULFA and Bodo militants would not be easy. It would have major implications and bring untold problems and Kidus to the

Bhutanese people. Last December, without any provocation or reason, 15 Bhutanese were shot dead and 19 others injured by the BLT in Assam. However, the loss of the 15 lives will be nothing when compared to thousands of Bhutanese lives that could be lost in a military confrontation with the militants. The casualties will include brothers, sons, nephews and relatives in the armed forces as well as the civilian population. There will be heavy loss of property including houses and vehicles. Development works and economic activities will be affected in at least 12 out of the 20 Dzongkhags. Over a hundred development centres in Samdrup Jongkhar and Sarpang Dzongkhags and Panbang Dungkhag under Zhemgang, including schools and Basic Health Units, will have to be closed down.

The Home Minister said it was not known how many trained and armed militants the ULFA had as reserves in Assam who they could bring in as reinforcements in the event of armed confrontation. He pointed out that Assam had a population of 25 million people and, even if a small percentage of them were supporters and sympathizers of the ULFA and NDFB militants, it would be a very large number for Bhutan. If armed conflict was to break out, many Bhutanese would lose their lives and many of the militants would also be killed. As a result, the militants and their relatives and supporters will retaliate by attacking and killing Bhutanese people especially those who travel through Assam.

Nevertheless, regardless of the possible loss of thousands of Bhutanese lives, disruption of development works and economic activities leading to unprecedented problems, if all peaceful solutions to the problem are exhausted, Bhutan would obviously be left with no other option but to resort to military action. In this regard, if the Bhutanese people do not cherish and safe guard the security and sovereignty of the country who else can be expected to take up this responsibility.

The Minister pointed out that past Bhutanese generations, despite facing immense difficulties in their daily lives, had fought 12 wars with the Tibetans in the north and 11 wars with British in India to defend the security and sovereignty of the country. As a result, they had handed over the legacy of a secure and sovereign nation to the future generations. Likewise, the Bhutanese people today must also overcome the serious security threat posed by the ULFA and NDFB militants and hand over a secure and sovereign country of the Palden Drukpa to future generations. It would be a matter of great shame if the Bhutanese people cannot safeguard the security of our country at a time when we are enjoying unprecedented progress and prosperity due to the blessings of the Guardian Deities and the wise leadership of His Majesty the King, said the Home Minister.

As reported earlier, it was a cause for concern that the ULFA and NDFB leaders did not come for talks despite repeated reminders sent to them, even two years after the ULFA leaders had given their word that their top leaders would come for talks in Thimphu. Meanwhile, instead of leaving Bhutanese territory, they had increased the number of camps and the strength of their cadres. They had also acquired more arms and carried out extensive training in the jungles inside Bhutan. They had become more blatant in their activities, openly carry guns under various pretexts while coming to the nearby towns and villages, behaving as if they had the right to stay in Bhutan until they achieved their objective of an independent Assam and Bodoland.

Taking cognizance of the situation, the Royal Government had made necessary preparations in the event of armed confrontation with the militants if all peaceful efforts to resolve the problem were to fail. A summary of the steps taken are given below:

- i. The Royal Bhutan Army has been making all necessary preparations on which the Goongleong Gongma had been briefing the house.

- ii. Two rounds of Security Coordination Meetings were held at Gelephug and Samdrup Jongkhar, with extensive discussions held over three days on both occasions. The meetings were attended by the officials of the Home Ministry and relevant Ministries and Department, senior officers of the RBA and RBP, the Dzongdas, Thrimpons and Dungpas from the six Dzongkhags of Sarpang, Zhemgang, Samdrup Jongkhar, Pemagatshel, Mongar and Trashigang, which are the most affected by the continued presence of the militants. A list of activities to be carried out in case of armed conflict with the militants was drawn up during the meetings, such as endorsement of a state of emergency and curfew in high security risk areas; coordination amongst different Government and non Government agencies; security for vital installations and Government officials; coordination with Assam district and police officials, prevention and response to attacks from across the border by the militants and their supporters; assistance to people from conflict areas and their rehabilitation in the relief camps, if necessary, and communication and back up system etc. This list of activities was recently approved by the Council of Ministers for implementation in case conflict breaks out.
- iii. The Council of Ministers also recently approved a Contingency Plan with a total budget of Nu. 410 million in the event of armed conflict, which includes, amongst others, provision to keep open all the internal highways and motor roads, bridges and communication system, ration and fuel reserves, medical back up system etc.
- iv. Villagers from the conflict areas must be removed to safety during the conflict for which two Relief Camps had been identified to be established at Gelephug and Pemagatshel.
- v. The Royal Government has been in constant touch with the different authorities of the Government of India on the progress in the efforts to find a peaceful solution as well as possible assistance in case of an armed conflict.

- vi. The problem of the continued presence of the armed ULFA and NDFB militant was discussed during the Midterm Review of the 8th Five Year Plan with the public representatives of all the 20 Dzongkhags. Our people across the country are united in their determination to make the ULFA and NDFB militants leave Bhutan, if possible through peaceful means and if that does not succeed through military action. To this extent, the people have expressed their commitment to make any sacrifice required, including their lives, to protect the security of the country.

The Home Minister pointed out that with the protection of the Guardian Deities, the wise and dynamic leadership of His Majesty the King and the love and dedication of the Bhutanese people for the country, Bhutan had been able to overcome all major challenges and problems. He expressed his confidence that, likewise, the problem of the ULFA and NDFB militants would also be resolved, if possible through dialogue and peaceful means and, if not, through military action as a last resort, as decided by the National Assembly. In the meanwhile, it should be observed whether the ULFA will implement the three-point undertaking given by them, within December this year.

The Home Minister concluded his report by stressing the importance of the Bhutanese people thinking and acting in total unity like members of one family, at a time when the country was going through a difficult period. We must seek the blessings of the Guardian Deities and dedicate ourselves with even more commitment to support His Majesty and the Royal Government, even at the cost of our lives, in the sacred task of safeguarding and protecting the security and well-being of the Tsa-Wa-Sum, he said.

The Trashi Yangtse Chimi submitted that the people were fully aware of and deeply concerned over the problem of the ULFA-Bodo militants. He said that there were 300 militia volunteers in Bomdeling and Yangtse Geogs who had

undergone militia training and served in the border areas. Today, also, the people of Tashi Yangtse were hoping for the opportunity to serve to the best of their abilities with all available resources to safeguard the security of the country. He said that instead of placing too much confidence in the agreement reached with the ULFA to resolve the problem peacefully, preparations for taking military action to deal with problem should be made without losing time.

The Samdrup Jongkhar Dzongda said that because the ULFA and Bodo militants, who were fighting against the Indian government, had entered the forests in Bhutan, extending from Daifam to Norbugang, and established camps, a very serious security situation had been created in Samdrup Jongkhar. The people were living under a sense of constant fear and insecurity, unable to sleep or live in peace. Despite this situation, the people of Samdrup Jongkhar had regained their confidence due to the concerted efforts and full commitment of the Royal Government and the people throughout the country to remove this problem.

As everyone is aware, the serious security situation in the country is due to the continued presence of the ULFA and Bodo militants. Since last year, the people of the three Geogs of Bhangtar Dungkhag stopped rearing goats, poultry, pigs and fish for the time being as these could be taken by the militants. Because of this concerted effort by the people, His Majesty the King granted Mithun bulls free of cost to the public of the affected areas. The people of Dalim and Bakuli were also exempted from rural tax as Kidu.

In order to help in the implementation of the National Assembly resolution to stop ration supplies to the militants, the 82 shopkeepers of Nganglam town and 30 shopkeepers of Bhangtar had closed their shops. However, Indian nationals continue to transport rations from across the border to the militants by using horses, vehicles, bicycles, bullock carts and also carrying them physically. The

militants would not be able to survive if the transportation of ration supplies from India was stopped.

At the same time, he expressed the view that it was difficult to stop the movement of people across the border despite the presence of tens of thousands of security forces along the India border. He also expressed doubts about the ULFA honouring the agreement they had signed with the Royal Government.

The Thimphu Chimi said that the agreed minutes of the meeting between the Royal Government and the ULFA leaders, copies of which were given to the Assembly members, was the outcome of the continuous efforts made by the Government to resolve the ULFA-Bodo problem through the first three approaches of the four point decision passed by the 77th Session of the National Assembly. He thanked the Home Minister for clearly explaining the agreed minutes to the Assembly members. Although the militants had agreed to remove four of their camps by December 2001, the Government and the people should not remain complacent with this agreement but also work on ways and means to ensure that the five remaining camps are also removed.

Speaking on the issue, the Minister for Agriculture noted that in the entire history of the country of the Palden Drukpa, no other problem had posed so serious a threat to the security of the nation as the presence of the ULFA and Bodo militants on Bhutanese soil today. In spite of extensive discussions in the recent sessions of the National Assembly, the highest decision making body in the country, the members had not been able to come up with a concrete proposal to remove this problem. As a result, His Majesty the King had suggested a three-pronged strategy to remove the militants, which was unanimously endorsed by the members of the National Assembly. In addition, the 78th Session of the National Assembly last year had resolved that if the problem could not be removed through peaceful means, there would be no other option

left but to resort to military action to remove this serious threat to the security and sovereignty of the country.

During the discussion on the need to resort to military action if peaceful means failed to produce any concrete result, His Majesty the King had reminded the members of the serious implications it would have on the people and the country, as it would involve tremendous hardship and problems that the people had never faced before, including loss of many lives and injury for the Bhutanese people. The Assembly had resolved that every effort should be made to remove the problem through peaceful means and that military action would be resorted to only if all peaceful efforts failed to produce results. Accordingly, several rounds of talks were held with the leaders of the militant groups since 1998. However, in spite of the talks held so far, it was like pouring water over stone as the militants had not come up with any concrete proposal to vacate their camps.

The Minister said that there had been some result from the recent talks because of the various measures initiated under the wise and far-sighted leadership of His Majesty the King to remove them from Bhutanese territory which had made the militants realize that the Bhutan was determined to make them leave through any possible means. However, the result of the recent talks should not affect the preparations which are under way for military action should the ULFA not honour the agreement given by them. He said that the agreement provided more time to make preparations for military action if such a course of action was to become necessary.

The Minister reported that the Ministry of Agriculture was making all necessary preparations should there be a need to resort to military action to remove the militants. In this regard, food is a basic requirement during emergency situations. On the command of His Majesty the King, the Ministry of Agriculture and the Food Corporation of Bhutan were taking all the necessary

measures to ensure that food and other essential commodities would be available to the people without any difficulty.

The hon'ble members were aware that the Food Corporation of Bhutan had a country-wide network of godowns for storage and supply of food items to the people to meet their demand. Yet, out of deep concern for the people, His Majesty the King had commanded that the FCB create additional storage facilities wherever necessary to overcome any food shortage and difficulties the people may have to face in case of an emergency situation. He reported that as part of the preparation, a godown with 800MT capacity was being constructed at Khangma in Trashigang in addition to the existing 750MT Godown. All these constructions would cost around Nu.11.731 million. Another 200MT Godown was being constructed at Mongar along with a 800 MT godown in Nganglam and a 150 MT godown at Bhangtar.

The Government was making arrangements to maintain food and other essential commodities to last for three to six months for the people in the security affected areas at a huge cost. The actual cost to the government was likely to be much more as the stocks would have to be rotated every few months resulting in substantial storage losses.

The Minister also informed the members that His Majesty the King had commanded the Ministry of Agriculture to purchase the cash crops of the farmers in the security affected areas in case of they are unable to sell their produce due to the security situation. The Ministry was instructed to subsidize the operations, if necessary, so that the main source of income for the farmers would not be affected.

He said that, as submitted by the Samdrup Jongkhar Dzongda, in some of the places where there was a high possibility of the militants using force to get to their supplies from the shops, the shopkeepers might have to close down their

shops. In such situations, the local people would face tremendous hardship in obtaining essential items. In view of this, His Majesty the King had commanded the Food Corporation of Bhutan to arrange for the supply of other essential items also, besides food, such as kerosene, matchboxes and torch lights as a special Kidu for the people in such places. His Majesty had further commanded that the price of such items should not exceed what the people used to pay before the closure of shops and if it becomes necessary to subsidize the items, the Government should bear the extra cost. Accordingly, the supply of essential items were already being made available in Nganglam and Bhangtar Dungkhangs since the last few months.

He reported that the Agriculture Ministry was also making arrangements for supply of essential food items in places where relief camps to shelter people who would have to be evacuated from the conflict areas were being planned by the Ministry of Home Affairs. He also informed the house that, on the command of His Majesty the King, the forestry staff posted in the militant affected areas were being regrouped and strengthened to guard important government installations in their areas.

The Minister said that His Majesty the King had been making every effort to resolve this problem through peaceful means. If the peaceful efforts failed to remove this problem, it is very important for the Royal Government, the people and the armed forces to be fully united in thought and commitment, and prepare for military action to protect the security of the country.

The Secretary of the Royal Civil Service Commission reported that the 13,750 civil servants in the government agencies, autonomous bodies, corporations and commissions were deeply concerned over the serious security problem posed by the ULFA and Bodo militants. He said that the civil servants were prepared to take on additional responsibilities and even join military service to help remove the problem. He recalled the meeting of the Head of Government and the Home

Minister with the senior civil servants, held on April 30, 2001 in Thimphu, during which the civil servants made the following three submissions:

1. The problem of the ULFA and Bodo militants has been a long standing issue and every effort must be made to compel them to leave our country immediately through negotiations.
2. If they do not leave through peaceful means, the military option would have to be resorted to for which the civil servants pledged their full support. Further, they pledged to contribute one month's salary towards security expenditure to ease the financial burden on the Government.
3. In case military action becomes inevitable, the civil servants reiterated their pledge to safeguard the security of the nation with total loyalty and dedication, and they were prepared to sacrifice their lives if necessary.

The RCSC Secretary welcomed the report of the Home Minister on the meeting with the ULFA leaders. He said that the agreed minutes of the meeting was a very positive outcome towards resolving the problem peacefully. On behalf of the civil service, he offered their deep appreciation and gratitude to His Majesty the King for his farsighted leadership, and to the Home Minister and the Bhutanese delegation taking part in the talks for this positive outcome.

The Deputy Minister for Communications said that after three rounds of talks held between the Royal Government and the ULFA there was now a signed agreed minutes in which the ULFA had committed to remove four out of their nine camps within December this year. Although many Chimis had expressed their doubts about the militants implementing this agreement, the Deputy Minister said that the deadline given to the militants also provided time to prepare for military action if they do not leave by December. Therefore, it

would be better to act in accordance with the agreement reached during the recent talks.

If the militants violate the provisions of the agreement, and military action has to be launched, the main responsibility for the Ministry of Communications is the maintenance of the motor roads in the country. His Majesty the King has commanded that the highway from Phuntsholing to Trashigang must be kept open at all times. He said that DANTAK has given their assurance that the Phuntsholing-Thimphu highway can be kept open to traffic without being blocked for even a single day.

The Deputy Minister informed the Assembly that important equipment and machinery required to repair and maintain the highway were being kept at strategic sites along the highway stretching from Thimphu to Trashigang.

Since Bhutanese passengers traveling through Assam face serious security problems and difficulties, the number of buses plying between Thimphu and Trashigang has been increased from three to fourteen as commanded by His Majesty the King. The Ministry of Communications is prepared to introduce additional services if dictated by any emergency situation. Although permanent telecommunication facilities could not be established in Daifam, Panbang, Bhangtar and Lhamoi Zingkha at present, VSAT satellite communication equipment had been specifically ordered and set up in these areas to provide the people access to telephones. The Deputy Minister pledged the full commitment of the Ministry of Communications to discharge their responsibilities if an emergency situation were to arise in the country.

The people's representatives of Bumthang, Haa, Mongar and Lhuntse Dzongkhags expressed their appreciation for the agreed minutes of the meeting with the ULFA which required the militants to remove four out of their nine camps in Bhutan. They also expressed satisfaction and appreciation that the Royal Government would hold further talks with the ULFA to make them

remove their remaining camps. The Chimis pointed out that the wise and farsighted leadership provided by the hereditary monarchs of Bhutan had always been the source of peace and happiness which the country has enjoyed for many years. Therefore, the sacred bond of trust and fidelity between the monarch and the people must continue to grow and provide the strength to prevail over all obstacles facing the nation so that the Buddha Dharma and peace in the country will flourish for all time to come.

The Chimis said that even though the ULFA were militants fighting against the Indian government, it was to be hoped that they would honour their own word given as leaders of their organization and remove the camps, as agreed by them, within December this year. However, if they do not implement the agreement given by them there is no alternative but to prepare for military action in accordance with the resolution passed by the 78th Session of the National Assembly.

The Speaker noted that this issue concerning the security of the country had been discussed at great length. The hon'ble Ministers and the senior officials of the Royal Government had clearly explained that if the militants do not honour the agreement given by them then military action would have to be taken. The concerned Ministries and Departments were fully prepared for this eventuality. He called upon the representatives of the armed forces to inform the Assembly about the measures and preparations made by the army if military action had to be taken to remove the militants.

The Brigadier representing the Royal Bhutan Army expressed the deep appreciation of the armed forces to all the 20 Dzongkhags and the Bhutan Chamber of Commerce and Industry for their full support, in terms of men and materials, if serious problems were to arise in the country.

He informed the members that, under the personal command and direction of His Majesty the King, the armed forces had been making full preparations in terms of logistics and training to remove the militants. As the hon'ble members were aware, the Goongloen Gongma had reported during the 78th session last year on the deployment of troops, construction of army camps, training, state of arms and other logistics, and construction of army camps from Kalikhola to Daifam. The Royal Bhutan Army had spent a sum of Nu. 835 million from its own resources of the Army Welfare Fund for strengthening security in the areas affected by the militants. A total of 122 Officers and 3,623 other Ranks were already deployed between Kalikhola and Daifam. One more Wing from the Royal Body Guards, designated as Wing XV, had been mobilized and was kept ready in Dechencholing for deployment in the security affected areas. Once Wing XV from the Royal Body Guards is deployed, the total strength of troops between Kalikhola and Daifam will come to 136 Officers and 4,128 Other Ranks.

The Brigadier informed the house that, in order to enhance the strength of the Royal Bhutan Army, partial freeze had been applied on retirement, with troops retired only on grounds of health and old age. Meanwhile, the training of recruits was being carried out at the Military Training Centre in Tencholing and the Royal Body Guards in Dechencholing. If the militants refused to leave Bhutan and the Royal Government decides to remove them through military means, the officers and men of the Royal Bhutan Army, Royal Body Guards and the Royal Bhutan Police, who have been training for such an eventuality reiterated their pledge to carry out this important task with total dedication and commitment.

The Punakha Chimi expressed his appreciation for the distribution of copies of the agreed minutes of the meeting held between the Royal Government and the ULFA. He said that the positive outcome of the meeting was a result of His Majesty the King's visits to the high security risk areas without even considering his own personal safety, and of the concerted efforts of the Council

of Ministers who worked with unfailing loyalty and dedication in the service of the country, for which he expressed deep gratitude on behalf of the people. He said that the ULFA leaders had raised concerns for their personal safety in coming to Bhutan for talks with the Royal Government. If they realised how big a security threat was being posed to the Bhutanese people by their continued presence, instead of only being concerned for the security of a few of their leaders coming for talks, we would not be having this present problem in our country, he said.

He said that the doubts expressed by some of the Chimis regarding the agreed minutes should not be taken as a lack of appreciation or respect for the efforts made by His Majesty the King and the Council of Ministers to find a peaceful solution to the problem. Such doubts were being expressed because the militants who had caused so much concern among the people of Bhutan had not honoured their own words in the past few years.

He also said that although Punakha Dzongkhag had a small population, 290 young men between the age of 18 and 35 had come forward to serve as militia volunteers. Out of the 45 volunteers sent recently as recruits for the regular army, 23 were accepted by the army after checking their physical fitness. He said that the strong bond of loyalty and commitment between the government and people is of utmost importance for ensuring and sustaining the security and sovereignty of the country. The Chimi pledged the total commitment of the people to provide unwavering support to the Royal Government to overcome any problem and challenge facing the country.

The people's representatives of Wangdi Phodrang, Trashigang, Pema Gatshel and Zhemgang Dzongkhags expressed their appreciation for receiving copies of the agreed minutes of the meeting held between the Royal Government and the ULFA militants. They said that the positive outcome of the talks was a result of His Majesty the King having assumed full responsibility for national security

and working to this end without even considering his own personal safety. It was also a result of the tireless and unfailing efforts made by the members of the Lhengye Zhungtshog. They expressed their hope that the ULFA militants will remove four of their camps by December this year in keeping with the agreed minutes of the meeting held with them. However, if they do not implement the agreement given by them, the Royal Government should not continue looking for a peaceful solution to remove the militants from Bhutanese territory. The Chimis also requested His Majesty to limit his visits to the high security risk areas. The long reign and continued leadership of His Majesty the King is of utmost importance for ensuring the security and sovereignty of the country and continued peace and happiness for the Bhutanese people.

The Chukha Dzongda submitted that, as per the resolution of the 78th Session of National Assembly, a series of meetings had been convened with the Government employees, business communities and people in the Dzongkhags to explain the measures that had been decided to deal with the problem posed by the militants, and safeguard the security of the country.

In Phuentsholing, the Government employees and business community had expressed their deep concern over the security threat facing the country and pledged to protect and ensure the security of Phuentsholing town. The people in the villages are also deeply concerned over the problem and have pledged to do everything possible to safeguard the security of the country. They also appealed to His Majesty the King to cut down the royal visits to the high security risk areas.

Recognizing the importance of safeguarding the security of the country the people have called for militia training to be imparted to all able-bodied men. He said that a four point strategy should be pursued to resolve the security problem facing the country. Firstly, the outcome of the recent meeting between the Government and the ULFA leaders allows the door to a peaceful solution to be

kept open. Secondly, our armed forces must continue to prepare themselves for military action. Thirdly, the embargo on rations and other supplies to the militants should continue to be enforced. Fourthly the Dratshang and religious community must continue to perform Kurims for the peace and security of country.

When it comes to national security, the unity and commitment of the people is far more important than the physical size and population of the country, the Dzongda said. Our forefathers fought many wars to safeguard the security of the country and handed over to us the legacy of a sovereign, independent country. It is our duty today to protect the security of our country and hand it over as a proud legacy to our future generations. To this end, he said, the people of Bhutan offered their pledge to work closely together under the direction of the Royal Government and safeguard the security and sovereignty of the country.

Speaking on the issue, the Minister for Trade and Industry reminded the members that the 78th Session of the National Assembly had adopted a four point resolution to remove the ULFA militants from Bhutan, with priority to be given to finding a peaceful solution. He said that resorting to military action would not only deprive our people of development activities, they would also face difficulties in obtaining essential commodities. As such, it was very important to continue to explore peaceful ways of removing the militants from the country.

Although the blatant activities and behaviour of the militants call for military action, the Minister recommended that the members should consider endorsing and following the agreement reached during the meeting between the officials of the Royal Government and the ULFA leaders. In any case, if the ULFA do not abide by the agreement by 31st December 2001, there will be no other choice left but to resort to military action. He reminded the members that the

security of the nation is of the utmost and highest importance and that, in view of this, His Majesty the King had been providing personal attention in finding ways to make the militants leave the country. To this end, His Majesty had been taking high risks by visiting the militant affected areas.

The Minister said that in the history of the world, in a number of countries, foreigners had entered for a variety of reasons and settled in them permanently. Through such developments, over time, the rights and sovereignty of the original inhabitants had been adversely affected. To avoid such a situation in our country, there is need to safeguard our sovereignty even more zealously in the coming year, he said.

Many members expressed doubts and reservations about the ULFA removing their camps in keeping with the agreed minutes signed between them and the Royal Government and said that military action would have to be taken to make them leave. In this regard, many members said that the strength of the army would have to be increased while others called for militia volunteers to be trained to support the regular troops. With the debate extending over two days, His Majesty the King called on the members to focus the discussions on the following three points and then take a decision.

1. The agreed minutes of the meeting held in June 2001 between the Royal Government and ULFA leaders were distributed to all the members. The Assembly should decide whether to endorse the agreement reached in this meeting and accordingly discuss what actions should be taken by the Royal Government.
2. It would be very useful if the house discussed and decided on what course of action the Royal Government should take after December this year if the ULFA do not implement the agreement given by them as reflected the agreed minutes.

3. As the members had repeatedly called for mobilization and training of militia volunteers to be started, the Assembly should discuss and decide how a militia force would be raised, trained and deployed.

The Speaker said that, as directed by His Majesty the King, the house should decide whether the agreed minutes signed between the Royal Government and the ULFA leaders should be endorsed and then discuss the course of action that the Government should take on this issue.

The people's representatives of Lhuntse, Wangdi Phodrang, Tsirang and Trongsa Dzongkhags said that the Assembly should endorse the agreed minutes signed between the Royal Government and the ULFA leaders as it opened a small path for a peaceful solution of the militant problem. At the same time, there should be no complacency on account of the agreement and preparations for military action should still be continued. They also pledged that the people were ready to raise a militia force.

The Deputy Minister of the National Environment Commission recommended that the agreed minutes signed between the Royal Government and the ULFA representatives should be endorsed by the house and time should be given until December this year to see how the provisions under the agreement are implemented.

The Chairman of the Lhengye Zhuntshog requested the National Assembly to endorse the agreed minutes signed by the Royal Government and the ULFA representatives. In keeping with the decision of the National Assembly, the Royal Government had been seeking peaceful means so far to resolve the problem. The ULFA had, however, not complied with the Royal Government's insistence that they leave Bhutan. In view of the serious concern that all the members had on the issue, it was decided by the National Assembly that in the event peaceful means fail, the military option would be resorted to. It would,

however, be in our interest to endorse the signed minutes and postpone military action for the time being, he said.

The Chairman of the Royal Advisory Council informed the members that since the responsibility of the country's sovereignty and security had been reposed in His Majesty the King, talks with militants leaders were held on the directives of His Majesty and the results were also duly reported. The agreed minutes signed during the recent meeting with the ULFA leaders was possible because of the wisdom and guidance of His Majesty the King.

In keeping with the guidance given by His Majesty the King, we have always impressed upon the militants the serious problem created for Bhutan by their presence in our territory, he said. Their continued presence posed a grave security threat to Bhutan and would undermine the excellent state of Indo-Bhutan relations as well as disrupt the implementation of the socio-economic development plans and programmes in the country.

The militants were told that their continued presence was a matter of deep concern to His Majesty the King and the Bhutanese people. He said that it would do no harm for the Assembly to endorse the agreed minutes of the meeting with the ULFA leaders and decide to act in accordance with the provisions of the minutes and its implementation by the ULFA.

A Royal Advisory Councillor, the representative of the BCCI, and the Chimis of Trashigang and Punakha Dzongkhags said that it would be a good idea to wait and see what happens until the expiry of the deadline given in the agreed minutes. They said that the main reason for the heated debate on this issue over the past two days is the doubts felt by the members that the militants might defy the Government and people of Bhutan by violating the provisions of the agreement. If such an eventuality takes place then the Bhutanese people would have to come together in unity and strength behind the traditional call of

“Palden Drukpa Gyalo” and strive for victory in a conflict thrust upon the nation.

The Speaker noted that, as stated in the views expressed by the Chairman of the Council of Ministers and many members, the Assembly was unanimous in endorsing the agreed minutes of the meeting held between the Royal Government and the ULFA leaders, and for giving the ULFA time to implement their commitment to remove four of their camps within December 2001. The Speaker, therefore, concluded the debate on this issue and called on the members to focus the discussion on the course of action that should be taken if the ULFA do not remove their camps within December this year, as agreed by them.

The people’s representatives of Haa, Chukha, Bumthang, Samtse, Sarpang, Samdrup Jongkhar and Dagana Dzongkhags and the BCCI representative said that the Royal Government should wait to see whether the ULFA will remove four of their camps within December 2001, as agreed by them in the agreed minutes of the meeting their leaders had signed with the Royal Government. If they do not implement the provisions of the agreed minutes, it then definitely calls for military action to be taken in accordance to the resolution of the 78th Session of the National Assembly, to remove the militants from Bhutanese soil.

Similarly, a Royal Advisory Councillor and the Samtse Dzongda said that the ULFA should be given the time frame laid down in the agreed minutes to implement the commitment given by them. However, if they do not honour their own commitment, it would then mean that peaceful measures have been exhausted and military action will have to be taken to remove them.

The Foreign Minister expressed his view that, as submitted by many representatives of the people, the Royal Government’s efforts to solve the problem peacefully would come to an end if the ULFA do not honour the

agreement signed with the Royal Government at the expiry of the deadline. Till now, the Royal Government and the armed forces have not been able to decide on a time frame for resolving the problem through peaceful means. As submitted by some of the Chimis earlier, the Foreign Minister expressed his hope that the ULFA will honour their commitment to remove the camps by December this year. Otherwise, in accordance with the agreed minutes of the meeting between the two parties as accepted by the National Assembly, the peaceful approaches will come to an end by December of the current year. If they do not honour their own undertaking, the recourse to military option would then be taken to expel the militants without the requirement of any further consultations and decisions of the National Assembly. Accordingly, it is to be understood that the Royal Government and the armed forces have received the authorization of the National Assembly to launch military operations against the ULFA and Bodo militants after December.

After intensive discussions were held on the ULFA-Bodo problem for two days, the main substance of the views expressed by the members was that the militants had until now repudiated the persistent efforts of the Royal Government to find a peaceful solution. This had not only infuriated the people but also made them come to the conclusion that military action would ultimately have to be taken against the militants.

The Speaker noted that there was general consensus that military action should be taken against the ULFA, in keeping with the decision of the 78th Session, if they do not remove four of their camps from Bhutanese territory by December this year in keeping with the agreement they signed with the Royal Government. It was accordingly decided and the session was concluded for the day.

When the debate on the ULFA-Bodo problem resumed on 6th July 2001, the Speaker reminded the members that intensive discussions had been held on this issue over the past two days and a decision had also been reached. The house

should now discuss the issue of raising a militia force. The people had repeatedly submitted in previous sessions of the Assembly that the young able bodied men in the villages were ready to serve as militia volunteers to safeguard the security of the country. The members had said that if the ULFA-Bodo problem could not be resolved through peaceful means then military action would have to be resorted to and the people had proposed to mobilize a militia force to support the regular army.

A Royal Advisory Councillor pointed out that the ULFA-Bodo problem had been posing a security threat to the country for almost a decade. The representatives of the armed forces had informed the Assembly about the number of people who had volunteered as recruits for the army to safeguard the security of the country. Although more people from the villages should have volunteered, he said that about 72 percent of the Bhutanese youth were either in schools or looking for gainful employment, and there were only a limited member of able-bodied young men in the villages. Therefore, it would be beneficial for both the Government and the people if school dropouts and unemployed youth were given the opportunity to join the security forces.

They proposed that as many of the youth as possible should be imparted military training. All the young men who complete their education should undergo military training for a specified period before joining service or taking up permanent employment. Similarly, college students should also undergo training before joining college. These young men would provide a reserve force which can be issued with uniforms and weapons and immediately deployed whenever the country is faced with very serious security problems. The Assembly should draw up a specific policy on raising a military force.

His Majesty pointed out that, as the Assembly members were aware, in the past the required number of recruits for the armed forces were conscripted from the 20 Dzongkhags. Today, only the volunteers were inducted into the army and

there was no longer any conscription. Therefore, there was no need for the issue of recruits for the regular army to be discussed in the house. On the other hand, the people of the 20 Dzongkhags had repeatedly submitted that it would be beneficial for the country if militia training could be started again like it was done during the ngolop problem in 1990-91. It would be more useful if the members focussed the debate on whether militia training should be started again in view of the difficult period the country was going at the present juncture.

The Speaker reminded the members that, as pointed out by His Majesty the King, there was no need for holding a separate discussion on the conscription of recruits into the regular army. The Assembly should focus the discussion on deciding whether it was necessary to raise a militia force, as was done in 1990-91 on the request of the people, in view of the present security situation in the country.

The people's representatives of Gasa, Thimphu, Trashigang, Paro and Wangdi Phodrang Dzongkhags and the BCCI Chimi said that if the ULFA do not honour the agreed minutes signed by them, military action will have to be taken to remove them from Bhutanese territory and ensure the security and sovereignty of the country. Therefore, it is necessary to introduce military training for all students who leave high school and all able-bodied young men to create a reserve force to back up the three regular service forces. They also expressed the view that the present security situation called for a militia force to be mobilized once again. To support their view, they reminded the house that during the Indo-China war in 1961-62 it had been felt necessary to mobilize all able bodied men in Bhutan and impart training to them in the Mongar Lingmathang, Tencholing and Dradue Makhang army camps.

The present security problem does not involve a conflict between two foreign countries. It is a problem that the country is facing because of the presence of armed militants who are fighting against India with which Bhutan has very

close and friendly relations. The continued presence of these militants was posing a very serious threat to the security and sovereignty of the country and they would have to be removed through military action. To this end, if all able bodied men are inducted and given military training they would provide a militia force which will greatly strengthen the regular army.

The Brigadier representing the Royal Bhutan Army expressed deep appreciation to the hon'ble members for the repeated commitment expressed by them to send militia volunteers from their Dzongkhags to support and strengthen the armed forces in safeguarding the security of the country. The Royal Bhutan Army is prepared to implement whatever decision is taken by the National Assembly and the Royal Government regarding military training for young men, including those who have completed their education, he said. At the same time, the RBA would face some problems in starting a militia training programme. A large number of officers and NCOs were already employed in training the regular army recruits and the existing training areas in the Military Training Centre at Tencholing and the Royal Body Guards campus in Dechencholing were under full utilization.

He also pointed out that, apart from the substantial expenditure that will be incurred for the training period, the same pay and allowances, including His Majesty the King's Kidu Soilra, would have to be given to all the militia volunteers who serve with the regular soldiers in the security affected areas after completing their training.

In view of the present security situation in the country, militia volunteers sent by the Dzongkhags should not only be physically fit but, far more important, they must be genuinely concerned for the security of the country. They must also be fully prepared to risk their lives and serve with the regular soldiers in the security affected areas after completing their training. The names of such

genuine volunteers should be forwarded without delay to the RBA Headquarters.

The National Assembly has already decided that if the ULFA do not remove four of their camps and reduce their strength by December 2001, in keeping with the undertaking given by them to the Royal Government, there will be no option left but to take military action to resolve the problem. By the time the present session concluded there would only be about four to five months left for imparting training to the militia volunteers. It is, therefore, important for the concerned Dzongdas and Chimis to keep in mind that the militia volunteers sent by them do not ask for Kidu after completing their training.

The RBA representative informed the members that out of the 880 recruits for the regular army who reported for training in the last two batches, 121 had to be sent on Kidu and 27 had run away. The hon'ble members should, therefore, consider how useful it would be to start a militia service.

He said that if the Dzongdas and people's representatives were to send good quality militia volunteers who were genuinely concerned for the country and fully prepared to serve in the high security risk areas to further strengthen the regular armed forces, it would be deeply appreciated by the RBA Headquarters.

The Minister of Health and Education said that when the Palden Drukpa most needed its sons to serve in the armed forces he was saddened and disappointed to hear the representative of the Royal Bhutan Army speak about the poor attendance of volunteers joining the army. He said that it was the policy of the Royal Government not to conscript recruits and to leave it up to the young men to volunteer. The time had now come for the people to advocate strongly in the community for our young men to voluntarily come forward to serve our country when it is facing a grave security threat. The senior members of the community

must promote amongst our youth a sense of commitment to shoulder the sacred responsibility of serving the country in its hour of need, said the Minister.

These days there are many unemployed youth loitering around aimlessly in the towns without work. He said that it should be the responsibility of the elders and senior members of our society to guide and advise our youth to join the army and serve the nation when it is facing a serious security threat. He said that it was very important that the National Assembly discuss this matter very seriously and draw up mechanisms as to how the people of Bhutan at all levels can support the army in safeguarding the security of the country.

The people's representatives of Zhemgang, Haa and Samtse Dzongkhags submitted that, as pointed out by His Majesty the King, there was a difference between regular soldiers and militia volunteers. As such there was no need to focus the discussion on the issue of regular recruits for the armed forces. They said that militia volunteers are people who come forward to safeguard the security of the country in difficult times, fully prepared to undergo hardships and sacrifice their lives if necessary. Once the Dzongkhags have sent their volunteers to the RBA Headquarters it is the responsibility of the army to ensure they stay with them. It is true that nobody likes to go to war nor do people look forward to losing their lives. If soldiers are granted Kidu when they request for it and those who desert are not punished there will not be many people who will enlist and remain in the army. At a time when the country is facing a difficult security problem, it is necessary to raise a militia force to support the regular army. If required, even those men who have crossed the age limit were prepared to come forward and join the militia force to further enhance the strength of the armed forces and safeguard the security of the country.

Out of the total population of over 600,000 in the country, about 100,000 or so were students and civil servants or members of the business community and monastic bodies. Although the Bhutanese population is very small, this is not

the time to make excuses regarding service to the country as Bhutan is going through a very difficult time today. The people have repeatedly pledged in the presence of His Majesty the King, both in the National Assembly and during the 8th Plan review meetings, that they are ready to come forward with manpower and material support to safeguard the security of the country. The time has come to live up to this pledge. The members emphasized that all able bodied men in the villages, business community and the private sector must come forward for military training. In all recent sessions of the National Assembly, the people had repeatedly requested for training to be imparted to militia volunteers. The members requested the Government to coordinate the training of militia volunteers and to issue orders for their deployment whenever it is necessary. If the ULFA do not honour the commitment they had given in the agreed minutes and reduce their presence in the country within December 2001, it will leave only four to five months for this deadline to expire. Therefore, it is very important to further strengthen and prepare the armed forces for effective military action.

The people's representatives of Samdrup Jongkhar, Mongar, Tsirang, Trashigang, Yangtse and Pema Gathsel Dzongkhags submitted that all able bodied men who can serve as soldiers should protect the high security risk areas while the others should look after the security of the Dzongkhags, Goendags and other institutions. While the enemies at the gates are being subdued the inner jewels of the country which provide the ultimate strength and inspiration for the nation must not be harmed. The people are, therefore, fully committed to serving the country to the best of their abilities.

Recalling that the representative of the armed forces had informed the house that the number of officers and NCO instructors available for imparting military training was limited, the members said that it should not be absolutely necessary that officers are required in large numbers to train militia volunteers. There should be enough NCOs among the thousands of trained soldiers who would be

able to impart military training. The members requested for military training to be imparted to the militia volunteers as it was done before for the volunteers who were deployed in the south with the regular soldiers of the army. If military training is imparted to the able bodied young men they will have no hesitation in coming forward to protect the security of the country.

Speaking on the issue, His Majesty the King said that the representative of the Royal Bhutan Army had given a very clear response to the request made by the people's representatives for militia training to be imparted to the men who had volunteered for militia service in their Dzongkhags. His Majesty reminded the members that only those able bodied men who genuinely volunteered should be sent as militia volunteers and no one should be forced to join militia service.

Some of the members had said that it was the responsibility of the Royal Bhutan Army to take suitable disciplinary action against those volunteers who applied for Kidu or ran away after reporting to the army. His Majesty pointed out that it was not feasible for the army to punish young recruits who submitted that they had not volunteered to join in the first place or had Kidu problems. His Majesty informed the members that from the 57th and 58th batch of recruits this year, the RBA had to release 131 recruits on Kidu grounds as it would serve no purpose to impart military training to people who did not want to join the army at all.

It was important for the Assembly members to understand all the facts about the recruits sent as volunteers from the Dzongkhags. His Majesty said that, at a time when the country was facing a very serious security threat, it was a very good and positive response from the people to request for voluntary militia service to be started. If there are volunteers who genuinely want to undergo military training and serve for a few years to protect the security of the country, it would indeed be very useful to impart military training to the militia volunteers as requested by the people's representatives.

His Majesty said that the people's representatives should keep in mind the repeated submissions they had made in the Assembly to once again raise a

militia force, and after returning to their Dzongkhags at the conclusion of the 79th session, they should forward the list of genuine volunteers for militia service without delay to the RBA Headquarters.

The Speaker noted that the people's representatives from the different Dzongkhags had all requested for militia volunteers to be once again mobilized and trained. The people had repeatedly pledged to come forward with manpower and material resources to support the Royal Government and the armed forces. They had made these pledges in all the recent sessions of the Assembly and in the Dzongkhag meetings. Therefore, upon the conclusion of the current session, all the Dzongdas and Chimis should discuss this issue very clearly with the Gups and the people and identify genuine militia volunteers as reminded by His Majesty the King. The volunteers should not only be physically fit but wholeheartedly committed to volunteering for militia service. The list of the volunteers, who should be within 18 to 45 years of age, should be submitted to the RBA Headquarters as soon as possible and thereafter the RBA should impart suitable training to the militia volunteers.

Summing up the deliberations on the ULFA-Bodo problem, the Speaker said that, the infiltration by armed ULFA and NDFB militants into the south-eastern Dzongkhags of Bhutan posed a very serious threat to the security and sovereignty of the country and was a source of deep concern to the Bhutanese people. The representatives of the people from all the Dzongkhags and the business community had called for the early removal of this problem and a very extensive debate on the issue had been held over three days from 4th to 6th July, 2001. The Speaker expressed his appreciation to the hon'ble members for having arrived at a unanimous resolution. He said that the National Assembly extended its appreciation and endorsed the agreed minutes of the meeting held between the Royal Government and the ULFA in June this year, a copy of which had been given to every member of the house. The outcome of the meeting reflected in the agreed minutes provided an opportunity to reach a peaceful solution to the problem. He

expressed his hope that the ULFA would remove four of their camps by December 2001 as agreed by them, and that the Royal Government and the ULFA could resume talks on finding a solution to the problem of the remaining camps. The National Assembly endorsed the following three-point resolution on the issue of the ULFA-Bodo problem:

1. In accordance with the resolution of the 77th Session of the National Assembly on the ULFA-Bodo problem, the Royal Government must continue to impose the embargo on rations and other supplies to the camps of the militants. Any person found extending assistance to the militants must be tried and punished under the National Security Act.
2. The Royal Government and the armed forces should not just wait for the ULFA to remove four of their camps from Bhutan by December 2001 as agreed by them but continue to make all necessary preparations for military action during this period. The Dzongdas, Chimis, Gups and the people in the different Dzongkhags should forward the list of genuine volunteers for militia service to the RBA Headquarters within August this year and the army should then impart the necessary training to the militia volunteers.
3. If the ULFA do not remove four of their camps from Bhutan by December 2001 as required by the provisions of the agreed minutes signed on 18th June, 2001, during the third meeting held between the Royal Government and ULFA leaders and they continue stay like before, the Royal Government should not give away more time but resort to suitable military action and remove the militants as soon as possible from Bhutanese territory.

VII. Killings and Harassment of Bhutanese People on the Assam Highway

The people's representatives of Trongsa, Dagana and Bumthang Dzongkhags recalled that on 21st December 2000, unidentified militants belonging either to the ULFA or Bodo outfits opened fire on Bhutanese passenger buses plying between Samdrup Jongkhar and Phuentsholing on the highway in Assam killing four passengers and injuring 19 others. Another group of militants stopped a private Bhutanese truck on 21st December 2000 at Rangapani in Assam, robbed the truck owner and murdered 10 Bhutanese travelling in the vehicle. A vehicle belonging to the Royal Bhutan Police was also burnt. The people all over the country felt deeply disturbed and saddened to hear the news about these incidents through Kuensel and the Bhutan Broadcasting Corporation. It is important for the people to know what discussions were held between the Royal Government and the Government of India regarding this incident, and whether the culprits were apprehended and punished. The Chimis, therefore, requested for a briefing from the Royal Government.

Similarly, the Chimis of Haa, Lhuntse, Thimphu, Trashigang and Trashigang Dzongkhags also recalled that many innocent Bhutanese were brutally murdered on National Highway 31 in Assam last December for no reason and that other Bhutanese travelling in Assam had been robbed and killed in separate incidents. This had brought great sorrow and strong feelings of regret to the people of their Dzongkhags and in the rest of Bhutan. They pointed out that whether the culprits who inflicted this unbearable tragedy on the Bhutanese people are militants or members of other outfits they were definitely Indian citizens. These tragic incidents threatened to undermine the close ties of friendship between Bhutan and India and the age-old friendly relations between the Bhutanese people and the Assamese people. They requested the Government to brief the house on discussions held with the Government of India and decisions taken on this issue.

The Minister for Health and Education wondered what kind of men could carry out such heinous crimes like the senseless killings of innocent Bhutanese people

on the Assam highway. What motive could make anyone shoot and murder innocent children, helpless women and old people who would be completely overwhelmed with fear at the mere sight of a gun? Among the victims were six students and teachers.

The Minister said that he had heard of people being killed in various circumstances such as in quarrels, during crimes like armed robbery and while fighting wars. It was, however, unthinkable that innocent and harmless women, children and old men could be abducted, lined up and executed in cold blood. Just hearing about it fills the heart with shock and horror, he said.

While it is possible that the values and minds of people as well as their actions could undergo change in this degenerate age, it was beyond comprehension that people capable of committing such a heinous crime could ever exist. He said that as the head of the Education Ministry and a loyal citizen of the country he was deeply affected by this tragedy which befell innocent Bhutanese people and young students and their teachers. It is very important for the people's representatives to know the position of the Royal Government on this tragic incident and the measures taken to prevent such incidents in future.

A Royal Advisory Councillor, the BCCI Chimi and the Paro Chimi said that, besides the bereaved family members of the victims, all the people of Bhutan suffered unbearable grief and sorrow over the cruel massacre of innocent Bhutanese, including students and women while travelling through Indian territory. With his profound love and compassion for his people, His Majesty the King personally went to console the bereaved family members of the innocent victims of this tragedy. His Majesty's presentation of Kidu Soilra and words of commiseration to the affected family members were deeply moving gestures of compassion that can never be forgotten. The Councillor and the Chimis expressed their deep gratitude to His Majesty the King for granting Kidu Soilra and attending the cremation of the victims of this outrageous crime.

They wondered where all the organizations advocating human rights in the world had gone when so many innocent Bhutanese people were slaughtered like animals on the highway in Assam and the nation was overwhelmed with pain and the sorrow over this tragedy. If a minor event occurs in big and powerful countries, there is a deluge of media coverage through the radio, newspaper and television. When it comes to the brutal and senseless murders of so many innocent citizens of a small country like Bhutan the coverage by the international media was non-existent except for a few stories in Indian newspapers which were based on press statements. The true facts of the tragic incident have not been covered by the media.

The people of Bhutan are still not aware if the perpetrators of these heinous crimes were ULFA or Bodo militants or other outfits with vested interests. The Royal Government should, therefore, brief the National Assembly on the discussions held with the Indian Government and the outcome of the consultations on this issue.

In response, the Home Minister said that, as submitted by the people's representatives, a terrible tragedy was inflicted on Bhutanese people travelling through the Assam highway on 20th and 21st December last year.

- i) On 20th December 2000, two trucks, one belonging to the Royal Bhutan Police and the other belonging to a private citizen was set on fire near Santabari.
- ii) On the same day, a new Toyota Hilux belonging to the Samdrup Jongkhar Dzongkhag administration was hijacked and burnt down. Its passenger Sonam Dorji, the Dzongkhag Registration Officer and the driver, Tandin Dorji were kidnapped and they were released only three days later.

- iii) Two buses coming from Samdrup Jongkhar to Phuentsholing came under heavy gunfire near Gossaigaon on National Highway 31 in Assam. The driver and a passenger of one of the buses were killed on the spot while two passengers who were taken to the hospital were critically injured. There were 33 bullet marks on one bus and 22 bullet marks on the second bus.
- Iv) On 21st December, 2000, a truck belonging to a businessman from Nganglam was stopped on the road from Highway 31 to Nganglam at a place called Rangapani where the BLT have their office. Two members of the BLT got into the truck and about half a kilometre away they were joined by six armed BLT militants. As soon as they reached a forested area they stopped the truck, extorted Nu. 10,000 from its owner and released him along with the truck. Ten passengers were kept behind as hostages. When the Royal Bhutan Police at Nganglam went to check the next day on 22nd December, they found the bodies of all 10 hostages at the site of the incident.
- v) A group of Bhutanese trading in soya beans was attacked at their camp in Bangmari, Assam. Their huts were burnt down and one man was shot dead while another was seriously injured.

In the tragic incidents which took place on 20th and 21st December 2000, five Bhutanese vehicles were attacked out of which three were burnt down, 15 Bhutanese people were killed and 19 others injured. Among the dead were several women and school students. These unbearable acts of violence against Bhutanese travellers were carried out by the BLT.

As the hon'ble members are aware, the Bodos unlike the ULFA have been demanding separate statehood from Assam. However, during the past several years the Bodo activists split into two groups with different objectives. The BLT

faction which does not have camps in Bhutan want statehood for Bodoland. The objective of the NDFB, which has five camps in Bhutan, is similar to that of the ULFA as they are fighting for an independent Bodoland.

Initially, we could not believe it when we heard that it was the BLT who carried out these attacks on Bhutanese vehicles and citizens. After all, we have no quarrel with the BLT and infact we have the common objective of having the NDFB camps removed from Bhutan as soon as possible. It was later confirmed that the BLT had indeed carried out these attacks to pressurize the Royal Government to evict the NDFB militants from Bhutan since NDFB's demand for an independent Bodoland was affecting the BLT's objectives of statehood for the Bodos.

Apart from the other witnesses and evidences, this was confirmed by the immigration officer Sonam Dorji who, along with driver Tandin Dorji, was kidnapped by the BLT after their new Toyota Hylux was burnt down. They were kept in a school building during the day and moved around to different houses during the three nights of their captivity. Sonam Dorji was given a set of written questions which he was made to answer as dictated by the leader of the BLT group. He was also videotaped while being forced to make specific responses to the questions.

Before he was released, Sonam Dorji was instructed by the BLT leader to inform the Royal Government that the reason for the violent acts carried out by the BLT against Bhutanese nationals was to convey a message that Bhutan must not give shelter to the ULFA and the NDFB militants. If the Royal Government did not take appropriate actions against the militants inside Bhutan within one month similar violent acts would again be carried out against Bhutan.

Following these attacks in Assam, the Lhengyel Zhungtshog held an emergency meeting on 21st December 2000 and took the following decisions:

1. An appeal would be made to His Majesty the King to avoid travelling through India and to strengthen His Majesty's security arrangements.
2. All Bhutanese vehicular traffic through Assamese territory would be stopped with immediate effect.
3. The Ministry of Communications would increase public transportation on the east-west highway within Bhutan and also make arrangements for safe road conditions during the winter.
4. Vehicular traffic on Indian Highway 31 would be resumed only when effective security coverage is provided by the Government of India as already requested on several occasions.
5. The Foreign Minister would meet the Indian Ambassador and convey the concerns and requests of the Royal Government.

Similarly, Lyonpo Dago Tshering, Bhutan's Ambassador in Delhi had been taking up the issue with the officials of the Foreign Ministry and Home Ministry of the Government of India. The Dzongdas of Samdrup Jongkhar and Sarpang as well as the Superintendent of Police of Gelephu were in constant touch with their counterparts in Assam.

The Royal Government has been urging the Assam Government that those responsible for the attacks should be arrested and brought to justice. However, even after six months, the Assamese authorities have not been able to apprehend those responsible for the attacks on our Bhutanese nationals. The Royal Government has been pointing out that the attacks on Bhutanese nationals took place in Indian territory and those responsible for the killings were Indian nationals. However, no matter how much the Royal Government has been

pressing on this issue, the problem is that the response to our requests is in the hands of others.

Following these incidents, the Royal Government has banned all government owned light vehicles from plying through Assam since there is a danger of government officers being attacked and kidnapped for ransom and extraction of confidential information.

The bus service between Phuentsholing, Gelephu and Samdrup Jongkhar have been discontinued for the time being because the security provided by the Indian police has been inadequate. With eight police stations enroute, the police escorts have to be changed at every station, making the journey very long and coordination of the security escorts unreliable. However, although Nganglam and Daifam have no internal links, the weekly bus service from Samdrup Jongkhar to the two towns are plying regularly since necessary security escort is provided by the local authorities in Assam.

The Royal Government also requested the Government of India for security escort to be provided by the Indian Army not only throughout the length of Highway 31 but also from the highway to all the Bhutanese border towns like Kalikhola and Daifam. Such an arrangement would solve the present problems associated with having to change security escorts at eight different police stations along the highway in Assam.

The Home Minister said that it is very important for Bhutanese trucks to continue plying through Assam and provide the transportation which is essential for the kingdom's trade and development. In comparison to buses there is less security risk for trucks as they carry only the driver and a handyman. Bhutanese trucks, therefore, continue to ply on the Assam road mostly without security escort. Privately owned light vehicles also ply at their own risk. He also

informed the Assembly that many Bhutanese nationals are travelling through Assam on Indian buses and trains.

In the meantime, the Ministry of Communications is making major efforts not only to keep all the internal roads open but also to broaden and improve them. The number of buses as well as hotels and restaurants along the lateral route have increased dramatically providing more business to the people and towns in Trongsa, Bumthang and Mongar. At the same time, the Dzongkhag authorities have built guest houses along the lateral routes which are free of charge for the poorer sections of travellers who cannot afford hotel rooms.

The death of even one Bhutanese brings a lot of pain to the rest of the nation. Unfortunately, the danger of attacks on Bhutanese vehicles and travellers similar to those carried out on 20th and 21st December last year has not gone away. In fact, the attacks on five vehicles resulting in the deaths of 15 people and injury to 19 others last December would be nothing compared to possible attacks on hundreds of vehicles, and deaths and injuries inflicted upon thousands of our people, both in the security forces and amongst civilians, in the event of an armed conflict with the ULFA and NDFB militants. Last year it was only the BLT attacking Bhutanese vehicles and nationals. If there is a conflict situation, it will be the ULFA and NDFB militants along with their supporters in Assam which has a population of 25 million people who would resort to attacking Bhutanese vehicles and nationals travelling through Assam. Therefore, it is important for Bhutanese travellers to use the internal roads as much as possible for their own safety even if it costs more and the journey takes longer to complete.

A Royal Advisory Councillor said that, as reported by the hon'ble Home Minister, the Royal Government and the people of Bhutan had to undergo tremendous grief and concern over the unprovoked attacks on Bhutanese citizens travelling through Assam last December. As the Home Minister had

informed the house the Lhengyel Zhungtshog called an emergency meeting on hearing about the tragic incident.

His Majesty the King personally visited the high security-risk areas and met with the family members of the people who had been killed, comforting them in their bereavement. They were granted Kidu Soilra and the expenses for the cremation of the deceased was borne by the Government. The people of Bhutan will always remember this with deep gratitude to His Majesty the King.

Although His Majesty was making such visits to the high security risk areas out of his deep concern and compassion for the well-being of his people, the Councillor appealed for the royal visits to the high risk areas to be curtailed. The primary reason for the attacks on the Bhutanese people by the BLT was because of the presence in Bhutan of the ULFA and NDFB militants with whom they had differences in their political goals. In light of this it was important to make the militants leave Bhutan as soon as possible.

The Samdrup Jongkhar Dzongda reported that because of the close relations between the Royal Government and the Assam State Government, the Assam civil and police officials extended their cooperation when Bhutanese people including innocent students were heinously attacked and killed on Highway 31 last December. They provided information and timely assistance and medical treatment to the victims of the unprovoked attack which saved the lives of many Bhutanese who were injured in the tragic incident.

The registration officer of the Dzongkhag, Sonam Dorji along with driver Tandin Dorji were kidnapped by the BLT while traveling from Phuentsholing to Samdrup Jongkhar carrying office equipment worth Nu.1.5 million. The new Toyota Hilux vehicle in which they were travelling was completely burnt. Owing to the excellent relationship existing between the Samdrup Jongkhar Dzongkhag administration and the Bongaigaon Superintendent of Police,

Deputy Commissioner and Kokrajahar officials, the two hostages were finally tracked down after three days and released.

The Zhemgang Chimi said that Assam and Bhutan have a long history of friendship and co-operation. The Bhutanese people have always travelled through Assamese territory, and while some cases of robbery of money and goods have been reported earlier, such unprovoked heinous acts of violence have never been committed before. The attacks on Bhutanese vehicles and the brutal murders of so many people has been a source of deep sorrow. He expressed his appreciation to the Royal Government for taking up this issue with the Government of India and the State Government in Assam, and for continuing to follow up on measures to overcome the difficulties and problems faced by our people living in the security affected areas. He called for steps to be taken to prevent the recurrence of such acts of violence against Bhutanese travellers going through Assam.

The Sarpang Dzongda informed the house that last December when one private truck and another belonging to the Royal Bhutan Police plying between Samdrup Jongkhar and Phuentsholing were burnt down, he went along with the Gelephu Superintendent of Police (SP) to the site of the incident at Santabari, as commanded by His Majesty the King. At Santabari, they met the local civilian and police officials of the Assam government who had already reached the site. On enquiry, the Assam officials informed them that there had been other attacks on Bhutanese vehicles and the injured had been admitted to the nearest available hospitals.

As instructed by His Majesty, the Dzongda and the Gelephu SP reached the injured to Phuentsholing Hospital that same night and handed them over to the Chhukha Dzongda. They then returned and met the local officials of Assam at Gosaigaon. They conveyed to their counterparts that the terrorists who were responsible for the brutal and senseless killings should be immediately

apprehended and brought to justice. The local Assamese officials expressed their shock and embarrassment that such a brutal crime had been committed on their national highway against the friendly people of their neighboring country. They said that they would do their best to track down the culprits and bring them to justice. They also gave their assurance that no harm would be inflicted upon Bhutanese vehicles and people travelling through Assam in the future. The Assamese officials promised to do their best to provide proper security for Bhutanese vehicles going through their territory. They also requested the Royal Government not to discontinue the plying of Bhutanese vehicles through Assam.

Speaking on the issue, the Foreign Minister said that the senseless killings of innocent Bhutanese travellers that took place on the highway in Assam in December 2000 had deeply shocked and saddened the whole nation. Out of his love and compassion for those affected by the tragic incident, His Majesty the King had personally attended the funeral rites of the deceased and granted cash compensation and comforted the bereaved family members. This noble and touching gesture of compassion and kindness by His Majesty will never be forgotten by the people of Bhutan.

The Foreign Minister reported that after this unfortunate incident, the Lhengye Zhungtshog convened an emergency meeting and, as per its decision, the Foreign Minister called the Indian Ambassador to Bhutan the next day and conveyed the following four points:

1. The Government of India is requested to provide adequate security for Bhutanese vehicles plying along the Assam highway.
2. The report publicized in the Indian media that the killings of the innocent Bhutanese people were carried out by the Bodo militants living inside Bhutanese territories and not by the BLT was clarified to be

untrue. The NDFB, a Bodo group present inside the Bhutanese territory, and the BLT which is responsible for the recent killings are two different bodies. The fact that the recent killings were committed by the BLT residing in India had been published in the Kuensel and Assam newspapers.

3. On the question of stopping the supply of rations to the militants camped in Bhutan, the Foreign Minister explained the different modes of punishment to be imposed on any Bhutanese found helping them. Besides, the Government of India had been requested to provide all possible help to stop the supply of rations to the militants.
4. The perpetrators of the heinous crimes against Bhutanese nationals should be identified and brought to justice in accordance with the laws of their country. If the Government of India does not make any effort and let the perpetrators go unpunished, this could undermine Indo-Bhutan relations. This concern was not only conveyed by the Foreign Minister to the Indian ambassador in Thimphu, but also by the Ambassador of Bhutan to India in New Delhi, to the officials of the Ministry of External Affairs and Ministry of Home Affairs, Government of India. However, till date no progress has been made towards arresting and punishing the culprits.

The Foreign Minister reported that at the time of the tragic incident, the ministers and Royal Advisory Councillors were asked personally and through telephone calls and letters by Gups and Chimis, businessmen and village elders as to how the Royal Government was following up on the matter with the Indian government and what measures were being taken to resolve such problems and prevent their recurrence.

The Foreign Minister informed the house that although the Government of India has the desire and willingness to provide security to the Bhutanese vehicles and passengers travelling along the Assam highway, their capacity to provide adequate security indefinitely is limited in view of the distance between Phuentsholing and Samdrup Jongkhar, and the need for daily security. On the other hand, they themselves are faced with security problems in the area. As a result, even though private vehicles carrying goods have been allowed to ply at their own risk, the Royal Government has stopped all government vehicles and public transport from plying on the Assam highway.

While informing the Assembly about the difficulties faced by the Indian government in effectively stopping the supply of rations across the border to the militant camps in Bhutan, the Foreign Minister said that although it is possible to check the food supplies transported by heavy vehicles, it is not possible to check the supplies carried by bicycles, bullock carts and porters who use different forest roads and tracks to transport such supplies. Even when intercepted, these transporters state that the supply is for their own consumption which is essential for their survival. Therefore, it is not possible to stop transportation of supplies through such means.

As reported by the Home Minister, the loss of so many innocent lives brought unbearable grief to the Government and people of Bhutan. Nevertheless, the Foreign Minister expressed the view that the loss of these lives did not go in vain as this tragic incident has helped the Bhutanese people to realize certain truths. This incident has reinforced the need to be self reliant in all aspects in order for our country to survive as a sovereign, independent nation.

The Foreign Minister noted that due to the excellent relations between Bhutan and India, it had always been possible to travel through Indian territory to do business and carry out commercial activities through India. However, we need to think not only for the present but also ahead for the future. The Royal

Government, with the aid and assistance from our friends has constructed good roads from east to west facilitating efficient communication in all the parts of the country. Although travelling along these roads is safe, many Bhutanese are used to travelling through the neighbouring territory. This has led us to face the recent unbearable tragedies.

The Foreign Minister said that it will not be reasonable for the Royal Government of Bhutan to request the Government of India to provide security at all times to the Bhutanese people travelling through their territory. Besides, even if we were to ask for security, it is at the discretion of the Indian Government whether to provide it or not. Moreover, the Government of India is also burdened with many problems within their own territory, which they have not been able to solve. The Foreign Minister pointed out that under such circumstances, it would be very impractical on our part to expect them to solve our problem.

The Minister expressed the view that if our people make an effort to travel through our own lateral route it will firstly be safer to the travellers, and secondly, the economic benefits enjoyed by the businessmen along the Indian highways would be accrued by our own people. He said that this could lead to gradual development of towns, shops and hotels along the lateral route. This would contribute immensely to the overall economic prosperity of our country. Such realization that has come about as a result of this incident is, in a way, a legacy of those Bhutanese who lost their lives while travelling through Assam.

The Minister reported that although the Indian government might be doing their best to bring the perpetrators responsible for the senseless killings of Bhutanese people to justice, they have not been able to bring a single perpetrator before a court of law till date. Even so, the Royal Government of Bhutan continues to hope that some day the perpetrators will be arrested and brought to justice. In

this regard, the Royal Government will continue to remind the Government of India.

Lastly, the Foreign Minister pledged that on behalf of the Royal Government, and on behalf of the Ministry of Foreign Affairs, he will strive with dedication towards resolving the problem in accordance with the instruction and guidance of the National Assembly while bearing in mind that the traditional ties of friendship between Bhutan and India must be maintained and further strengthened.

The National Assembly took note of the reports presented by the Home Minister and the Foreign Minister on the unprovoked attacks on Bhutanese vehicles and the kidnapping and brutal murders of Bhutanese people on Highway No. 31 in Assam last December. The National Assembly extended its appreciation to the Government of India for its sympathy and regret over the tragic incident and for the assurance of support and cooperation to prevent such tragic incidents from taking place in the future. The National Assembly expressed the hope that besides giving thought to the suffering inflicted on the innocent victims and their family members, and the provisions of the law, the close friendship that exists between the two neighbouring countries will also be taken into consideration for bringing the perpetrators of these senseless killings to justice. The Assembly decided that the Royal Government must continue talks with the Government of India and the State Government of Assam to apprehend the perpetrators responsible for the crime and bring them to justice in a court of law.

IX. Joint Verification of People in the Camps in Nepal

The people's representatives of Samtse, Samdrup Jongkhar, Sarpang, Tsirang, Chhukha, Haa, Dagana, Punakha, Trashigang, Bumthang and Thimphu Dzongkhags expressed their concern over the joint verification of people claiming to be Bhutanese refugees, which the governments of Bhutan

and Nepal was conducting in the camps in Nepal. The members called for a strict control to stop the return of people who had emigrated and left the country in accordance to their own wishes. The essence of the views expressed by the Chimis are as follows.

The Royal Government had granted special Kidus and implemented extensive development programmes in the south for the benefit of the Lhotsampa people. Despite all these benefits they turned against the country in 1990 and destroyed many service facilities and infrastructure like schools, hospitals and health centres, roads and bridges. After carrying out such destructive activities, they left the country and went to Nepal in accordance to their wishes. They attempted to create communal discord among the different sections of Bhutanese society and also tried to undermine the good relations between Bhutan and India. They also carried out terrorist attacks, including armed robbery, intimidation and murder of innocent people. The Ngolops and their supporters left Bhutan despite repeated appeals made by His Majesty the King personally not to emigrate and leave the country. Once these people had arrived in Nepal after selling their land and property in Bhutan, they made allegations that the Royal Government had forcefully evicted them. The Chimis pointed out that there were no grounds for such people to return. They called on the officials of the Bhutanese joint verification team to keep in mind that the citizenship and immigration laws of the country must not be undermined while conducting the verification of the people in the camps in Nepal.

The Chimis said that the people are deeply concerned that the Royal Government might allow some of these people in the camps to return. They expressed their hope that the verification is being done in accordance to the resolutions of the National Assembly and that the dialogue between the governments of Bhutan and Nepal will bring a positive outcome. They also submitted that all those people who emigrated and left the country and those

who left after committing terrorist activities and other crimes should not be allowed to return.

Some of the people's representatives noted that, as a result of the Ministerial Joint Committee meetings to try and find a solution to the problem of the people in the refugee camps in eastern Nepal, a process of joint verification was now taking place. As the people were keen to know about the progress of the joint verification and the outcome of the meetings held with the Government of Nepal, the members requested for a briefing on these issues.

Many Chimis pointed out that while the joint verification of the people in the refugee camps was being carried out according to the modalities agreed by the governments of Bhutan and Nepal, it is important for the Bhutanese joint verification team to keep in mind the resolutions of the National Assembly on this issue. Apart from any genuine Bhutanese refugees who are found to have been forcefully evicted, nobody else should be allowed to come to Bhutan. It is important to ensure that people who have left the country on their own free will are not allowed to come back even in the future.

The people's representatives of Samtse and Samdrup Jongkhar Dzongkhag submitted that despite special Kidus and development programmes granted by the Royal Government to the Lhotshampas, they were not satisfied and turned against the Royal Government in 1990. Besides destroying public infrastructure like schools, hospitals and bridges, they also committed many heinous acts of violence, torture, abduction and murder before leaving the country. The people in the country would not like to see such people taken back. His Majesty the King had visited many areas in the south to personally ask these people not to leave. However, they sold their land and property and left, but after reaching Nepal they made false allegations that the Royal Government had forced them to leave. As submitted in the earlier sessions of the National Assembly, there are no grounds for such people to return to the country. The Bhutanese joint

verification team should, therefore, act in full accordance with the citizenship and immigration laws of the country and the decisions of the previous sessions of the National Assembly.

The Chimis of Chukha and Sarpang Dzongkhags pointed out that any difficulties the Ngolops may be facing today is a result of their own evil deeds and their decision to leave the country. Firm steps should be taken to ensure that they do not return. The people claiming to be Bhutanese refugees in the camps have tried to incite trouble and social discord in the country, and nothing better can be expected from them or their children. The Chimis called on the Bhutanese joint verification team to carry out a strict and thorough verification of the people in the camps in Nepal.

The Chimis of Dagana and Punakha Dzongkhags submitted that when the governments of Bhutan and Nepal take a decision on where the people in the camps should go, it is very important to act in accordance with the laws of Bhutan including the Citizenship Act and immigration rules and regulations as well as the decisions of the National Assembly. The Chimis pointed out that the people claiming to be Bhutanese refugees had left the country despite His Majesty the King's personal appeals and the exemption of Goongda Woola and rural taxes as incentive for them to stay back. Such people who have left the country on their own free will cannot be considered as refugees.

The Chimis of Trashi Yangtse and Haa Dzongkhags said that they were aware that joint verification of the people in the refugee camps was underway in accordance with the agreement reached between the governments of Bhutan and Nepal. They had also heard that the joint verification was making good progress.

The Chimis called on the Bhutanese joint verification team to keep in mind that the verification should be done within the parameters of the laws of the country

and the agreement reached by Bhutan and Nepal that there are four categories of people in the camps in Nepal. They pointed out that while people who flee a country because of war may be considered to be refugees, those who leave a country on their own free will after committing unforgivable crimes against the people and the nation can never be called refugees, and the Government should never consider allowing them to return.

The Chimis of Trashigang, Bumthang, Zhemgang, Trongsa and Thimphu Dzongkhags recalled that despite a series of ministerial level meetings held between Bhutan and Nepal, there had been no fruitful outcome. The main reason for this was the frequent changes of government in Nepal which prolonged discussions and hampered the two sides from reaching a decision on the classification of people in the camps into the four agreed categories.

The Ngolops who had been unsuccessful in achieving their objective of destabilizing Bhutan had left the country after committing crimes and violating the human rights of innocent people. Although the actions of the people who decided to leave the country with the Ngolops were most ungrateful, His Majesty the King out of concern for their well being appealed to them to stay back. These people refused to pay any heed and sold their land and property right down to a single bamboo pole and left for Nepal saying that they were returning to their homeland. Such people can never be classified as refugees.

The Chimis of Pema Gatshel and Mongar Dzongkhags pointed out that the Ngolops who had turned against the country in 1990 had left for Nepal after robbing and killing many innocent people and destroying service facilities and infrastructure like schools, hospitals, health centres and roads. When other people in southern Bhutan applied to emigrate, His Majesty appealed to them not to leave the country and even exempted them from Goongda woola and all rural taxes. As the hon'ble members are aware, they refused to listen and left Bhutan. People who have left the country on their own free will should not be

accepted back. The Chimis noted that joint verification teams of Bhutan and Nepal were currently carrying out verification in the camps to identify them into the four agreed categories of people. They submitted that not a single person among the Ngolops and their supporters should be accepted back. The presence of evil among the good cannot be tolerated and will only lead to serious problems for the country.

Similarly, the Gasu Chimi said that the Ngolops who left the country after committing many destructive acts were joined in Nepal by their supporters. The people in the camps could be classified into two groups, criminals and those who are trying to pass off as Bhutanese refugees. These people have made many false and malicious allegations against Bhutan and attempted to take over the country. Since they could not achieve their objectives earlier they are trying to find ways to return to the country again. If they are allowed to come back it will seriously undermine the Citizenship Act and immigration laws of the country. While the issue of the people in the camps are under discussion between the governments of Bhutan and Nepal, it must be ensured that a thorough verification is conducted and such people are not allowed to return.

Speaking on the issue, the Foreign Minister noted that the people's representatives from the various Dzongkhags had repeatedly submitted to the Assembly that, in accordance with the Citizenship Act and immigration laws of the country, those who had left the country on their own free will should not be allowed to return. He informed the Assembly about the progress of the on-going joint verification of the people in the camps in eastern Nepal and outlined three reasons for the joint verification.

1. As reported in the 72nd Session of the National Assembly in 1993 and in its subsequent sessions, it has been agreed that the Royal Government of Bhutan will take back genuine Bhutanese citizens who are found to have been forcefully evicted.

2. The hon'ble members are aware of the agreement signed between Bhutan and Nepal on the categorization of 98,897 people living in the camps in eastern Nepal, out of which 1,3000 are children born in the camps, into four categories.
3. All the people living in the camps have continuously claimed to be Bhutanese refugees. However, since Bhutan cannot be responsible for all of them, it is important to separate them into the four agreed categories. Therefore, if the process of verification of people into four categories is not begun, there will not only be risk of more problems and difficulties, but the problem can never be resolved.

The Foreign Minister reminded the members that, as reported in the 73rd Session of the National Assembly, an agreement had been signed between the two countries on the mechanism for joint verification during the Third Ministerial Joint Committee (MJC) held in 1994. The joint verification process was ready but due to some differences on certain issues, the actual process of verification could not be started immediately. During the 9th MJC held in Thimphu from 22nd to 25th April 2000 and the 10th MJC held in Kathmandu from 24th to 28th December 2000, the two sides were not only able to resolve the earlier differences, but also agreed on a comprehensive mechanism for joint verification.

The Minister informed the house that the main basis of the Joint Verification Mechanism was that the Joint Verification Team will first verify one camp out of the total of nine camps, on a trial basis, after which the verified people would be classified under the four agreed categories. In case of any differences, the two teams will try to resolve them as far as possible between themselves. However, if the two teams are not able to resolve the differences, the Foreign Secretaries and the Home Secretaries of the two countries will consult each

other to reach an agreement. If the differences should still persist, the matter will be put up to the Ministerial Joint Committee.

The Foreign Minister said that, essentially Bhutan and Nepal are not only close neighbours and small nations located in the Himalayas but also face similar opportunities, vulnerabilities and constraints besides sharing similar cultures and traditions. If the two countries are able to resolve the issue of the people in the camps and then strengthen and expand friendship and cooperation in the areas of trade, commerce and culture, it will be for the benefit and in the interest of both the countries in the long run. After eight years, the two countries have been able to begin the joint verification exercise. The Ministry of Foreign Affairs has been shouldering the responsibility of drafting policies and interacting with the Nepalese counterparts on this issue. The responsibility of actually implementing the verification process, however, rests with the Home Ministry. In accordance with the terms of the agreement reached during the 10th MJC, the Bhutanese team led by Dasho Sonam Tenzin from the Home Ministry along with five people left Bhutan and reached Jhapa on 11th March 2001. After discussions between the two countries, Khudunabari camp in Jhapa was selected as the first camp for verification. At Khudunabari camp, there are 1,963 families that make up a total population of about 12,446 to 17,851.

The Joint Verification Team with 10 members each from both sides, after finalizing the agreed terms, residential and office accommodation, began the actual verification process on 26th March 2001. In the course of the verification, the team leader of the Nepalese side was terminated from service by their government. Although this created unanticipated problems, the verification process is progressing well.

Till 5th July 2001, within a period of 62 working days, the JVT interviewed 660 families constituting 4,128 individuals, who have been categorized into 1,101 individual/family units. This works out to 65 individuals a day. The pace of the

verification provides ample time and opportunity for the people in the camps to express their wishes and views to their utmost satisfaction. However, the Nepalese media has criticized the efforts of the Royal Government, saying that it is purposely prolonging the process by slowing down the pace of verification, and has said there is a need to find ways and means to speed up the verification process.

The Foreign Minister informed the National Assembly of a visit by the Nepalese Foreign Minister to the JVT office, which was a very encouraging news. The Nepalese Foreign Minister had suggested that the Bhutanese Foreign Minister also visit the JVT office, which would give an added impetus to the verification process. It was also suggested that after the visit to the JVT office, the MJC should be held soon to discuss how to accelerate and improve the verification process. The Foreign Minister said that he had conveyed to his counterpart that although he will not be able to visit the JVT office, the proposal to hold the next MJC was welcomed by the Royal Government. The Royal Government has further conveyed that the next MJC could be held towards the end of July 2001, after the conclusion of the National Assembly session.

Going by the current pace of verification, the verification of the first camp will be completed by December 2001. Although the verification process is difficult and requires lot of hard work, what should be kept in mind is that the current on-going verification exercise will give both sides an opportunity to gain much experience and practical knowledge in the field. That the final outcome of the verification process may be subjected to uncalled criticism is a risk that Bhutan cannot take since the verification process cannot be carried out time and again. Therefore, it is important to ensure, during this initial phase of the verification, that it is carried out thoroughly and without mistakes so as to not leave any room for criticism at a later stage. As a result, it is important for the members of the National Assembly to bear the above issues in mind while deliberating on the pace of the verification process. However, the Royal Government, bearing

the above concerns in mind, is willing and ready to hold discussions to find ways and means of speeding up the verification process.

In order to make the joint verification mechanism more effective and fruitful, it was proposed in their next meeting that the two Foreign Ministers would review the current verification process based on the experiences gained by the JVT. While discussing about finding ways to accelerate the verification process, it is intended to work out ways and means to facilitate a flawless, fair and comprehensive verification process within the framework of the agreed mechanism. Furthermore, the subject of simultaneous completion of verification and harmonization of positions on the four agreed categories will also be taken up in accordance with the requirements of the agreed mechanism.

The Foreign Minister informed the house that some countries have suggested to meet the members of the JVT and observe the verification process. However, such requests were turned down in view of the fact that such interference from other countries may jeopardize the verification process.

During the 10th MJC, deliberations were also held on ways to build confidence, increase interaction, and strengthen cooperation and friendship between the two countries. During this meeting, possible cooperation in the areas of trade and tourism, exchange of high level visits and cultural delegations were explored. As a result of the above discussions, a delegation led by the Mayor of Kathmandu visited Bhutan in July 2001.

Concluding his presentation, the Foreign Minister pledged that the Royal Government would strive towards finding a lasting solution to the problem between Nepal and Bhutan in accordance with the wishes, advice and guidance of the National Assembly.

In his presentation on the issue, the Home Minister reminded the members that, as reported during the past sessions of the National Assembly, the Royal Government has always been very clear about its policy on the people in the camps in Nepal who are claiming to be Bhutanese refugees. The ministerial-level talks between Bhutan and Nepal have agreed to harmonise the positions of the two governments on the four agreed categories of people in the camps simultaneously with the verification of the first camp. As the hon'ble members are aware, the four agreed categories are;

- (i) Bonafide Bhutanese if they have been evicted forcefully;
- (ii) Bhutanese who have emigrated;
- (iii) Non Bhutanese people;
- (iv) Bhutanese who have committed criminals acts.

The Royal Government and His Majesty the King have always made it clear from the very beginning that the Royal Government will take full responsibility for any Bhutanese found to have been forcefully evicted from Bhutan. Such people would be genuine refugees.

Regarding Category 2, the Royal Government has made it clear that those who have emigrated should be dealt with in keeping with the citizenship and immigration laws of Bhutan and Nepal. The Royal Government has also agreed that if any Bhutanese who emigrated is found to have been forcefully made to leave the country, that person would fall under Category 1 and will be dealt with accordingly.

Regarding Category 3, those persons found to be non Bhutanese and have come from other countries must return to their respective countries.

Regarding Category 4, repatriation of these people will be in keeping with the laws of the two countries. They will have full opportunity to prove their innocence in the court of law in Bhutan.

Apart from the bilateral meetings between the officials of Bhutan and Nepal, His Majesty the King has also conveyed Bhutan's position on the four agreed categories of people to the successive Prime Ministers of Nepal during their meetings in the SAARC summits. Following the devolution of executive powers to the Council of Ministers, the successive heads of government have been appraising the successive Prime Ministers of Nepal on the Royal Government's policies and positions on the four categories of people in the camps.

As reported by the Foreign Minister, joint verification was started in March, 2001 in the Khudunabari camp which was jointly selected as the first camp to be verified. The Bhutanese joint verification team is led by Dasho (Dr.) Sonam Tenzin, Director, Home Ministry. It comprises five officials of the Home Ministry and together with the supporting staff has a total of 15 members. The joint verification teams of the two countries are required to oversee the filling of Performas by individual units and families as well as examine their statements and other documents, and to interview them. Accordingly, they have been completing verification of 10 to 15 families per day comprising 60 to 80 people. It is a very difficult task for them to conduct thorough and proper verification. On the other hand, their counterparts, the Nepalese joint verification team would like to shorten the procedure and complete the verification in this camp as quickly as possible, and move on to the other camps. If this remains the case, it is doubtful whether the verification of the people in this camp would be conducted merely as a formality.

Even so, there are frequent criticisms by Ngolop organizations, non government organizations and various other parties that the Bhutanese verification team is

deliberately trying to delay the pace of verification. The Bhutanese team is working very hard inspite of the severe difficulties they are facing.

It should be noted that, apart from the people in the camps in Nepal, there are several Ngolop leaders based in Kathmandu who had committed crimes in Bhutan before absconding from the country. While some of them had stolen government funds, some had stolen religious artifacts and others had absconded without repaying loans to the financial institutions in Bhutan. These people will, therefore, not come back to Bhutan whatever may be the results of the joint verification. Since a successful verification of the people in the camps by the two countries is not in their interest, these Ngolop leaders are looking for ways and means to disrupt the current joint verification process.

It is said that there are over 100,0000 people claiming to be Bhutanese refugees in the camps in Nepal. What we know is that there are a large number of people in the camps who are not Bhutanese. Over the past several years the Ngolops have been resorting to all sorts of activities and strategies to achieve their political objectives and fulfil their vested interests. These include:

- (a) terrorist attacks;
- (b) destruction of schools, health facilities and other service facilities;
- (c) violent demonstrations;
- (d) kidnapping, threats and blackmail;
- (e) peace marches;
- (g) incitement of religious and communal discord;
- (h) demand for talks at both bilateral and multilateral levels such as in the United Nation.

As the hon'ble members are aware, the Ngolops have been making repeated demands for introduction of multi-party politics in Bhutan, proportionate representation in the Lhengyel Zhungtshog and the National Assembly, changes in the citizenship laws, the Thrimzhung Chenpo and other laws of the country

and general amnesty to the Ngolops for all crimes committed by them. It may be noted that whatever tactics and strategies are adopted by them, the only agenda and true objective of the Ngolops is to bring into Bhutan a large number of non-Bhutanese people of Nepali origin, take over political power in the country and award Bhutanese citizenship, land, employment and other benefits like free health and education facilities to the people of Nepali origin brought in to help them achieve their political goals.

The Home Minister reminded the members that, the issue of the return of the people who have left the country had been discussed repeatedly during the past sessions of the National Assembly and several resolutions had also been passed. The house had decided that the issue shall be dealt with in accordance with resolutions passed during the 71st Session of the National Assembly and its subsequent sessions as well as the Citizenship Act. As such, the Royal Government had been following the decisions of the National Assembly strictly and would continue to do so in the future.

The Deputy Minister of the National Environment Commission expressed his appreciation to the Foreign Minister and the Home Minister for their detailed briefings on the background of the Ngolop problem, the achievements of the Joint Ministerial Committee meetings and the progress made by the Joint Verification Team. He noted that the people who had left the country on their own accord for the refugee camps in eastern Nepal were now trying to come back to Bhutan by claiming to be refugees.

The Deputy Minister pointed out that since the word “refugee” has serious implications on the image and integrity of the country, there is a need to give a serious thought to this allegation. He said that there are four different categories of people in the camps in eastern Nepal, which was agreed by the governments of the two countries since 1993. Amongst these people there are many who had absconded from the country after committing serious crimes like murder,

robbery and destruction of service infrastructure such as schools, health facilities, bridges and roads. If these people are accepted as refugees, it would not be possible to take any legal action against them for the crimes they had committed.

Moreover, while the people living in the camps had applied to emigrate and left the country after selling all their properties, they are now claiming to be Bhutanese refugees. As the hon'ble members are aware, His Majesty the King had repeatedly appealed to the people applying to emigrate not to leave the country but they paid no heed to the advice. In order to encourage them to stay back in the country, His Majesty had exempted them from all rural taxes and Goongda Woola. However, they simply ignored the efforts made by His Majesty to persuade them to remain in the country. He recalled that when over 300 families from Gelephu applied to emigrate, His Majesty the King had immediately rushed to Gelephu to meet these people and advise them not to leave the country. The Deputy Minister said that he was present during His Majesty's meeting with these people.

Regarding the word "refugee", the Deputy Minister explained that it is applicable when there is a war between two countries and the people living in the battle zone or in the vicinity of the affected areas are compelled to flee to other areas or countries to save their lives. Similarly, when a country or a place is struck by epidemics and famine or devastating natural disasters, the people try to escape to other countries or places to save their lives. Such people can rightly be called refugees. In contrast, the people living in the camps in eastern Nepal had left the country on their own accord after selling all their properties despite repeated requests made by the Royal Government not to leave. Besides, there are many others who had absconded and gone to live in the camps in Nepal to escape legal action against them for thefts, murders and other crimes they had committed in the country. How can such people be called refugees, he said.

Furthermore, there are many non-Bhutanese people in the camps in eastern Nepal who are claiming to be Bhutanese refugees simply because they had worked and lived in Bhutan for some time. There is no justification for these people to be recognized as Bhutanese refugees. He pointed out that in the early 1960s, when Bhutan first started its process of socio-economic development, there was acute shortage of educated and trained manpower. Various Ministries and Departments of the Royal Government recruited many outsiders as teachers, doctors, engineers and a large workforce as labourers. When these people went back after having completed their work contracts, none of them claimed to be Bhutanese refugees. Similarly, even today non-nationals constitute about 8 percent of the civil service in Bhutan and there is a large number of non-nationals still working in the country. Such people cannot claim to be Bhutanese refugees when they return to their respective countries or places of origin. People cannot claim to be Bhutanese refugees simply on the ground that they had lived or worked in Bhutan.

He also informed the members that, according to the report of the United Nations High Commission for Refugees, the international assistance extended to the refugee camps in eastern Nepal amounts to US\$ 20-22 million annually. When converted to Ngultrum, it amounts to Nu. 950-1000 million, which is a very substantial amount indeed. With such generous support and good facilities available in the camps, many people had naturally congregated in the camps, claiming to be refugees. The hon'ble members of the house must, therefore, give serious consideration to the implication of the term "refugee".

The Chimis of Samdrup Jongkhar and Sarpang Dzongkhags also recalled that besides the destruction of schools, health centres, bridges and other development infrastructure carried out by the Ngolops, they had murdered and robbed innocent people and attacked government servants and members of the security forces. Later, when the supporters of the Ngolops applied to emigrate, His Majesty the King went all the way to their doorsteps and called on them to

remain in the country. These people paid no heed to this appeal and left for Nepal. The joint verification of the people in the camps in Nepal must distinguish between these people and genuine refugees. How can people who applied to emigrate and left the country after selling their land and property qualify as refugees? Such people do not even warrant to be included for verification.

After leaving the country, the Ngolops had openly declared their intention to fight a war against the Royal Government and had also caused great suffering to the people of southern Bhutan. If the Ngolops and their supporters have no shame in wanting to return today, the people of southern Bhutan on their part are not prepared to accept them.

Many of the Ngolops absconded after stealing public funds while others left to avoid payment of large loans owed to financial institutions. If such people are allowed to return they will cause serious problems for the people of the country, and their shameless activities would provide a very bad example to the youth. It must be ensured that such people are not accepted back.

The Chimis of Paro and Lhuntse Dzongkhags pointed out that the Ngolops and their supporters had received special Kidus and more benefits from His Majesty the King than the other sections of the population in the country, but they were not satisfied with the benefits they received and chose to look for more. They are like people who leave without being sent away and weep without any cause. They left the country and after congregating in Jhapa, Nepal declared themselves as Bhutanese refugees. It is important for everyone to keep in mind their true status. As they find their situation today unfavorable they now want to return. Even if they have no sense of shame, we feel embarrassed for them for their shameless behaviour. Going by the difficulties created by the Nepalese government in the course of negotiations with the Royal Government, which has always adopted an open attitude, the people in Nepal claiming to be

Bhutanese refugees intend to enter Bhutanese territory by any means. Therefore, it is important for the Joint Verification Team to ensure that the verification of the people in the camps is carried out very carefully and with utmost thoroughness.

A Royal Advisory Councillor and the Wangdi Phodrang Chimi noted that the Nepalese government has been complaining that joint verification of the people in the camps is taking very long. They pointed out that it is difficult to complete the annual census of even ten families a day in the villages in Bhutan despite the ideal conditions. The verification of the people in the camps are much more complicated with many claims and allegations to be checked. Therefore, the joint verification must be carried out very thoroughly in keeping with the modalities agreed by the Ministerial Joint Committee.

Going by the way the Nepalese government is complaining about the pace of verification when no problems have arisen at this stage, it appears that they might create a lot of problems and complications. The people who turned against the country and left for Nepal did so after knowing they had a place they could go to and stay. If the Nepalese government do not want to keep these people now, they should not have allowed them to come in the first place. The hon'ble Foreign Minister and the concerned Bhutanese officials must give careful consideration to these issues while negotiating with the Government of Nepal.

The Samtse Dzongda said that the Ngolops living in the camps in Nepal were still persisting in their efforts to sow religious and communal discord in Bhutan. If these people who left the country without giving due recognition to the laws and traditions of the country are allowed to return, they will try to incite and instigate the innocent people and create problems in the country. Furthermore, they will also try to harm the existing friendly relations between Bhutan and India.

The people in the camps in Nepal continue to make malicious and false allegations against Bhutan, distributing propaganda pamphlets and papers. They try to convey the impression that there is religious intolerance and ethnic friction in Bhutan and that the laws of the country are not in conformity with the universal declaration of human rights. As decided by the governments of the two countries, a Joint Verification Team fielded by both sides is conducting verification of the people in the camps. Rather than dwelling on the pace of the verification, it is more important to ensure thoroughness of the exercise. Therefore, it is crucial to show flexibility in the time schedule while conducting the joint verification.

The National Assembly noted that the governments of Bhutan and Nepal are in the process of jointly verifying the people in the camps in Nepal who are claiming to be Bhutanese refugees even though many of them had left the country after committing serious crimes in 1990. The Assembly resolved that the verification of these people into different categories should be carried out with utmost thoroughness no matter how long it may take. The Assembly also noted that the Foreign Minister and the Home Minister had responded clearly to the questions raised by the people's representatives. As reported by them, the Ministerial Joint Committee had decided to classify the people in the camps into four agreed categories. The house resolved that all negotiations on this issue should be conducted on this basis, taking into full consideration the resolutions of the 71st session and all subsequent sessions of the National Assembly as well as the Citizenship Act and immigration laws of the country.

X. Border Talks

The public of Katsho, Eusu and Bji Geogs of Haa Dzongkhag submitted that the Royal Government should keep the present and future interest and security of the country in mind while holding the border talks between Bhutan and China.

Since there is a long, undemarcated border between Bhutan and China, they requested the Royal Government to make every effort to arrive at a fruitful outcome of the boundary negotiations. The people of four of the five Geogs in Haa depend on their yak herds for their livelihood. They submitted that Tibetan herders have been demanding payment from them in cash or kind for grazing their yaks on the pastures which have always belonged to the Haaps from the times of their forefathers.

The people of Bardo Geog in Zhemgang Dzongkhag expressed concern that after many rounds of boundary talks held between Bhutan and China, the negotiations had still not reached a conclusion. With the northern boundary still undemarcated and the ULFA-Bodo problem unresolved in the south, the people of Khengrig Namsum are deeply concerned about the security and well-being of the country. They requested for a briefing on the boundary talks and called on the Royal Government to continue the negotiations with China and finalize the border demarcation as soon as possible, keeping in mind both the present and future well-being and security of the country.

The Home Secretary reported that 14 rounds of border talks had been held with China since the first round began in 1984. While holding the talks, the successive negotiating teams had always kept in mind the national interest, the directives of the Royal Government and the decisions of the National Assembly. The progress of the talks till the 13th round had been reported in the previous National Assembly sessions. One of the notable achievements of the boundary negotiations was the signing of the Interim Agreement on the Maintenance of Peace and Tranquility along the Bhutan-China border during the 12th round held in Beijing in December 1998. After the 77th Session of the National Assembly, the 14th round was also held in Beijing in November 2000.

Initially, when the border talks commenced, there were several problems along the Bhutan-China border starting from Gyemochen and extending to Me La. As of date, the disputed territory has been reduced to about three areas. Last year,

during the 14th round, Bhutan had extended the claim line beyond what the Chinese had offered so far. Bhutan had also proposed holding of technical discussions, with the help of maps, between experts from the two sides to ensure reliable identification of the boundary. The 15th round of talks is expected to be held in Thimphu sometime in November this year. The outcome of that meeting will be reported in the next session of the National Assembly.

The BCCI Chimi noted that the Royal Government is continuing to hold the border talks, keeping in mind the present and future well-being and interest of the country. He expressed his regret that when the boundary talks are going on the Tibetan herders are continuing to demand payment, as reported by the Haa Chimi, for grazing yaks on pastures which lie within Bhutan's sovereign territory. Such incidents could undermine the progress of the border talks between the two countries. He suggested that if the disputed areas are discussed separately and finalized one by one as expeditiously as possible, the progress of the border talks would be enhanced.

The Royal Advisory Councillor from Haa said that most of the people of Haa Dzongkhag depend on their yak herds for their livelihood and they have always utilized the same pastures since the time of their forefathers. He said it is very important to know if the demands made by Tibetan herders for payment from our yak herders are being put forward on instruction from the Chinese government or if it is their own blatant demands. In actual fact, it is the Tibetans who should be paying for grazing thousands of yaks on pastures inside Bhutanese territory. He said that until the border between the two countries are finalized and demarcated, neither side should demand payment for utilization of the traditional pasture lands. As the boundary talks have been going on for a long time, it is important to look for ways to bring it to an early and successful conclusion.

Speaking on the issue, His Majesty the King said that the Royal Government had issued strict instructions to the people of Haa not to pay anything to the Tibetan yak herders demanding payment from them for using the traditional pastures along the northern border. As such, no Bhutanese herders had been giving any form of payment to the Tibetans in the area for utilizing the traditional pasture lands.

During the 14th round of border talks held in China the Bhutanese delegation had further extended the claim line in three areas in Doklam, Sinchulumba and Dramana. From Doklam the claim line has been extended to include the areas along Sinchulumba to Pangkala and from Dramana to Giu Chhu.

China is one of the largest countries in the world with Tibet alone having an area of 1,240,000 sq.km. In comparison, Bhutan is a very small country which has an area of less than 40,000 sq.km. In view of this, although the land claimed in the disputed areas is very small it is important for Bhutan.

The land in the Doklam, Sinchulumba and Dramana sectors is of vital importance to the Bhutanese people who depend on their yak herds for their livelihood. The Lhengye Zhungtshog had decided last year that the claim line in these areas should be extended as much as possible. The negotiations on the extended claim line will be continued when the Chinese delegation comes to Thimphu this year.

His Majesty expressed his confidence that a large and powerful country like China will not remain inflexible on the modest boundary claims of a small neighbour like Bhutan.

The National Assembly noted that as a result of the negotiations conducted during the boundary talks held over many years between Bhutan and China, Bhutan has been able to stake its claim lines which must be extended as much as possible. The house directed the members of the Bhutanese delegation to

abide by the resolutions of the National Assembly on this issue and keep in mind the present and future well-being of the country to ensure a fruitful outcome of the boundary negotiations. As the border talks with China have been going on for a long time every effort must be made to bring it to a successful conclusion as soon as possible.

XI. Miscellaneous Issues

1. Tourism in Haa

Having learnt about the considerable benefits received by the people of other Dzongkhag from tourism, the people of Haa submitted that if tourism were allowed in Haa Dzongkhag it would bring economic benefits and increase the income of the people. The Haa Chimi pointed out there is great potential for developing tourist attractions in places extending from Haa Dzongkhag to the Tsonapata in the West.

The BCCI representative reported that the President of the BCCI visited and met with the business community of Haa to discuss the introduction of tourism in Haa. It would not only benefit the business community but would also provide income opportunities to the local people through demand for pony and portorage services. Therefore, the Government has been approached to support the introduction of tourism in Haa.

Similarly, the Mongar Chimi submitted that the development and progress in the tourism industry year by year has had positive impact on the incomes of the people. However, the eastern Dzongkhags are not only far from the capital but landslides resulting from monsoon rain, and snow and ice in winter often leads to roadblocks. The transportation problem is further compounded by the fact that the Assam route has been closed due to the ULFA-Bodo problem. Therefore, if a domestic air service were introduced, it would greatly aid

tourism development in the eastern Dzongkhags and have positive impact on the incomes of the people.

In response, the Minister for Trade and Industry pointed out that the tourism sector plays a very important role in the promotion of the private sector, generation of employment opportunities, increasing public sector revenue and in earning foreign currency. At present, the tourism industry offers income and employment opportunity to over 2000 Bhutanese nationals and a total number of 7,559 tourists visited Bhutan in 2000 generating a total revenue of USD 10.5 million.

Although the number of tourists has been increasing every year, the tourism industry in Bhutan is still at a developing stage in comparison to other countries. For instance Maldives, which is smaller than Bhutan in terms of territorial size and population, had 467,000 tourists in the past one year and were able to generate a commensurate amount of income. This indicates how much further our tourism industry needs to be developed. In view of its importance and the potential for revenue generation, the Government has accorded high priority to the development of the tourism industry. A Tourism Development Committee and a Coordination Committee have been established along with the initiation of a Tourism Development Fund.

The Minister also reported that tourist destinations in Bhutan are being increased with the identification of more locations to be opened to tourists. Work is already underway to extend tourist activities and programs such as hiking, trekking, boating and kayaking etc. Furthermore, in order to further distribute the benefits from tourism, the Royal Government has already accorded approval for the introduction of helicopter services by the private sector. Many tourists would be able to visit the eastern and central regions once such air transport services have been established.

However, it is most important that development in the tourism industry is guided by His Majesty the King's enlightened policy of maintaining high standards and emphasizing on quality, not on quantity alone. Besides, efforts are being continued to ensure that tourism supports and is also in harmony with our beliefs, culture, tradition and consideration for the natural environment.

The Minister agreed that as submitted by the people, it is indeed time to initiate tourism in Haa Dzongkhag and open up tourism-related income opportunities. However, as the place is located near the vulnerable northern border, the Ministry of Trade and Industry, Ministry of Home Affairs and the Dzongkhag Administration would need to jointly formulate a mechanism for the management of tourism in the Dzongkhag.

In addition, the Deputy Minister of the Ministry of Communications reported that with regard to the setting up of an air transport service as submitted by the Mongar Chimi, the CCM has already issued directives to this effect to the Ministry of Communications. Accordingly, assistance has been sought from outside and consultations have been held with the Government of Sweden. A group of experts is expected to arrive in Bhutan towards the end of July to assist in the development of a plan for domestic air transport service.

The Deputy Minister pointed out that as reported earlier by the Minister for Trade and Industry, helicopter services are to be introduced to increase revenue through tourism. The Ministry of Communications is working on different alternatives of such services being started by a private entrepreneur or by a group of entrepreneurs and the report would be submitted to the Cabinet by November 2001.

The Speaker concluded the discussion by summarizing that in response to the people's submission that tourism be initiated in Haa Dzongkhag, the Ministry of Trade and Industry clarified that while this would not be possible in the very

near future, a comprehensive plan is being formulated to develop the tourism industry to further promote the private sector. It was resolved that the Ministry of Trade and Industry and Ministry of Home Affairs would review and draft a proposal which would then be communicated to the people and business community. With regard to the proposal of setting up a domestic air transport service by the representative from Mongar, the Communications Deputy Minister has submitted that in line with the directives of the CCM, the Communications Ministry is not only working on an overall plan but is also looking at the possibility of private sector starting the helicopter service.

2. Concern Over Spread of HIV/ AIDS

The Dagana Chimi said that the people know through radio and print media about the deaths of millions of people in the world infected by the deadly disease, AIDS. There is great risk that the disease may also spread in Bhutan. It was felt that people who often travel through airports, hotels and urban areas where there are heavy human traffic, are responsible for spreading the disease. Therefore, in order to prevent the spread of the fatal disease, the Health Department should monitor such places constantly. Similarly, a programme for blood tests in all the 20 Dzongkhags of the country should be initiated.

In response, the Health and Education Minister expressed the appreciation of the Health Department to the Dagana Chimi for raising the issue of AIDS for discussion in the National Assembly. The Minister informed the Assembly that while the fearsome disease presently affects 36 million people in the world, 22 million have died, and out of this, more than 4 million are children. The disease is estimated to be spreading at a rate of 440,000 persons per month and 16,000 persons per day. The total number of infected people in South Asia is 6 million, over 22 million in Sub-Saharan Africa, which is the highest in the world. However, leading scientists in the world warn that the disease may spread more widely and rapidly in Asia than in Sub-Saharan Africa. The disease has no cure,

effective treatment or vaccine, and it is unlikely that there would be any in the near future.

The Minister pointed out that more people have died from this disease than in the World Wars. Health review and monitoring officials forecast that by 2010, about 100 million people would be infected by the HIV virus. Judging by the 50% increase in the HIV/AIDS cases in the past year, the disease is a very real threat to the country and Bhutan's population of 0.6 million could easily be wiped off if serious preventive measures are not taken. The Health Department makes frequent announcements through the radio, television and print media to increase awareness. Furthermore, as the Assembly members are well aware, Her Majesty Ashi Sangay Choden Wangchuck has played an instrumental role in creating HIV/AIDS consciousness and awareness in the country since Her Majesty took on the responsibility as UNFPA Goodwill Ambassador. It is important that all Bhutanese adopt preventive measures being promoted by the Health Department and above all, fidelity and sexual prudence should be observed and casual promiscuity avoided. Even otherwise, condoms which are easily accessible help prevent infection.

The Health and Education Secretary informed the Assembly that the national HIV prevention programme was initiated in the country since 1988. He pointed out that the most effective way to prevent infection by the HIV virus is to use condoms during sexual interaction and be faithful to one's partners. Although the disease is a deadly one, prevention is easy and both men and women have to adopt preventive measures. Further, blood tests should be taken regularly and in line with international law and norm, the Health Department would keep the identity of infected persons confidential.

A Royal Advisory Councillor, and the Chimis of Chukha and Paro said it was most likely that civil servants and businesspersons who travel outside the country are responsible for bringing HIV/AIDS infection into the country. As a

result, even the simple and uneducated people living in the villages could become highly vulnerable to the disease. They expressed the view that maintaining confidentiality of the identity of infected people could cause a lot of problems in the country in future. It was also pointed out that in earlier times, small pox was contained and controlled through isolation of infected persons and even in more recent times, leprosy patients are kept in Gidakom. Similarly, HIV infected persons should be kept separately so that other people would be aware of who is infected. If the identity of infected persons in the country were made known, it would make people more aware and ensure that preventive measures are taken. The condoms promoted and distributed by the Health Department would be used even more widely and without fail.

In response, the Health and Education Minister expressed appreciation for the recognition and support expressed by the members in the promotion of condoms as a preventive measure. On the issue of making the identity of infected persons in the country known to the public, the Minister pointed out that confidentiality is the international norm and a human right. The Minister reported that there has been 15 males and 7 females infected so far. Out of the total of 22, 4 have died and there are at present 18 infected persons in the country. The Minister said that the identity of the critically ill patients have to be kept confidential as this is the international norm and practice and it has to be observed by Bhutan as well.

The Health and Education Secretary pointed out that the identities of the infected persons were not being revealed in order to ensure that they are not ostracized by society. The disclosure of the identities had resulted in discrimination and stigmatization of the victims in many countries.

The Secretary also said that in line with UN convention and norm, the identities of the infected persons have to be kept confidential. Every country follows this practice and Bhutan cannot be an exception.

The Secretary also pointed out that this disease is communicated through sex unlike small pox, which can be contacted through touch, sharing of physical items and through air. Furthermore, HIV can be prevented with the use of condoms, which can be availed from any medical center in any part of the country. To further benefit the general public and in particular those living in the urban areas, condoms would be made available in the shops from the 9th Five Year Plan period onwards.

The Dzongdas of Samtse and Punakha said that death is natural once people are born. Whether one is infected with the deadly disease HIV/AIDS or not, it is only a matter of time that the body and soul will be separated by death.

All the members know very well that the varying fortunes in life are results of the merit of previous lives. The disease HIV/AIDS is not communicated through mere touch, sharing and exchange of things, food etc. It is a karmic fruition of one's actions. If the identity of those who have been infected as a result of obstacles to one's life and luck is revealed, it would only cause them great misery and shame. It would be better if the present practice of the Health Department were continued unchanged. Otherwise it would not only be against the convention and norm of the world but would also be a violation of human rights. Moreover, it could also disrupt filial as well as marital relationships.

The Chimis of Wangdue Phodrang and Chukha expressed the great concern of the people that AIDS has reached Bhutan. Nonetheless, 'while good luck may have been lost in *drey*, it has not been lost in *phue*'. Her Majesty the Queen, Ashi Sangay Choden Wangchuck and the health staff led by the Health and Education Minister makes so many efforts to ensure that the people become aware of the disease and take every preventive measure. The Chimis said that the people express their heartfelt gratitude and appreciation for this. The practice of maintaining the confidentiality of the identity of infected persons should be continued. However, in order to prevent the spread of the disease,

close monitoring and counseling should be done by the Health Department. An increasing number of young people now seem to make a living through sex and to prevent the disease from spreading, a separate location, if appropriate could be identified for such activities. If it were managed through proper health monitoring and make necessary health resources available, it could help in preventing the spread of the infection and the disease arising from HIV infection.

In conclusion to the deliberation on the issue of HIV/AIDS raised by the people of Dagana Dzongkhag, the Assembly noted the submission made by the Health and Education Minister in that the best possible preventive and combative steps and programmes are being taken against the disease. Her Majesty the Queen, Ashi Sangay Choden Wangchuck, has taken great personal interest and responsibility, and toured the whole country, talking to people and raising their awareness to prevent the spread of the disease. Further, it was noted that till now, there were 22 infected persons in the country, out of which 4 have died and there are 18 living, whose identities are kept confidential although these persons are under health supervision and care.

The Assembly noted the Health and Education Secretary's report that there is no effective treatment for AIDS and also the reasons and need for maintaining the confidentiality of identities of the infected persons. The family planning measures, in particular the preventive and monitoring measures for HIV/AIDS being taken by the Health authorities were also noted by the Assembly. The Assembly called upon all the Chimis, Gups and other community leaders to disseminate this information in the villages and raise awareness, as this would play an important role in preventing the spread of the disease. On the issue of making the identities of infected persons publicly known, the Assembly resolved that this would be against universal health norms and practices and also against human rights. Therefore, the practice of maintaining confidentiality in Bhutan should be continued; but the infected people should be under medical

supervision and guidance. The Assembly also resolved that the preventive measures as well as information and awareness raising activities by the Health Department should be further stepped up to prevent and minimize the impact of HIV/AIDS in the country.

3. Revision of Royalty for Rural House Construction Timber

The Punakha Chimi submitted that the people are facing problems related to Forest and Nature Conservation Rules of Bhutan implemented since 2000. According to the Rules, 2000 Cft. of subsidized timber can be purchased from sawmill for the purpose of house construction if the house is near the road. Those living in villages further than a kilometer from the road are allotted subsidized timber of conifer or broad leaf species. In the case of conifer species, the quantity that would be allotted includes trees for 4 *drashing*, 80 *cham*-sized trees, 80 *tsim*, and 100 *dangchung*. If the timber allotted were broadleaved species, the quantity would be 4 *drashing*, 60 *cham*, 60 *tsim* and 80 *dangchung*. As the number of allotted timber is not enough for an average house, the people would appreciate if it were increased. Although the royalty paid for the timber is at a subsidized rate, the 3-fold increase in the royalty in a single year is causing lots of problems. The people would be grateful if a downward revision of the royalty could be considered.

The Chimi also pointed out that according to the Rules the allotment lapses if the timber were not extracted from the forest within two years. While those who have manpower face no problems, most of the rural families do not have adequate able-bodied family members. The relaxation of the Rules and extending the time period would be greatly appreciated. For the purpose of house renovation, the total sawn timber permitted for purchase is 400 cft. and in case of conifer species, the permitted quantity on standing tree basis is 3 *drashing* trees, 6 *cham*-sized trees, 8 *tsim* and 10 *dangchung*, while for

broadleaved species the quantity is 3 *drashing*, 4 *cham*-sized trees, 6 *tsim*, and 8 *dangchung*.

The Chimi submitted that the allotted amount of timber is not sufficient for renovation and requested the National Assembly to consider increasing the allotment for the benefit of the people. The Chimi further added that while it is necessary to reduce the consumption of firewood for environmental protection, the reduction in the quantity of firewood causes problems to the people who live in rural areas where neither electricity nor LPG is available. Therefore, it is important for the people to know about the alternatives that the Royal Government is exploring while considering reduction in fuel wood consumption. In view of these difficulties, it would be appreciated if the Rules could be amended to make it beneficial to the people and the Government in the long term.

The Chimis of Haa, Wangdue and Trashigang said that along with economic progress, the price of timber has also been increasing every year. It seems appropriate to bring to notice, the inability of the people to pay the increasing cost. If the cost doubled in future, it would cause lots of problems to the poor people. Moreover, it seems that the present allotment is not adequate for house construction purposes. The 30-year period required to obtain another timber allotment is too long. Furthermore, some houses would need timber for renovation purposes before the end of 30 years.

The representatives proposed that timber for house construction be given as kidu to those who have no *thram* and live in huts. The people living a kilometer outside urban centres do not earn as much as those actually living inside it. So allotment of timber at subsidized rural rates to these people may be considered. In line with the policy of decentralization, the authority to approve rural subsidized timber allotment has been given to the Dzongkhag administration. However, before the permit can be received, it has to be routed through 4 to 5 offices including the Divisional Forest Office, Ranger's Office right upto the

local Forest Office. This takes about 1 to 2 months. In order to save time, the whole process should be completed in the Dzongkhag.

A Royal Advisory Councillor thanked the Punakha Chimi for the submission on the issue of rural timber allotment. He also expressed his hope that other members would also have similar views since all the people in the country face such problems. Act and Rules are formulated by the Government to address the problems faced by the people. 80 trees for house construction in the rural areas would only give 240 *cham* which is not enough to cover the timber requirements in the traditional architectural designs. The allotted 4 *drashing* would cover only the basic timber requirement for flooring and, windows etc. Even if the house were an average sized one, the allotted amount of timber would certainly not be sufficient.

The Councillor pointed out that leaving alone other requirements, the allotted 6 *cham* and 2 *drashing* for the renovation of a house is hardly enough for the beams supporting the trusses. It would, therefore, be appreciated if the Assembly in the current session could consider these issues and agree on affordable cost. On the matter of timber purchase, he said that those people living within a kilometer of a motorable road is permitted to buy 2000 cft. of timber. The wealthy ones with rental income can afford to buy the timber. However, those who take loan from financial institutions and the poorer people would not be able to buy even though the timber is provided at a subsidized rate of Nu.94.60 per cft. These people, therefore, would have to extract timber from the forest manually and with great difficulty. Therefore, the Assembly needs to consider this issue widely and deeply to address the difficulties and problems of the people.

The Bumthang Chimi submitted that the allotment of the subsidized timber for house construction and renovation as per the existing Rules are definitely not adequate. As for the purchase of timber from the sawmills, the charges for the

workers and the royalties, which have been doubled places a very heavy burden on the people. The method of calculating the cft is such that what would earlier amount to 4 cft now measures 5 cft. Added to this is the increase in the royalties. Therefore, if the government could make some adjustments it would address the constraints that the people are facing in house construction and renovation.

The Thimphu Chimi made submission on the issue of the timber royalties. He said there is 100% difference between the prices of conifer species and broad-leaved species. If relevant, the government should make the prices more uniform. The Rules permit those living within a kilometer of a motor-able road to buy 2000 cft. of timber from sawmills. However to buy 2000 cft. of timber, the poor people have to come up with approximately Nu.190,000 let leave alone the money required for other necessary materials. As all members are aware, there is no way that such large amounts of money can be mobilized and some extra consideration and action needs to be taken.

The Agriculture Minister informed the Assembly that the timber marketing and pricing policy was revised with effect from 1 January 1999 after the Lhengye Zhungtshog approved it in its 183rd meeting held on 25 August, 1998. The revision of the above policy was aimed at the following objectives:

1. To make timber available to Bhutanese consumers easily and with minimum formalities,
2. To ensure fairness, equity and transparency in timber marketing and pricing,
3. To encourage the establishment of local timber based industries,

4. To enhance sustainable use of forest resources by balancing commercial utilization with environmental conservation, and,
5. To generate employment and enhance the income of Bhutanese citizens from the forest resources.

The Minister reminded the Assembly that until the introduction of the new policy, 4 different categories of timber including rural, urban, industrial and export were marketed with substantial difference in prices.

With the introduction of the new policy, only two categories of timber were to be marketed, namely, rural timber with concession and commercial timber. Under the new reform, the following changes were introduced:

All timber sales for urban and industrial consumption are carried out through auction.

The price of the timber is determined by market forces as opposed to the timber price fixed by the Department of Forestry Services in the past.

Export of logs, sawn timber, firewood and semi-finished products were to be banned to ensure availability for domestic consumption and to facilitate sustainable exploitation of forest resources.

The Minister pointed out that one of the key elements of the revised timber marketing and pricing policy was to continue the existing policy of supplying subsidized timber for rural house constructions. In this connection, the Lhengye Zhungtshog had felt the need to study the realistic requirement of timber and other forest produce by the rural population and had accordingly instructed the Agriculture Ministry to conduct a study. In compliance with the above directive, an intra-ministerial committee consisting of 5 officers was

formed to conduct the study. Its primary objective was to ensure that the genuine requirement of the rural population was met. The other aspect to be considered by the study was to devise a mechanism for curbing diversion of subsidized timber to commercial market. The committee was mandated to review the current mechanism for supply of timber for rural house construction, the current level of subsidy provided on the supply of timber for rural construction, the disadvantages and weaknesses in the current system and to recommend measures to improve the system.

The Minister informed the Assembly that the study report submitted by the committee was reviewed thoroughly within the Ministry. It was then submitted to the Council of Ministers, which considered it carefully during its 56th CCM held on 28 December 1999 and recommended for its submission to the Lhengye Zhungtshog. The Lhengye Zhungtshog considered the proposal during its 194th session held on 6 March 2000 who approved it for implementation with effect from July 2000 after incorporation of a number of changes. Therefore, this new policy on allotment of rural timber has been under implementation for less than a year.

The Minister also reported on the issue of revision of royalty. Before the recent revision, the rate applied since 1993 for conifer species was Nu.10 per tree for up to 50 trees and Nu.30 per tree between 51-100 trees. Similarly, the royalty rate for broadleaved species was Nu.60 per tree for upto 5 trees, Nu. 140 per tree for 6-10 trees and Nu.180 per tree for 11-20 trees. Commercial royalty rates were applied for number of trees beyond the above ceiling. For sawn timber and logs, the royalty rates were Nu.0.50 per cft. and Nu.0.40 per cft. Respectively, which was applicable upto 3,000 cft. Beyond this quantity, commercial royalty rate was charged.

The Minister said that the new rates of royalty introduced since July 2000 are as follows:

For conifer species, Nu.40 per tree upto 10 trees.
For broadleaved species, Nu.120 per tree upto 10 trees.
For sawn timber, Nu. 1 per cft. upto 2,000 cft.
For logs, Nu.0.80 per cft. upto 3,000 cft.
For *cham*-sized conifer trees, Nu.30 per tree upto 80 trees.
For broadleaf *cham*-sized trees, Nu.40 per tree upto 60 trees.

The Minister pointed out that if the above rates were compared with the existing commercial royalty rates, the rural royalty rate is between 8 to 25% of the commercial rate for standing trees and 5 to 9% for sawn timber. For availing more than 5 broadleaf trees, the royalty rate has come down from Nu.140 to Nu.120 per tree. The revision of the royalty rates on the rural timber is therefore justified on the following grounds:

1. The last revision, before July 2000 was done in 1993, more than 7 years ago.
2. The revised rate is 8-25% of the commercial royalty rate only.
3. It is a negligible amount compared to the commercial value of the total timber eligible for allotment, which is about Nu.4 lakhs.

The Minister said that with regard to the number of trees, the revised quantity has been arrived at based on the study conducted by the Ministry of Agriculture. If the quantity of timber eligible at present is converted to logs or sawn timber, the total quantity of conifer species eligible, excluding *dangchung* and *tsim* for rural house construction for a household comes to about 6,000 cft. and for broadleaf species 5,000 cft. It is felt that the quantity is more than adequate for the construction of an average sized house in the villages.

The Minister submitted to the Assembly that rural households have four different options to choose from when availing subsidized timber for rural house construction:

1. All on standing tree basis
2. All on log basis
3. All on sawn timber basis
4. A mix of standing trees and sawn timber depending upon the individual applicant's choice and convenience.

The Minister brought to the notice of the honourable members that the Royal Government had subsidized the royalty for rural timber during the 7th Plan by Nu.194.142 million. If the commercial value of the subsidized timber is taken into account, the Royal Government had forgone a revenue of Nu.3,684.588 million during the same period. The Minister also informed the Assembly that since last year, the authority for allotment of rural timber has been decentralized to Dzongkhags in keeping with the decentralization policy of the Royal Government. This is aimed at facilitating quicker allotment as well as streamlining the allotment process, which was not well defined in the past. However, the marking of trees and place of allotment would continue to be determined by the territorial DFO in the interest of prudent and sound forest management.

As the new policy and rules have been issued quite recently, the Department of Forestry Services has just completed conducting awareness and education workshops for its staff. It will be conducting similar workshops for Gups and Chimis of all the twenty Dzongkhags very soon.

On the submission regarding the insufficiency of fuelwood, the Minister pointed out that collection and transportation of dry firewood, lops and tops of trees by man or animals is totally free. The royalty for lops and tops and other dry scraps transported by vehicle has been reduced and is kept at just Nu.80

per truckload. Further, in order to meet the requirements of the people, upto one truckload of firewood is allotted on standing tree basis per family. If even this is not enough, firewood can be purchased at the commercial royalty rate including Nu.180 per truckload of hardwood and Nu.80 per truckload of softwood. Therefore, there could not be a problem of fuelwood allotment not being enough to meet a household's requirement.

With regard to the submission for revision of timber allotment for renovation of houses, the Minister pointed out that the allotment of 4 *drashing* is for minor renovation and repair. If renovations include the replacement of almost all the wood work in the house, the allotment is no different from constructing a new house. Allotment for house construction instead of renovation should be applied for. Similarly, on the issue concerning shingles, it was clarified that besides the timber allotment, the Rules also has provisions which clearly states there is a specific allotment of 6 trees which would yield 2000 cft. of sawn timber for shingles. The Government is well aware that the shingles used as roofing materials needs to be replaced in 4-5 years time. Therefore, the submission that shingles allotment is only once in 30 years is a misunderstanding. Further, during the Budget Presentation, the Finance Minister informed the house that no taxes would be levied on CGI roofing material in order to encourage its use. However, as the Rules does not specify the withdrawal of the shingles allotment in view of the CGI roofing being encouraged, even those households with CGI roofs can still use its shingles allotment of 6 trees.

On the issue of disallowing timber concession to those living within a kilometre of an urban centre, the Minister said that this may be a misunderstanding. The houses constructed within 3 kilometers of township category "A", 2 kilometers of township category "B" and 1 kilometer of township category "C" are firstly for the purpose of renting them. Secondly, the people constructing houses in these areas are not from that locality but

from other parts of the country who have bought land to construct houses and therefore, not eligible for concessional timber. However, those constructing houses within 1 to 3 kilometers radius of townships but have lived in the locality for generations are allotted concessional timber and this is clearly reflected in the Rules.

With regard to the submission that the two year period given for extracting the allotted timber be increased, the Minister pointed out that the time period has been fixed after the government carefully considered the time that would be taken to process the allotment, mark, cut, debark and transport the timber. However, if the time period is inadequate and the people have problems with it, it could be extended further. Similarly, on the issue that the time period of 30 years before the next allotment of timber for house construction being too long, the Minister explained that the time period has been fixed at 30 years in view of the fact that even in the past, Bhutanese houses have stood stand for atleast a minimum of 30 years. In keeping with the development in the country, it has become possible now to make houses stronger than ever before.

In adequate timber to meet their requirements for construction of residential houses. It is being submitted by the people that the timber allotment is not adequate and that they have difficulties related to it. However, it must be kept in mind that the Rules and the policy have been implemented for less than a year and these submissions are being made without proper and in depth understanding of the Rules and policy. If the Rules are properly and clearly understood, most of these related problems would be addressed and clarified. The Rules and policy approved by the Lhengye Zhungtshog has been implemented only for a short while and it would be too premature to revise the Rules in less than a year of implementation. The Minister submitted that therefore, the Assembly may endorse the implementation of the Rules and policy by the Ministry of Agriculture for sometime and if the problems persist in future, the onus would be on the Government to review and revise them.

A Royal Advisory Councillor said that although the Rules governing allotment of concessional timber for house construction in rural areas has been recommended and approved by the Council of Ministers and the Cabinet, it is only natural that some problems would be encountered during actual implementation in the field. The Councillor also pointed out that while the allotted timber would be more than enough for construction of houses in other architectural designs, it would not be sufficient for the traditional Bhutanese houses which require a lot of timber and wood work.

As pointed out by the Agriculture Minister, if the timber allotted to the people were sold, it would generate substantial revenue but the government has foregone this income to make timber available to the people. He expressed hope that the government would continue to do so in the future as it alone can address the needs of the people.

The Councillor also submitted that while the Dzongkhag has the authority to allot subsidized timber, the people have to spend a lot of time processing the allotment from office to office, sometimes requiring travel to other Dzongkhag before the allotment is given. It should be made possible to get it from one's own Dzongkhag. On the matter of allotment of shingles, the Councillor pointed out that there should be a difference in allotment in line with the altitude as the shingles in high altitude areas like Haa and Bumthang would last for a far longer time than in the lower and warmer areas where the shingles may need to be replaced in a year or two. If possible the timber allotment for renovation and the royalties may be considered for further relaxation.

The Assembly noted the Punakha Chimi's submission of problems and difficulties faced by the people with the implementation of the Bhutan Forest and Nature Conservation Act of Bhutan and its Rules, which govern the concessional timber allotment for renovations as well as the processing of the allotment. Submissions have been made by other Chimi to express similar

difficulties faced by the people in other Dzongkhag. The Assembly also noted the clarifications made by the Agriculture Minister and resolved that a team comprising of the Agriculture Ministry officials, concerned Dzongdas, Gups, Chimis, Mang-aps and local forestry officials would review the submissions made by the people. If there are genuine difficulties the Agriculture Ministry will amend the existing Rules to address the needs of the government and the people and submit to the National Assembly for deliberation in its next session. If it were found that the people really do not face difficulties, the existing Rules would then be left unchanged.

4. Reduction of Expatriate Workforce

The Gasar Chimi submitted that while the expatriate workforce may be of immediate assistance, the impact in the long term from the presence of a large number of expatriate workers in the country needs to be carefully considered from the very outset. A reduction of the expatriate workforce may be considered in view of the present security situation in the country and the reasons listed below:

Potential threat to the national policies as has happened in the past;

It reduces skill-development and employment opportunities for our youth. At the same time it increases dependency on the expatriate workforce; and

It not only has an adverse impact on the general environment but also results in large sums of money going out of the country. Therefore, the number of expatriate workers in the country should be reduced.

The Mongar Chimi pointed out that in line with the decentralisation policy of the Royal Government, most of the developmental activities since the 4-5th Five Year Plan has been successfully undertaken with material and financial support from the Government and labour contribution by the people. If the expatriate

workforce were reduced, the Bhutanese people would be able to acquire the required skills and experience in the jobs presently being done by outsiders. In Mongar, the local people carry out 90% of the work and this could be emulated in the other Dzongkhag. Furthermore, it is with pride and satisfaction one notes the national capability that has been built up in the renewable natural resources sector, schools, hospitals and the civil service which proves that the Bhutanese have the capability to learn and master skills in all areas.

With the increase in the wage rate by order of His Majesty the King, the interest of the people to work for development activities has been further enhanced and the 10% of the workforce comprising of expatriates in Mongar can be further reduced. Furthermore, it would make it possible to achieve the Government's policy of enhancing people's income and increasing productivity and production levels.

In response, the Home Minister pointed out that as per a report of 30 May 2001, there are 45,964 registered resident expatriate workers in Bhutan. Another 2000 seasonal permits are given to expatriate workers at the mines in southern Bhutan during the dry winter months. Furthermore, along the border in the south, 10-20,000 daily workers come and work in Bhutan without permits during the day and return to their homes across the border at night.

Therefore, the size of the expatriate workforce in Bhutan today would be between 50,000 to 60,000 which is equivalent to over 15% of our population and this, as pointed out by the Gasa Chimi, is an issue that is of grave concern to all Bhutanese.

The Minister pointed out that the main reason for the recent increase in the number of expatriate workers in Bhutan is the initiation of the three major hydropower projects in Tala, Kurichhu and Basochu. Furthermore, with most of the physical infrastructure and construction activities of various projects now in full swing, about 50% of the workforce are non-Bhutanese on permanent

working permits. After the completion of the big projects in a few years' time, the number of the expatriate workforce would definitely need to be reduced to 30,000.

The Minister stressed that as submitted by the Gasa Chimi, all Bhutanese should be concerned at the increase in the size of the expatriate workforce. The Bhutanese people should at all times remember the adverse condition and situation in 1987 and 1988 when expatriate workers in the country numbered 113,000. The present Ngolop problem in southern Bhutan also arose after the repatriation of the expatriate workers after the completion of the Chhukha Hydropower Project, Penden Cement Authority and the construction of roads and other infrastructure in the country. The Ngolop problem would however, be discussed as a separate agenda item. Apart from the threat to the security and sovereignty of a small country like Bhutan, the presence of a large expatriate workforce also increases the risks to the general peace and prosperity of the people.

The Minister added that the large expatriate workforce also contributes to the increase in the crime rate, adds pressure on the free social services and denies employment opportunities to the citizens.

The Minister informed the Assembly that more youth are migrating out of rural areas into urban areas seeking employment opportunities. It is also expected that in the next five years about 50,000 young people will come out of the school education system into the job market. It is important that the jobs presently occupied by expatriates are opened and additional jobs created for our youth. In this regard, the enhancement of the wage rate has encouraged our people to opt for the manual jobs that were earlier only taken up by expatriates.

In view of its importance, the issue has been discussed, since 1966, 15 times in the National Assembly, and each session has passed resolutions concerning this

issue. Furthermore, the Cabinet has frequently discussed this issue and in its 144th session drew up a Chathrim for the recruitment of expatriate workers, which was ratified in the 72nd session of the National Assembly. In addition, this issue is also frequently discussed at the meetings of the CCM and the Planning Commission. The Minister responded to the Assembly that the staff of the Immigration and Census Department has been strictly implementing the instructions of the National Assembly, Cabinet and Departments. At the same time it is most important that particularly the manufacturing industries, shops, private sector contractors and those undertaking private residential buildings should make every effort to employ Bhutanese nationals, offering wages and benefits similar to the rate applied for the National Workforce.

A is fully appreciated and in line with the Government's policy. The people, businesses and private agencies are making every effort to reduce expatriate recruitment and employ national workers in the projects and contract works. However, the supply of national workers is not reliable. He expressed that if the Chathrim for the recruitment of expatriate workers is followed strictly, problems can be averted as workers cannot be brought in until all the formalities of screening and work permits are completed. Agencies such as Dantak, which employs large number of workers, should also be required to process for permits and give first priority to the recruitment of national workers. While the private sector is in need of skilled labour, the Bhutanese available for employment do not have the relevant skills and experience. So there is a situation where there are inadequate number of workers with relevant skills on the one hand and on the other, shortage of employment opportunities for workers without skills. Therefore, it has become imperative that a training center specially geared towards the skills and manpower requirement of the private sector is established.

The Chimi also pointed out that the 100% upward revision of wage rate by the Royal Government is limited to the wages for workers in the public sector and

does not extend to the workers in the private sector. The reason for not being able to get national workers is because the wages in the private sector is as per the earlier un-revised rate.

The Punakha and Trashigang Chimis expressed concern at the implication of the Government's inability to reduce and contain the expatriate workforce. These days one sees only one or two Bhutanese amongst the crowds of people gathered in front of the cinema hall and the shops in Thimphu. According to the Home Minister, the implementation of the revised wage rate for the national workforce is limited to Government activities and the private sector could choose to pay wages similar to it or lower. However, activities in the private sector originate from Government offices and initiatives, and therefore, it would be appropriate and useful if the national workforce wage rate were made uniform for both the public and private sectors.

The Foreign Minister, also Chairman of the National Employment Board (NEB) stressed that it is important to know how the expatriates first arrived in the country. When planned development programmes were launched in the country and the Government initiated the construction of roads, His Majesty the Late King resolved that national works be done by Bhutanese. Accordingly, during the construction of the Phuentsholing-Thimphu highway the system of *sum-dhom*, *dru-dhom* and *chunyi-kangdhom* were practiced to mobilize the required manpower within the country. However, most farming communities faced great difficulties in mobilizing the required manpower. So His Majesty the Late King started the process of recruiting expatriate labourers in consideration of the difficulties and constraints faced by the people.

The Minister pointed out that at that time, the nation was just emerging from a state of isolation and lacked manpower in almost all areas of development and there were no other options but to recruit expatriate workers. However, as pointed out by the Home Minister the size of the expatriate workforce

numbering about 60,000 and coming to 15% of the country's total population is too high.

The fruit from the schools and educational facilities established by the Government in all parts of the country are now ripening. School enrolment has reached 72% and annually around 4,500 students between class six and college graduates seek employment. The number is expected to increase every year, and in the next ten years, it is estimated that a total of 91,000 students would enter the job market. These estimates are based on official figures relating to the Government supported schools and institutions. If the students on private scholarships were also accounted for, the number of students seeking employment in the next ten years would be over 100,000. The responsibility for employing these young people falls not only on the Government but also on all sections of the Bhutanese society.

The Minister also pointed out that if the business and manufacturing policies are limited to the Bhutanese market alone, trade and commerce would not flourish and it would not open up any employment opportunities for the youth. This is an age of unreserved international interaction, business, trade and commerce; therefore, the Government's policies are also geared towards ensuring Bhutan's ability to participate in the international arena of trade, commerce and economics. Furthermore, by ensuring that we collaborate and participate in businesses requiring expertise, skill and knowledge more employment opportunities can be created and made available to our youth.

The Minister informed the Assembly that the NEB was established last year. The chairmanship rotates after every six-month among the Ministers. The central policy objective is the attainment of Gross National Happiness by making all citizens self-reliant, ensuring employment and a means of livelihood. It is clear from the experiences of other countries that civil unrest, war and the

lack of peace in communities and countries is mainly due to the scourge of unemployment.

The Minister said that in line with His Majesty the King's direction and emphasis on a small, compact and efficient civil service and to support private sector development, most of the Government-run companies and corporations have been handed over to private parties. While the educated youth look to the civil service for employment it must be kept in mind that the Government alone cannot meet all the employment needs. Above all, the Government has the responsibility for maintaining national peace and order, making education available to all and ensuring the good health and well-being of all citizens.

Therefore, employment opportunities must be created in the private sector. With regard to the issue raised in connection with the lack of adequate skills required by the private sector in the persons sent to them by the NEB, the Minister pointed out that there is a situation where the youths feel that the private sector prefer to recruit expatriates to nationals, that salaries may not be paid regularly every month and that there is no assurance for future or surety in the duration of employment. The Minister informed the Assembly that having understood these reservations and misgivings of the youth, the NEB established a committee comprising of representatives from the private tourist companies as well as other businesses. A system for the training of job seekers in required and relevant skills, salary scales, behavior and conduct, means and source for redress and entitlements to retirement benefits is currently being formulated.

The Minister reported that this year 4,500 young students have been employed and the NEB further pledges to serve to its best ability to ensure employment for the youth of Bhutan.

The Health and Education Minister, also chairman of the National Technical Training Authority (NTTA) expressed appreciation to the Gasa Chimi for

proposing the issue of the expatriate workforce as an item for discussion in the National Assembly and calling for measures to reduce its size. As the NTTA has been entrusted with the main responsibility for ensuring that the Bhutanese youth are not constrained in finding employment due to lack of appropriate technical skills, it has initiated a number of activities to build a trained, skilled, and technically competent manpower base in the country.

First, as tourism which is one of the bigger industry in the private sector, requires well-trained staff, plans are already underway to establish a specialized training center in the near future.

Second, as contractors are mostly employing expatriate workers, a center to train Bhutanese in the required skills will be established.

Third, as the number of automobiles in the country is increasing rapidly as a result of the economic development, the present National Driving Training Institute would be upgraded and redesigned to cover driving training in all types of vehicles.

Fourth, in line with the Government's policy of promoting the country's age-old tradition and culture, the Zorig Chusum Institute was established in Trashi Yangtse to promote the traditional arts and crafts. Similarly, the existing Zorig Chusum Institute in Thimphu has also been strengthened and it continues to impart training.

The Minister reported to the Assembly that in keeping with the needs of the present times, training in computers and other skills are being imparted by the Royal Institute of Management. Most Bhutanese have a predilection for white-collared jobs and while there is nothing wrong with that, it has to be taken into account that not everybody can become an officer. There are only a limited

number of such jobs available which can only be filled in accordance with one's level of knowledge, skill and competence.

The Minister pointed out that the blue-collar jobs in the manufacturing, automobile and power sectors, and jobs generally requiring manual work should not be neglected. It has become extremely important that the Government generates interest of people in the blue-collar jobs as the country cannot progress if it relies solely on the white-collar workers.

Moreover, about 80% of the population live in rural areas and are predominantly engaged in the agricultural sector. Should this change and harvests decline, the country would face great difficulty in even meeting the basic needs of human life. Therefore, it is important that the Assembly members explain to the people the need to take up job opportunities as per one's own capabilities and competence.

Subsequently, the Trade and Industry Minister also expressed concurrence with the submission of Gasa Chimi that the large expatriate workforce poses risk to national security. He informed the Assembly that the Ministry is also taking measures to address this issue. One of the reasons for the large expatriate workforce is due to the initiation of the three big hydropower projects in the country. Through the Department's efforts to minimize dependence on imported labour by optimizing the use of machineries, only 10,000 of the 18,000 approved expatriate workers are currently employed by the Tala Hydro-Power Project.

The Minister pointed out that as workers are also required to work at night, the number of Bhutanese willing to take up such work is limited. Therefore, if expatriate workers were not employed for some time it would be extremely difficult to complete the activities on schedule. As regard the other major projects, around 80 to 85% of the workers in the Chhukha Power Project and

Penden Cement Plants are Bhutanese. Although the majority of the business people and traders in the past in Thimphu were expatriates, there are none today.

The Minister said that 100% of the workers in the tourist industry are Bhutanese and this is one reason why the tourist industry is being emphasized and given priority by the Government. The small problems faced by the Bhutanese at work and in employment are due to the fact that they have lived in a state of peace and happiness for the last 40 years or so and had not faced great hardships. In future, if the Bhutanese people work with commitment and dedication they would not face any insurmountable problems or difficulties.

The Bhutanese people may not have high education but they are highly skilled and accomplished. For instance most of the pilots of the national airline are Bhutanese and it is also Bhutanese who carry out the routine repair and maintenance works on the aircrafts.

The Minister pointed out that although expatriate workers are currently employed in both public and private projects and enterprises, the number of expatriate workforce will naturally decrease in a few years time as more trained and skilled Bhutanese become available. Even in the present, efforts are being made by the government to reduce the size of the expatriate workforce.

A Royal Advisory Councillor pointed out that there are no options but to employ some expatriate workers in big projects with a wide scope of work and a definite time schedule within which they have to be completed. For the construction of residential buildings and other smaller undertakings, expatriate workers are mostly employed for cement masonry works as there are only very few Bhutanese with these skills. Therefore, it is important that the government considers this a significant area where training is required. Development of the industrial sector would lead to the creation of jobs for the unemployed

Bhutanese youth and also open up opportunities for training and skills in a wide range of jobs.

The Councillor submitted that, as has been the consideration of the government, it would be highly appreciated if Bhutanese could be given as many opportunities as possible to go abroad after receiving training. These days some young people, go abroad when they cannot get a job in the government. When they return to Bhutan after a few years they are not only able to meet their own needs but are also able to assist their parents and families in times of need. Similarly if more Bhutanese could go abroad to work it would be beneficial.

The Home Minister clarified that when the announcement was made about the revision of wage rate for the National Workforce it was made clear that it was for adherence by the Government agencies and to be limited to government activities only. It was felt that it would be better if the wage rate in the private sector were determined by the private sector itself because if the demand for labour were high, workers would be paid much higher wages. Furthermore, the pony and porter rates should also be followed in the same manner. The revised rates i.e. Nu. 200 per day per pack pony and Nu.300 per day per riding pony should only be applicable to the government staff on official tour and transportation of books and other items to schools in the interior areas since such activities are purely government's tasks. It would be better to leave it to the private sector to determine the rates they would apply.

In response, the BCCI representative submitted that as pointed out by the Home Minister there were no problems in implementing a non-uniform wage rate where it concerns residential building constructions and such completely private activities. There are also no problems in cases where the private parties take up competitive contract work for the government activities and the works have already been estimated and budgeted for. However, problems arise when certain additional works have to be taken up which are not specified in the contract and

the government offices take the national workforce wage rate and do not entertain any other privately fixed wage rate.

The Haa Chimi expressed appreciation of the efforts by the NEB to regulate the interaction between employers and employees and for addressing the problems that are faced by employees in the private sector. Henceforth, with the growth in the population, and increased training and skill development, more Bhutanese will be able to participate and be gainfully employed in relevant and appropriate fields and levels. Contractual work, if managed well, would lead to success. The representative expressed appreciation for the efforts to reduce the expatriate workforce as pointed out earlier by the Minister for Trade and Industry and noted that the workforce recruited by Project Dantak does not reflect any change in the recruitment of workers, and is in fact, increasing considerably in favour of expatriate workers. It would be important to introduce a mechanism to stop this trend.

In conclusion to the discussion, the Speaker pointed out that a long deliberation has ensued on the issue of the large expatriate workforce. It was an agenda item that has been proposed by the representatives out of great concern. He said that the National Assembly noted the strategies, plans and steps taken by the NEB, NTTA and the Ministry of Trade and Industry as part of the government's initiative to reduce the size of the large expatriate workforce and create employment opportunities for the Bhutanese people. With the efforts being taken by the government to promote private sector development, the scourge of unemployment can be prevented in the future.

The Speaker clarified that the wage rate for the national workforce only applies to those working for the Government and does not cover the wage rate for the contract workers. On the issue of reducing the size of the workforce employed by Dantak, which is also a contractor for road construction, the Speaker pointed out that in the earlier discussion on road construction, the Assembly had already

resolved that the Ministry of Communications would at an early date take over the activities currently being done by Dantak. It had also been resolved that the Department of Roads would be fully responsible for the construction, extension and maintenance of roads. Therefore, there is no need to further discuss the downsizing of the Dantak workforce.

5. Civil Servants Opting to Quit Government Service

The Punakha Chimi submitted that it has come to the notice of the people that some of the civil servants after having availed higher education opportunities abroad and enhanced their educational qualifications often refuse to accept posting in organizations which are not of their preference. Showing neither gratitude nor appreciation of the considerable costs borne by the Government in giving them higher education and training, these people seek to leave the civil service. Henceforth, in such cases, twice the amount spent on their education and training should be recovered and then spent on more deserving citizens who would serve the Tsa-Wa-Sum with dedication and commitment.

In addition, the Paro and Trongsa Chimis pointed out that boys and girls in Bhutan receive free education starting from the first year right up to degree courses in college. Expecting to be of service and benefit to the country and people, the Government further finances higher education and training overseas. However, upon their return if they are not given jobs to their liking they not only show reluctance to serve in the job but actually leave the country to seek work outside. If this trend were not reversed, in the next ten years we would have hundreds doing the same thing. The representatives urged that the Government come up with strategies to reverse this negative attitude and a strong and strict mechanism must be put in place to address this issue.

To this, the Paro Dzongda said that at present there is a dearth of qualified and trained personnel in both the private and public sectors. As submitted by the

Punakha Chimi those people on whom the Government has spent considerable amount of money in education and training should fill these needs. Further, with increasing decentralization and devolution of responsibility for governance to the Dzongkhags and geogs, the difficulties in getting qualified and trained people to formulate plans and implement programmes would cause problems for some time.

Nevertheless, the number of educated young persons are increasing year after year. The Dzongda pointed out that as the numbers start running into tens of thousands, it would not be possible for the civil service, with its maximum ceiling of 13 to 15,000 to absorb all those seeking to join it. The responsibility of the Government is to provide to the youth the best possible education ensuring internationally acceptable standards. If our professionals can compete internationally and get professional jobs in other countries, it would not only further enhance their competence and knowledge but would also have long term benefits to the country as the higher incomes that they receive would eventually flow into Bhutan.

The Dzongda pointed out that, for instance, in The Phillipines, 70 to 75% of national income is based on knowledge and skills and this is mainly remitted by the educated Filipinos working abroad. This is a good example of remittance income stimulating economic development in the country of origin. Besides the civil service, if the Bhutanese people can be employed in the private sector and abroad in line with individual qualifications and skills, it would fulfill the aspirations of our people. Not permitting qualified and trained people to work outside the country is not only against universal norms and practice but would also result in problems related to unemployment even of professionals since the civil service can only absorb a limited number and the private sector is quite small.

A Royal Advisory Councillor pointed out that the Royal Government has been establishing schools and educational facilities in all parts of the country. As a result, there are a large and increasing number of well-educated people in the country. In line with the Royal Civil Service Commission's policy, qualified and skilled persons are being recruited without discrimination into the civil service and also into the private and non-governmental sectors.

The Councillor said that a few years ago, there were amongst the qualified, trained and competent civil servants, a few who left to work outside the country and they were the children and family members of the Ngolops. Neither the Government nor the people need to hanker after these faithless and treacherous persons. With regard to the development of the country, it is very important to have friendly relations with other countries upon which economic development and collaborative activities can be based. If qualified and skilled Bhutanese in line with one's competence and aptitude can get jobs outside the country it will not only increase their exposure and skills but also income which will come back to the country of origin where it will contribute towards overall socio-economic development. Therefore, it is not appropriate to disallow Bhutanese from working outside the country.

The Pema Gatsel Dzongda said that during the discussion on national security in the National Assembly, the Council of Ministers have time and again stressed that it is not enough to strengthen the armed forces and the government. Private sector and socio-economic development is just as important for national security. Thus, once educated and trained, the people would be serving the Tsa-Wa-Sum whether they are in the civil service or the private sector starting their own businesses. If they get employed in the neighbouring countries or further away after their education and training, they would gain knowledge and understanding of other cultures, develop their skills further and also be able to earn a higher level of income. This would contribute towards the socio-economic development in the country and also give a good image of Bhutan and

the competence of the Bhutanese in the eyes of other countries. Therefore, it would not be appropriate to disallow Bhutanese to work outside the country.

However, as submitted by the Punakha Chimi, a strong system needs to be put in place by the government to avoid bad attitude and example being set by a few Bhutanese who have been educated and trained abroad for years at great cost to the government. They do not return to the country after the completion of the training period but continues to live and work abroad.

The Dzongda pointed out that during the royal visit to the Dzongkhag, His Majesty the King always stresses to the students that civil service is not the only way of serving the Tsa-Wa-Sum and more educated people should take the opportunity to work in the private sector and in the rural areas as farmers. This wish of His Majesty the King must be brought to fruition and the aspiration realized.

The Secretary of the Royal Civil Service Commission expressed the Commission's appreciation to the Punakha Chimi who in the interest of the civil service has brought the topic related to the civil servants for discussion in the National Assembly. The Secretary also informed the Assembly that these issues are addressed clearly in the Bhutan Civil Service Rules which is under implementation.

The Secretary pointed out that it is the common practice of Ministries and Departments to assign job responsibilities as well as place of posting according to area of specialization and competence upon their return to Bhutan after completion of advanced studies and training outside. In cases of violation of the rules, there are two types of actions prescribed by the Bhutan Civil Service Rules (BCSR) that can be taken to deal with violators. First is the issuance of warning in writing, withholding of the annual salary increment, withholding of promotions etc. Second is compulsory retirement, retirement without benefits

etc. These actions are clearly reflected in the BCSR and to date no problems or difficulties with the implementation of the rules have been reported by the respective agencies.

The Secretary informed the Assembly that civil servants and young professionals are selected for further studies and training by the ministries and departments and the RCSC further reviews the nominations. Once this selection procedure is completed and the candidates are finalized, the trainees and their guarantors sign a legal bond with the government as per the BCSR. The conditions are that the trainee would serve the government at least twice as long as the duration of the training; if the trainee leaves the course incomplete, he or she would pay back to the government twice as much as has been spent by the government on the training; if the trainee does not return after the course, the guarantor has to pay back twice the total amount spent on the training as well as other expenditures incurred by the government on the trainee and if these conditions are not met, the case would be forwarded to the Court of Justice for settlement.

The Secretary said that the honourable members may be well aware that as know-how in most fields of science and technology is not available in the country, hundreds of male and female students are sent outside the country for professional education and training with the help of outside assistance. To date, these students have come back with good results and this has been highly appreciated by the donors. These issues are clearly covered by the BCSR and therefore, the Assembly may like to endorse that in the future, too, implementation should continue in the same manner.

The BCCI representative said that it is the wish of His Majesty the King that our children have access to free education and furthermore, the opportunity to study and train abroad. These opportunities are not to be limited to those in the civil service but should also be accessible to the private sector and accordingly there

are private sector candidates who receive 20% support from the government. He pointed out that it is only gratitude and appreciation that needs to be expressed for making the Bhutanese people educated, qualified and skilled and there is no need to talk about what should be permitted and what should not be. The Chimi said that the issue brought up by the Punakha Chimi regarding the civil servants leaving the civil service after availing education and training opportunities has been thoroughly discussed. Besides, two Dzongdas and the RCSC Secretary have explained clearly with examples how professionals can contribute towards the socio-economic development of the country and have also made the provisions of the BCSR very clear.

While the fact that the public raised the issue is very appreciable as it is one of national importance, the Chimi reminded the members of what the Head of Government said in the Government's annual report at the very beginning of the session of the National Assembly: that as a result of the success of the education programmes there would be in the future, hundred thousands of well-educated Bhutanese seeking employment.

In conclusion to the discussion, the Assembly noted that the limited job market and the size of the private sector in the country could mean the problem of unemployment in the future. If the educated can get jobs outside the country, they would gain an understanding of other cultures, enhance their skills and competence, bring revenue into the country and also be of help to their families which is the basic essence and purpose of socio-economic development. With regard to those who do not return after availing training opportunities, the Assembly resolved that the clear provisions in the BCSR reported in summary to the Assembly by the RCSC Secretary are adequate and should continue to be implemented.

6. Request for the Fixation of Fees for Jabmis

The Punakha Chimi submitted that the fees for Jabmis who are hired either for settlement of legal disputes through mutual compromise or through hearing and pleading of cases in courts should be fixed by the High Court. He also requested that proper rules and regulations be framed for observance by Jabmis while performing their responsibilities. For legal disputes in the villages which people seek to settle through mutual agreement without taking it to court, the poor and humble are often confronted with difficulties due to the absence of fixed fees to be paid to the Jabmi. The following are six points submitted for consideration in addressing this issue:

What are the standard fees payable to conciliators of legal disputes in the villages?

While in the court, some people have to hire Jabmi. Since there are no fixed fees payable to them, a standard amount has to be determined.

A standard also has to be set for legal representatives of litigants who are incapable of arguing their own case.

What kinds of supports are provided by the court and by the government for poor people who need a Jabmi but are unable to afford one?

A system has to be framed delineating cases in which the Gup, Chimi, Mangap and Tshogpa are allowed to engage in conflict resolution.

The National Assembly needs to discuss the scope of a Jabmi's mandate and delineate what is not permissible for them to do. It must also be considered if the one-month training provided to the Jabmis is sufficient to develop their capabilities and meet the aspirations of the litigants.

The BCCI Chimi pointed out that the system of litigation by Jabmi has been introduced mainly to benefit those people who are not fully aware of legal

aspects and those who are unable to articulate and argue their case themselves out of personal inhibitions. This has been highly appreciated by the people.

The representative submitted that he is himself a holder of a certificate of training but feels that as people are not all the same he supports the suggestion by the people of Punakha that the responsibilities of the Jabmi should be clearly delineated and what is permissible or not should be spelt out.

The Speaker said that as the Judiciary is independent of the Legislature, there are no representatives of the Judiciary in the National Assembly. Therefore, the Chief Justice has been invited as a special guest to explain and clarify whatever doubts the members may have on this particular issue.

In response, the Chief Justice acknowledged the importance of the submission made by the people to the Assembly on the issue of the Jabmis and informed the Assembly that the main basis for the Jabmi is derived from and described in one of the six components of the spiritual law. In addition, Zhabdrung Ngawang Namgyal and Mipham Wangpo's Dolen Zhiched law, inscribed on slate in front of the Punakha Dzong includes provisions on Jabmis. It also features in the laws promulgated by the second King. Further, the provisions related to Jabmi mentioned earlier have been deliberated and decided upon by the National Assembly in its first eleven sessions and are also further elaborated in *da* 2.10, *ka* 8, *ka* 9 and *da* 13 of the Thrimzhung Chhenmo.

In addition, resolution 11 of the 54th session in 1981 and resolution 10 of the 55th session of the National Assembly also specify the role of the Jabmis. Based on all the provisions mentioned earlier, the practice of representation by Jabmi in the proceedings of the courts in the judicial system of the country has been started. Jabmis or legal guides are most crucial for ensuring fairness and justice and in line with His Majesty the King's command, training for Jabmis was held twice by the Judiciary between 1996 and 1997 in order to impart necessary skills and legal knowledge.

The Chief Justice said that although it is difficult, it would be up to the Assembly members to decide whether the fee for the Jabmi should be fixed or not. However, it is important that the Assembly keep in mind the three essential characteristics of governance, which has guided all national decisions and activities. While the National Assembly makes the law, its administration and implementation is as important. Moreover, the judicial system should be such that it is not only appreciated within the country but it can also be appreciated by the world and is above any criticism. Therefore, on the matter of fixing the fees for Jabmis, middlemen and legal representatives, the Judiciary feels that at this point in time it would be difficult and also inappropriate although it appreciates the concern behind the proposal.

The Chief Justice explained that it is not only difficult but also inappropriate because the Jabmi should be determined by the need and demand for the services. Moreover, one of the main features of the Bhutanese legal system is that self-representation by the litigants in any court of law is permissible and every litigant has the choice to be either represented or not by a Jabmi. Therefore, despite the existence of the Jabmi practice it is not required that all litigation is carried out through a Jabmi. Furthermore, a range of payment to the Jabmi is clearly spelt out in the *da* 3.3 of the Thrimzhung Chhenmo. However, the above have been submitted as information to the Assembly and it is up to the Assembly to consider and make the final decision on the matter of the fees for the Jabmi.

The Chief Justice pointed out that with regard to the proposal for the systematization of the roles and responsibilities of the Jabmi, the code of conduct of the Jabmi and other related matters are covered by clause 13, page 3 of Bill of Civil and Criminal Procedure Code. In addition, *da* 3.2 to *da* 3.15 of the Thrimzhung Chhenmo also makes general provision with regard to the

Jabmi. It would be beneficial if the Assembly could review and make appropriate amendments to these provisions.

The Chief Justice also pointed out that however, in the law itself the above issue would be included as a clause and further elaboration would have to be made in the subsequent Rules or by-laws. The Chief Justice further expressed appreciation and gratitude for the support to this issue from the National Assembly, which is in harmony with the Cabinet's recent instructions that a legal document for advocates be drawn up. However, the main responsibility of the Court of Justice is the administration of law and justice and it has no mandate to formulate and make laws. Therefore, it would be necessary to come to a final decision as to whether the above law should be drafted by the Judiciary or by the Department of Legal Affairs.

On the issue of increasing the length of the Jabmi training, the Chief Justice requested the Assembly to decide upon the required duration and length of the Jabmi training, which should be included in the legal framework to be drafted for advocates, as one month is indeed an inadequate length for the Jabmi training.

The Chief Justice also submitted to the Assembly that an appropriate selection criteria for Jabmi needs to be decided upon by the Assembly. In conclusion, the Chief Justice informed the Assembly that the conflicts and cases permissible for settlement by Jabmi are outlined in the Civil and Criminal Procedural Code. The Civil and Criminal Procedural Code has been considered by the Cabinet and in line with the decisions following the exhaustive discussion on the Jabmi, instructions have been given for the drafting of a legal framework for the advocates. As the instructions cover the subject comprehensively, it may be considered sufficient to address this aspect of the issue that has been submitted for discussion in the National Assembly.

A Royal Advisory Councillor pointed out that while the use of Jabmi in conflict resolution is an old traditional practice, the recent initiation of certified Jabmi training by the High Court has given rise to a few problems and the submission of the issue to the National Assembly is certainly with good reason.

As there were no set criteria for eligibility and selection for the Jabmi training, candidates joined according to their own will and after a month-long training received a certificate. If the certified Jabmis were the only ones permitted to represent litigants in court excluding experienced and knowledgeable persons who are uncertified, it would have serious repercussions on both the Government and the people. Therefore a separate Chathrim needs to be drafted which should have provisions to re-examine the capability and competence of those who have undergone the training earlier and if found lacking, such certificates must be invalidated. Furthermore, it is important that in future an appropriate legal framework for the Jabmi is drawn up and the competence of a Jabmi is assured.

The Councillor submitted that the Assembly should not fix the fees for the Jabmis. If the entitlements of a Jabmi were fixed it would cause difficulties for the poorer section of the society. In earlier times, conflicts would be resolved and conciliation negotiated with just tea or alcohol being served and such practices in the rural areas should be encouraged and promoted.

The Pema Gatsel Dzongda pointed out that there are difficulties related to the fixing of fees for Jabmis by the Assembly. It is probable that the competent and able Jabmis would be able to fetch higher fees and those not as competent may settle for even less than the amount set by the Assembly.

Therefore, even if the Assembly sets a fixed fee for Jabmis it is doubtful whether it would be followed or not. From every angle it seems that fixing the

fees for Jabmis would not be appropriate and beneficial at all and could cause lots of inconvenience and difficulties.

The Paro Chimi submitted that it is essential for the Cabinet and the Judiciary to take a lead role in formulating a rate for Jabmi. If there were no fixed fees, the richer party would then pay more and get a very good Jabmi while the poorer party can only pay a lower fee and may only be able to get a less competent Jabmi. Quite obviously, the outcome can then be predicted even before the actual litigation has taken place. Therefore, it would be beneficial and necessary that the Judiciary takes steps to address this issue.

A Royal Advisory Councillor submitted that there is no need for the Assembly to fix the fees for the Jabmis, pointing out that ‘just as sand submits to water so do the Bhutanese abide by the law’. He cited cases of certified Jabmis taking cases from court to court on the basis of unfairness and finally ending up at the highest authority in the country. The cases were subsequently commanded to the Royal Advisory Council. An analyses of such cases reveal that interference by Jabmi is the main reason for the lack of consensus and inability to resolve the conflict.

The Councillor pointed out that cases settled easily by the local leaders in earlier days over some food and drink is today a matter of litigation in a Court of Justice to be taken by no one else but the certified Jabmis. It is because of this that nowadays it seems that the fees have been raised over tens of thousands. Therefore, if there were no certification of Jabmis the poor people would be benefited.

The Cabinet chairperson pointed out that the Jabmi practice was initiated by the Judiciary in the interest of the poorer section of the society who may not have knowledge of the law and legal system in the country. However, the problems

faced in putting theory into proper practice and implementation are not simply limited to legal activities but are indeed present in all activities initiated.

The Minister said that therefore, there are a number of legal frameworks and instruments that need to be reviewed and strengthened. In this regard, the Bill for Civil and Criminal Procedural Code has been submitted for deliberation in the present session of the National Assembly. The document has provisions to cover the drafting of a proper system for Jabmis and therefore, the deliberation on this subject could be continued when the Assembly considers it for ratification. With regard to a Chathrim for Jabmis, it would be better if the Judiciary drafted it. It would be in the best interest of the people if the draft were considered and ratified by the National Assembly in its next session.

The representatives of the BCCI and Wangdue Phodrang submitted that the usual practice is that the Chathrim are distributed to all the Assembly members at the beginning of the National Assembly session, and after many days it is deliberated upon and ratified. Once ratified, even if there are problems with certain provisions, the implementing agencies, be it the Judiciary or the executive cannot deviate from it. They referred to the proposal made by the Speaker in the beginning of the National Assembly session, to form a legislative committee to thoroughly review all legal documents, which should be put up to the Cabinet and then to the National Assembly. It was suggested that the committee should be comprised of members from the Judiciary, people and competent representatives from the government ministries and agencies who can review legal instruments and laws well. As it would be too long to wait to form such a committee in the next session, it was suggested that the members of the committee be identified and appointed in the current session of the National Assembly.

A Royal Advisory Councillor requested that the Judiciary continue the Jabmi training. He further added that in line with the 9th Five Year Plan, which is to be geog-based, the Gup, Chimi and the Mangap should be mandated to settle minor cases and conflicts. If such cases cannot be settled and has to come to court,

their decisions should be given due recognition. This would have the benefit of people not having to spend time in the courts and sacrifice productive working time.

Subsequently, the Thimphu Chimi submitted that although the intention of initiating the Jabmi training was for the Jabmi to share the knowledge with those who do not know the law, in practice they do not exercise a discerning wisdom. Instead they take any side that offers the highest fee. Although this causes problems, there are also cases where the Jabmi training has had small benefits to the people living in rural areas. For instance, most of the court cases are related to marriage and land. Half of the cases do not have to go to the court and are successfully settled in the villages, and this is to the benefit of the people. The main point is that in future, whatever legislation is formulated should be appropriate, relevant and considered from every angle.

On the issue of fixing fees for the Jabmi and the formulation of the necessary Rules and By-laws, the Assembly resolved that as has already been initiated by the Cabinet, an act for advocates would be drafted and considered for ratification in the next session of the National Assembly. As suggested by the Cabinet chairperson, the Judiciary would draft this act.

7. Proselytization

The Chimis of the four geogs of Phuentsholing Dungkhang submitted that the public are alarmed by the increase in the number of Christians in their Dzongkhag. They are concerned because the people who are converted start behaving and thinking very differently. With their views, attitude and actions becoming completely different from the rest of the people it is resulting in disharmony and discord within families, communities and villages.

The Chimis said that the religion and age-old traditional values of the country were being maligned and material inducements were being used to entice innocent villagers to convert to Christianity. If something is not done about this it will create social disharmony in the country. The people have, therefore, requested to be informed about the actions taken by the Government on the resolutions passed on this issue by the 30th and 50th sessions of the National Assembly.

The Samtse Chimi said that the general public are greatly concerned that Christianity which was not much heard of in the past is spreading widely, and the converts not only tend to treat and view people of other faiths in a totally different manner but also make every effort to undermine the Bhutanese culture and traditions. Although the National Assembly decision prohibiting proselytization had been conveyed by the Home Ministry, it is felt that instead of implementing it some of the officials in the Dzongkhag and Dungkhags may themselves be involved in such activities.

The Chimi pointed out that according to Christian beliefs there is no sin in slaughtering animals for food because, just as mushrooms grow naturally in the forests, animals are supposed to be gifts from God to feed mankind. Such values and beliefs are completely alien to the concept of cause and effect and age-old religious beliefs of the land. If proselytization of such faiths are allowed there would come a time when the sons of the soil will not be able to live in peace on the land of their forefathers. The Chimi, therefore, called for firm measures to be taken to stop the proselytization of the Christian faith in the country.

The Sarpang Chimi pointed out that Buddhism and Hinduism are two religions which are followed in Bhutan in complete harmony. On the other hand the propagators of Christianity are bent on maligning and undermining the existing religious values and beliefs in the country. They resort to giving money and

material inducements to innocent villagers to persuade them to convert to Christianity, emphasizing that practicing this new faith will bring material benefits to them.

He said that the converts have turned their backs against the age-old practice of holding annual Hindu pujas in their homes and taking part in the shared religious festivals and activities of the community in the villages. Instead, they have embraced the practice of congregating every Sunday to support activities aimed at further spreading the Christian faith. The Chimi informed the house that there are now about 640 Christians in Sarpang Dzongkhag alone. The propagation and introduction of Christianity in other countries has been a divisive influence amongst the people and communities of those nations. There is every possibility that such negative developments can also take place in Bhutan. Therefore, it is important for the Government to take necessary action to contain and control the increasing problem of proselytization.

The Chimi suggested that in order to counter the impact and influence of Christianity some initiatives should be taken in the promotion of the Dharma in the country. The Buddhist teachers and senior practitioners should go out more into the villages and explain the fundamental precepts and philosophy of the Buddha Dharma to the people so that they will understand more clearly the value of meritorious activities and the true meaning behind the practice of meditation through such activities as the recitation of the Mani and Vajra Guru prayers. It should then make it more difficult for proselytizers to sway and convert our people. If such steps are not taken it could well be possible that within the next five years or so the Buddha Dharma may decline and Christianity might become more widespread.

The BCCI representative said that internal strife and conflict arising out of religious differences among communities have been the cause of civil unrest, famine and disease in many countries of the world. In contrast, the Bhutanese

people have enjoyed peace and happiness for many years because there has been no religious conflict and strife in our country. In order to ensure that this happy state of affairs is not undermined it is important to stop the proselytization of Christianity in our country.

He pointed out that the responsibility for preventing Christianity from spreading in the country lies squarely on the people living in the villages and all parts of Bhutan. After all, it is the Bhutanese people who must ensure that the rich religious values and practices which have existed through the ages are cherished and promoted. It would also be very beneficial if members of the monastic body initiated regular teaching programmes in the villages, particularly in the more remote areas.

The Tsirang Chimi said that although the problem of proselytization had been reported to the 73rd Session of the National Assembly, it remained unresolved to this day. Instead of declining, the number of people converted to Christianity seemed to be increasing. The propagators of this foreign religion are using money and other material inducements to convert the innocent and simple people in the villages. The proselytization of other religions will not only create problems in the villages and Dzongkhags but throughout the entire country. In fact, for a small country with a small population like Bhutan, it will even threaten national security in the future.

He expressed deep concern that the Buddhist and Hindu religions which were bequeathed by the illustrious forefathers would be undermined by the spreading of the Christian faith which could, in the end, be the cause for destroying the existing peace and harmony in the country. Therefore, the Assembly must discuss this issue and come up with concrete strategies to stop the proselytization of the Christian faith so that the peace and stability of the country will not be affected but flourish for all time to come.

Another Chimi from Samtse Dzongkhag pointed out that despite the small size of the country, the people of Bhutan have been very fortunate to enjoy peace and happiness due to the merits accumulated from the practice of the Buddha Dharma and the enlightened leadership of His Majesty the King. The issue of proselytization raised by the Chukha Chimi is a very serious issue which needs to be given due attention and consideration. Buddhism and Hinduism are the two religions practiced in Bhutan. If more people are converted to Christianity in the towns and villages through slander and material inducement it will lead to the undermining of the Buddhist and Hindu religions in the country.

Recently, a hall that has for many years been used for conducting annual religious rites in Pakhagaon village under Sibsoo Geog was completely destroyed by the proselytizers propagating the Christian faith. The religious items and images inside the hall had all been thrown away. The Hindus and Buddhists in the Dzongkhag share very harmonious relations, and the regular religious events and festivals are conducted and observed in an atmosphere of mutual respect and understanding. On the other hand, the Christians isolate themselves from such activities and refuse to partake in eating and drinking with the other members of the community during the religious festivals. Their behaviour and attitude is creating friction and discord even within members of their own families and households.

If discord and conflict is created between families and communities how can the people come together in unity and serve the country when it is going through a difficult period, the Chimi said. The public of Samtse are greatly concerned over this issue. Despite all our efforts in our communities and geogs we have not been able to contain this problem. We, therefore, request the Government to help us bring a stop to proselytization.

The Chimis of Dagana and Samdrup Jongkhar Dzongkhags said that the propagators of the Christian faith have shown no respect for the existing

religious beliefs of the people and the laws of the country. They are flagrantly carrying on with their proselytization activities in the country. Therefore, in keeping with the resolutions passed by the earlier sessions of the National Assembly, the Government must carry out a thorough investigation on proslytization activities in the towns and villages of the different Dzongkhags. If the proselytisation by the propagators of Christianity are not curbed from the very beginning, there is every possibility of internal strife based on religious differences breaking out in the country.

The history of the world shows that conflicts and wars in many countires have taken place because of religious differences. Even in recent times, conflicts based on religious differences continue to occur. Keeping this in mind, the Gups and Chimis must continue to guide and advise the people not to carry out any activities which are harmful to the interest of the nation. In this regard, they have been making efforts to ensure the promotion of the age-old traditions and culture of the country. Similarly, strategies that harmoniously integrate spiritual and worldly approaches must be adopted by the Government and the Monk Body to stop proselytisation of the Christain faith from the very beginning. It is very important to keep in mind that dealing with this serious problem cannot be postponed indefinitely.

The Chimis of Pema Gatshel and Paro Dzongkhags said that the people in their Dzongkhags were deeply concerned over the increasing number of Christains every year. As submitted in the 78th Session of the National Assembly, there is absolutely no need for a third religion to be introduced in the country besides the two existing religions. They submitted that if His Holiness the Je Khenpo and the four Lopens of the Dratshang were to travel to the various Dzongkhags to explain the fundamental precepts of the Buddha Dharma, it would greatly enhance understanding and knowledge of the exisiting religious faiths in the country. This in turn would render the efforts at proselytization more ineffective.

It is the responsibility of the Gups and Chimis to stop proselytization in their villages and geogs. As such, they must ensure that the people are properly briefed about the National Assembly decisions and the laws of the country regarding this issue. If any person is found carrying out proselytization the case must be reported to the Dzongkhag authorities and the court of law. Likewise, the officials of the government ministries and departments must also play an active role in guiding and advising the public in ways that would be beneficial and fruitful to the country.

Speaking on the issue, the Home Minister informed the Assembly that in March and April this year, a Home Ministry official spoke to three Bhutanese nationals who were involved in proselytization activities. The relevant clauses on proselytization were explained to these persons and copies of the related resolutions of the National Assembly were also given to them.

The Minister also informed the Assembly that some international newspapers have recently printed false reports alleging that the Bhutanese police entered the homes of Christians and threatened them to either give up practising their religion or leave the country. Otherwise they would be terminated from their jobs, their business licenses would be cancelled and they would be denied access to all social service facilities. As in the past, the Ngolops in the camps in Nepal have also been spreading false allegations that the Bhutanese Government is persecuting Christians. In view of these false allegations, some of the foreign embassies in the region made enquiries to the Royal Government regarding these false allegations.

The Minister said that he was informing the Assembly about these activities to remind the hon'ble members that certain parties with vested interests have been distorting facts about this issue to deliberately malign the Royal Government and the Bhutanese people.

As reported during the last session of the National Assembly, the law specifies that everyone is free to practice any religion in their homes but proselytization to convert the Bhutanese people who practice the Buddhist and Hindu faiths is prohibited. A very negative aspect of proselytization is the condemnation and criticism directed at Buddhism and Hinduism and the cultural practices in the country. This is very hurtful to the sentiments of the Bhutanese people. Such activities are very disruptive to the harmony and unity in our families and communities which a small country like Bhutan can ill afford.

The Minister pointed out that over the ages, religious discord has been the main cause for the break up of communities into factions and groups in many countries. Throughout history, religious differences have generated armed conflicts and brought untold suffering to people all over the world. There have even been divisions within the same religion like the Catholics and Protestants who have fought many wars with each other although they both belong to the Christian faith. Religious frictions and discord continue to be the cause of conflicts to this day. Bhutan being a small country with a small population, the Bhutanese people are known for their strong family ties. As religious differences is one of the main causes of friction and discord within families and communities, and even the nation, there is neither the need nor is it advisable for a new religion to be introduced in Bhutan.

In conclusion, the Minister said that proselytization is mostly carried out among the sick, poor and illiterate people who are more vulnerable to material inducements. Therefore, it is neither adequate nor correct to rely on laws and legal instruments alone to stop proselytization. It should be kept in mind that the success of the socio-economic development programmes of the past 40 years and the promotion and preservation of Bhutan's rich culture and traditions provide an important bulwark against the effects of proselytization.

The Dorji Lopen of the Central Monk Body expressed his appreciation to the people of the four geogs of Phuentsholing Dungkha for raising the issue of proselytization for discussion in the National Assembly. They have reported that proselytization of Christianity is increasing in their Dungkha and have expressed their concern that the efforts of the proselytizers to malign the Buddha Dharma and the culture and traditions of the country in order to turn people's minds will have a very divisive effect in a small nation like Bhutan. The Dorji Lopen reminded the Assembly that Lord Buddha had taught that it is wrong to criticize or condemn other religions. Indulging in such activities will generate very negative Karma which will lead to suffering in the dark realms. Criticism and condemnation of other religions is harmful because it generates resentment and anger among the people which in turn leads to armed conflict and death, and the destruction of monasteries and religious sites during sectarian violence. It was to prevent such divisive and destructive incidents from taking place that Lord Buddha taught against criticizing and condemning other faiths and religions. In view of this, it will not be proper for the Central Monk Body to be involved in banning the propagation of other religions. He requested for the understanding of the hon'ble members if his position was not in keeping with their wishes.

The Buddha Dharma has flourished in Bhutan for a long time and, going by the countless number of devotees who gather to hear the teachings from His Holiness the Je Khenpo during his tours in the country, the people of Bhutan have deep faith in the Dharma. If the National Assembly endorses the proposal from the people to introduce separate programmes for promoting the Dharma, the Dratshang can initiate such programmes through the media like the radio, television and the Kuensel. The Dratshang can also conduct programmes to promote better understanding of the Dharma in the schools and educational centres while, in the villages, the fundamentals precepts of the Dharma can be taught and explained to the people during religious festivals and at times of meditational retreats like the performance of Nyungney by the lay people. This

will benefit the people in this life and the next besides contributing towards enhancing peace and harmony in the country.

In keeping with the progress in the rest of the world, the implementation of development programmes in Bhutan has brought prosperity and improved the lives of the people throughout the country. While no one suffers from hunger or want in the country, as misfortune and suffering are natural phenomena, there are some cases of orphans and unfortunate children who are not able to attend schools. The Dratshang has taken such children under its care and is educating them in the thirteen traditional arts and crafts at Semtokha Dzong. Once they complete their studies they will have the option of joining the Dratshang or taking up other employment. Similarly, in the Chukha Rabdey, more than 60 boys are being educated in the Buddhist teachings under the supervision of the Lam Neten. Similar activities are being carried out in many other Rabdeys in the country.

The Health and Education Minister expressed his appreciation to the Dorji Lopen and other members of the Assembly for sharing their views and thoughts on the issue of proselytization and its impact on the country.

The Minister pointed out that the Dharma emphasizes compassion and tolerance and teaches that other religions should not be condemned, criticized or suppressed. If our own religion is upheld, promoted and practiced, no other religion can threaten it. For instance, the Minister himself had from an early age studied in a Christian missionary school abroad for about ten years. However, he has not been converted and instead remains a firm believer in the Dharma. This is because he was born in Bhutan, a hidden paradise blessed by Ugyen Guru Rimpoche, and was taught by his parents to uphold and treasure his own religion and cultural practices as he would his own life.

The Minister expressed appreciation to the Dratshang and His Holiness the Je Khenpo, under whose leadership a number of Shedras, Drubdras and Goendeys have been established and the Dharma has flourished more than ever before. The Minister pointed out that all the symbols of the Bhutanese identity are derived from the Dharma and this is why religion is so important.

He said that it is His Majesty the King's desire that Bhutan's unique identity be maintained for all times to come. If the Dharma declines, Bhutan's age-old culture would also naturally decline and other new cultures would spread. This would eventually threaten the security of the country. Nevertheless, condemning Christianity would be against the teachings of Lord Buddha. The choice of embracing a particular religion is one's own. If the two existing religions in Bhutan, Buddhism and Hinduism, can co-exist in perfect harmony like milk and water and continue to flourish there is no reason why Christianity should spread.

The Minister pointed out that the reason for concern and the need to check proselytization is not because of feelings harboured against Christianity as a religion. It is due to the practice by the proselytizers to criticize and condemn other religions and convert simple people by luring them with money and other material enticements. The Minister pointed out that such activities which are basically exploitation of the poor would be considered unacceptable and undesirable not only in Bhutan but also in other countries. This is the context within which the Government could take steps to stop proselytization.

A Royal Advisory Councillor and the Punakha Chimi expressed the view that Bhutan being a small country with a small population, it cannot afford to have many religions as this will create social problems in the future. Although the enlightened teachings of the Buddha have spread and been in practice throughout the country, some mercenary minded people have been swayed by material gain and succumbed to proselytization. Although a religion should be embraced out of genuine conviction for promoting spiritual advancement, it

seems that proselytization is taking place in the country through materialistic inducements as if religion is a tradeable item to be bought and sold.

As Buddhists imbued with the sense of tolerance that is in keeping with the values of the Dharma most Bhutanese tend to show respect and faith in anything that is of a spiritual nature. If due care and attention is not exercised on the matter it may be possible for the parties with malafide objectives to disturb the minds of the Bhutanese people. Although the resolutions of the past sessions of the National Assembly on proselytization are adequate, it is an issue that needs to be addressed by the Government as well as the religious authorities in the country. The religious bodies in the country must give careful consideration to the matter and promote greater understanding of the Dharma among the people so that they will not become susceptible to proselytization.

Summing up the debate, the Speaker noted that the people of Chhukha Dzongkhag had raised the issue of increasing proselytization of Christianity out of concern that it would undermine the existing religions and the culture and traditions of the country. The Assembly had deliberated on the issue at length and, in the course of the debate, the Home Minister had informed the house that the Home Ministry had spoken to three Bhutanese nationals who had been propagating the Christian faith and given them copies of the National Assembly resolution on the issue of proselytization which were explained very clearly to them. The Home Minister had also informed the house about the false allegations made against the Royal Government regarding this issue in the international media. The Dorji Lopen of the Central Monk Body had informed the house that according to the teachings of the Buddha Dharma other religions should not be criticized or condemned and that people should follow or change religions according to their own free will. However, the Dratshang and the religious institute are ready to start special programmes to promote greater understanding and appreciation of the Dharma if directed to do so by the National Assembly. The Speaker further noted a need for the Lhengyel

Zhungtshog to direct the Government to implement the National Assembly resolutions on the issue of proselytization to ensure lasting peace and harmony in the country. The National Commission for Cultural Affairs, the Central Monk Body and the religious institutions should introduce regular programmes that will explain the fundamental precepts and principles of the Dharma for the benefit of the people. For its part, the Government should extend all necessary support and resources for the implementation of these programmes.

The National Assembly decided that all concerned shall properly implement the previous resolutions passed by the house on the issue of proselytization in the country.

XII. The Industrial Property Act of the Kingdom of Bhutan, 2001

A copy of the draft Industrial Property Act of the Kingdom of Bhutan was distributed to the Assembly members towards the end of the 78th session of the National Assembly held last year. Further a copy of the draft Act that had been further edited, corrected and dated 2001 was again distributed to the National Assembly members on June 29, 2001 and deliberations on the Act by the Assembly started on July 13, 2001.

The Trade and Industry Minister, in the introduction of the Act, said that the development of the industrial sector is vital if the Bhutanese people are to achieve self-reliance, develop in the socio-economic areas and increase employment opportunities. This is why the Royal Government has formulated policies and many strategies and programs for the development of industries in the country. Similarly on the legal front if the industrial resources and the property were made secure, it would encourage growth and provide opportunities for the adoption of new technology in the Industrial sector of the country. Furthermore, Bhutanese industrialists and businesspersons would be

able to collaborate with foreign businesses and this would greatly benefit the initiation of new industries in the country.

The Minister pointed out that other countries in the modern times have reached the stage of growth and development in business and commerce through international collaboration. Likewise to develop the business and commercial sector in the country, collaborative action has to be initiated with businesses in countries with whom Bhutan shares diplomatic relations. These collaborations would not only bring new technology into the country but would also bring financial investments. It would also facilitate export of products from Bhutan.

The Minister said that therefore, the Ministry of Trade and Industry has prepared three Acts which are: one, the Industrial Property Act; two, the Copyright Act; and third, the Commercial Sale of Goods Act. These Acts have been prepared with the assistance and participation of experienced expatriate experts as well as officials from different line ministries and the Judiciary. The draft Act was submitted to the Cabinet and then to the National Assembly. The Minister expressed hope that the National Assembly would also endorse the Act after reviewing and making changes that is deemed necessary. Although a copy of the draft Act was distributed to the Assembly members in the last session a few corrections have been made since then and which needs to be incorporated into the draft circulated in the last session. The Minister pointed out that the Industrial Property Act had three parts: patents and inventions; industrial designs; and marks, collective marks and trademarks.

The Minister informed the Assembly that a system to provide security to industrial property in Bhutan was initiated in 1997 and the Minister submitted that with the endorsement of the Act by the Assembly the system would have legal status. The main objective of the Act is to provide security to the industrial property owner, producer and inventor and ensure that others do not copy the invention without the owner and the inventor's permission.

The Minister pointed out that Part II of the Act deals with patents and the rights thereof and Part III deals with industrial designs, the process of its registration as well as invalidation. Part IV deals comprehensively with trademarks, collective marks and trade names. It also provides for the prevention of unfair competition. Similarly the rights conferred by the registration are also included.

Part V includes the provisions for changes in ownership, representation by agents and licensing. The main point is that if the Industrial Act is comprehensive and good, it would facilitate and make collaboration with expert foreign businesses possible and this would greatly aid the process of economic development in the country. Otherwise even if foreign investors come to Bhutan it would not be of any benefit to the Bhutanese industrial sector. Following this introduction by the Trade and Industry Minister, the frank and free deliberation of the Act, page by page was started.

The Speaker reminded the Assembly that the copy distributed is a draft and not the final version of the Act and further editing in terms of correcting grammatical and typographical errors would be done by the concerned departments. The Speaker called on the members to focus the discussion on the content and in the best interest of the nation and the people.

The Paro Chimi expressed appreciation to the Trade and Industry Minister for the clear presentation and the justification and objectives of the Industrial Property Act. The Chimi added that he did not have any comments on the Act itself but suggested in general that the Acts to be endorsed by the Assembly should be first reviewed by the legal committee that is to be formed and then presented to the Assembly. Once the committee has reviewed the Acts, those Assembly members who do not have knowledge in the related fields and no experience with legal documents would also be able to endorse the Act with confidence.

The Punakha Chimi referred to Part I where it states that the Act may be cited as “The Industrial Property Act of the Kingdom of Bhutan, 2001.” The Chimi suggested that the Bhutanese year be incorporated into the title and this was agreed by the Assembly. The Act would therefore be titled, “The Industrial Property Act of the Kingdom of Bhutan, Year of the Iron Snake Year-2001.”

Apart from a few corrections to the grammatical and other such errors there were no other comments or views expressed on the content of the Act. Therefore, the National Assembly of Bhutan endorsed the Industrial Property Act of the Kingdom of Bhutan, Year of the Iron Snake Year, 2001 on the 2nd day of the 5th month of the Iron Snake Year corresponding to July 13, 2001.

XIII. The Copyright Act of the Kingdom of Bhutan

Towards the conclusion of the 78th session of the National Assembly, the Ministry of Trade and Industry has submitted a draft of the Copyright Act to all the members so that it could be passed in the current session. Moreover, a revised copy of the draft Copyright Act, 2001 was distributed on June 29, 2001, and the debate on it was held on July 26, 2001.

The Hon’ble Minister for Trade and Industry said that the main purpose of the copyright act is to protect and promote literary, scientific, graphic, cinematographic and dramatic works of authors, publishers and the like. According to the act, no one is allowed to copy, translate, sell, lease, license and broadcast any of the above works without the prior permission of the author.

Besides Bhutanese authors, the act also extends to foreign authors residing in Bhutan. It also extends to any country who has signed international copyright conventions, and of which Bhutan is a signatory. However, the act does not extend to any idea, concept, procedure, system, principle or any official text of legislative, administrative or legal nature.

Among many other provisions, the act also lays down the moral rights of authors, and to enable authors and designers earn royalty from their writings or products; the duration of the copyright has been categorized into three groups. There are provisions which specify whether works of authors can be copied without their prior permission. Moreover, the act also identifies the legal entity that will exercise the moral rights of authors after their death.

Today, Bhutan is preparing to become a member of the World Trade Organization. If there were no such acts, it would be difficult for the country to gain WTO's membership.

Copyright act has become necessary as there are many writers coming up in the country. Besides, such an act is indispensable for Bhutan in an age of globalization. If such an act were there, it would further encourage Bhutanese authors and writers. This would then help development of publication industry and related enterprises. It would also help in the promotion of the country's tradition and cultural heritage. The Hon'ble Minister said he would be thankful if the National Assembly passes the act after making necessary amendments and changes.

The proposal of Punakha Chimi that dates corresponding to Bhutanese calendar be reflected in the title of the act, Copyright Act of the Kingdom of Bhutan, 2001, was endorsed and passed by the National Assembly.

XIV. The Commercial Sale of Goods Act of the Kingdom of Bhutan

Towards the conclusion of the 78th session of the National Assembly, the Ministry of Trade and Industry has submitted a draft of The Commercial Sale of Goods Act of the Kingdom of Bhutan to all the members so that it could be passed in the current session. Moreover, a revised copy of the draft of The

Commercial Sale of Goods Act of the Kingdom of Bhutan, 2001 was distributed on June 29, 2001, and the debate on it was held on July 17, 2001.

The Hon'ble Minister for Trade and Industry said that the commercial sale of goods and taxation system has existed for a long time in the world. In the Thrimshung Chhenmo also, this system has been reflected to some extent. However, the increasing number of people engaged in trade and commerce has necessitated a specific act for commercial sales of goods. Considering the importance of this act, the Ministry of Trade and Industry has started drafting it since 1997. Except for movable goods, the articles of the act do not apply to the handling and protection of services, securities and immovable properties. A contract for the sale of goods exceeding Nu.100 should be indicated in writing. Legal stamps and signature of the two contracting parties must be stamped on it. If both the signatories to the contract are residing in Bhutan, the contract between them must be attested by disinterested witnesses whose name must also be written down. If provisions of the written contract are found to be contradictory, there must be a person to interpret and take decision. If the contract were to be amended, it must be indicated in writing. An oral agreement will not effect any change. The general responsibilities and obligations of the contracting parties are also stipulated. Besides, there are clauses governing the change in ownership of goods.

Moreover, there are clauses pertaining to handing and taking over of goods between buyers and sellers, acceptance of identification procedure and payment for casualty of goods. The Chathrim takes into account the advantages and difficulties faced by buyers and sellers. With such a Chathrim available, people engaged in businesses in the country will be greatly benefited. It also cultivates trusts and confidence of non-Bhutanese parties while engaging in business with them. If disputes arise and the cases are forwarded to a court of law, it is very convenient to process them. As the country develops, trade and commerce also

flourishes. A strong and clear Chathrim helps in undertaking business ventures in an honest way.

The Haa and Punakha Chimis pointed out that any act or legislation is written down in both Dzongkha and English. The one in Dzongkha is used as the basis of interpretation. It is important to translate from Dzongkha to English without losing meanings of the provisions.

The Speaker reminded the National Assembly that irrespective of which version the members read, the Dzongkha text will be used as the basis of interpretation if disputes arise. He invited frank suggestions, views and reservations on provisions listed in every page by highlighting the importance of considering their benefits to the nation, the people and the business community.

The Punakha Chimi commented on the article ‘Power to Transfer; Good Faith Purchases of Goods; “Entrusting”’ listed on page 17. Article 3.1 reads ‘Any entrusting of goods to a merchant who deals in goods of that kind gives the merchant the power to transfer all rights held by the one entrusting to the one who buys the goods in the ordinary course of business’. It is followed by a note which reads, ‘Entrusting means any acquiescence in retaining possession of the goods regardless of any condition specified by parties and regardless of whether the entrusting or the possessor’s disposition of the goods are deemed to be larcenous under the criminal law’. The Chimi remarked that the meaning of this note is not clearly comprehensible.

In response, the Hon’ble Minister for Trade and Industry informed that the first draft act was written in English. While translating it into Dzongkha, there have been omissions and additions, which could not be explained clearly. The title of the article 31.1 on page 17 which reads “Power to Transfer; Good Faith Purchases of Goods; “Entrusting”” has already been replaced by ‘Power to Transfer; Purchase and Entrusting of Goods through Good Faith’. The sentence

‘If a buyer purchases any good entrusted to a merchant who deals in goods of that kind in the ordinary course of business, the buyer acquires all the rights over that good’ replaces the one of article 31.2 listed on page 18.

‘Note: ‘ “Entrusting” means entrusting the good to a merchant who deals in goods of that kind’. The suggestion of some members to rephrase the note thus was endorsed by the Assembly. The few errors of words and phrases of the draft of the Commercial Sales of Goods Act were corrected without altering the meaning of the articles. Thus the Commercial Sales of Goods Act of the Kingdom of Bhutan, 2001 was passed by the National Assembly on July 17, 2001.

XV. Cooperatives Act

A copy of the draft Cooperatives Act was distributed to the honourable Assembly members by the Ministry of Agriculture towards the end of the 78th Session of the National Assembly last year. Further, copies of the revised Act dated 2001 was distributed to the Assembly members on July 29, 2001 and deliberations on the Act started on August 18, 2001.

Introducing the Act, the Agriculture Minister said that the main reason for the preparation of the Cooperatives Act is to ensure that the development activities being undertaken by farmers with assistance from the Government are sustainable. As the preparation of the Cooperatives Act is a planned activity of the 8th FYP, the Council of Ministers instructed the Ministry of Agriculture to take the lead role in its preparation. Thereafter, a committee with representation from the Ministry of Trade and Industry, Ministry of Home Affairs and the Ministry of Agriculture was formed to draft the Act. The services and technical knowledge of a representative from the Judiciary and an expatriate expert were also made available to assist the Committee with the formulation of the Act.

The Minister informed the Assembly that the Act has been drafted towards the service of the Tsa-Wa-Sum with its basis in the traditional values of self-reliance, which have evolved from the Bhutanese culture. Further, the Act is also in harmony with universally accepted principles of co-operatives.

The Minister summarized the essence of the nine chapters in the Act and said that the government's policy and efforts to encourage and strengthen cooperatives is in the best interest of the people. His Majesty the King's wish and the country's most important policy is the self-reliance of the people. Therefore, if the cooperatives to be established can take over the economic development initiatives of the Royal Government, it would be the actual realization and fruition of the government policy and it would contribute greatly to the economic development of the country.

Once the Cooperatives Act is completed, the Home Ministry would be responsible for its implementation and the main responsibilities to be discharged would include registration of all cooperatives and requiring all registered cooperatives to submit annual report including financial reports. Responsibilities would also include the monitoring and evaluation of the cooperatives ensuring that they abide by the Act, their Constitutions, By-laws and Rules.

The Minister pointed out that the Act provides for the following four types of cooperatives to be organized under it: primary cooperatives, federation of cooperatives, minor of cooperatives and special types of cooperatives. The Act has clear provisions covering membership and registration and furthermore there are provisions for the cooperatives to become Cooperative Banks.

The Minister reported that for its governance, cooperatives would formulate their own constitution and By-laws and would hold regular general assembly meetings annually. Further, every cooperative shall have a Board of Directors and shall elect from its members a chairman, a vice chairman, a secretary and a

treasurer. Board meetings are required to be held monthly and the Act has provisions covering the quorum required for these meetings, the formation of committees for finance and audit as well as termination of membership. The Act covers the financial management of cooperatives including the deviation of capital, receipt of donations and assistance as well as its accounting.

The Minister also informed the Assembly that the Act also includes provisions for the merger of two or more cooperatives as well as dissolution in case of unfavourable conditions. The view and efforts of the government to develop and promote cooperatives were also reported to the Assembly.

The Minister highlighted the changes made in 3 pages of the draft Act circulated last year and explained that this was in order to make the Act easier for the people to understand. It was pointed out that the copy circulated last year did not have a preamble which has been added in the present copy as per the proposal of the Assembly. The preamble says that the Cooperatives Act is “An act to provide legal framework for the formation of Co-operatives, in order to facilitate economic development”. Further, some corrections have been made to make the terms clearer. These corrections include amongst others, primary cooperatives to be understood as preliminary cooperatives; similarly the ‘Values and principles of co-operatives’ has been changed to “Values and provisions of co-operatives”; and Union of Cooperatives has been changed to Central Cooperatives.

During the consideration of the Act, page by page by the Assembly and in the subsequent discussions, the Samtse Dzongda and the Punakha Chimi proposed amendments to the terminology which were accepted by the Assembly.

In Article 1 on the first page the year was changed to Female Iron Snake Year and year 2001.

In Article 12 of Chapter 4 on page 17, the Department's *Chagthram* was charged to the Department's *Laythram*.

In continuation to point 7 under "Contents of By-Law" in Article 13 of chapter 5 on page 22, the quorum should include a lower limit of at least 4 members.

The Agriculture Minister proposed that "...Board and officials..." on page 21 under chapter 21 be changed to "...Board and office staff...". This was endorsed by the Assembly.

The Speaker concluded the discussion during the review by the National Assembly, noting that of the Cooperatives Act page by page there were only editorial corrections and comments made by the Assembly and as there were no comments on the content the Bhutan Cooperatives Act 2001 was declared as being endorsed by the National Assembly on July 18, 2001 coinciding with the 27th day of the 5th Month of the Iron Snake Year.

XVI. Income Tax Act of the Kingdom of Bhutan

A copy of the draft Income Tax had been distributed to the Assembly members towards the end of the 78th Session of the National Assembly held last year. In addition, on June 29, 2001, a revised and edited copy dated 2001 was again distributed to the members and deliberation on the Act started on July 18, 2001.

In the introductory remarks, the Finance Minister said that the Bhutan Income Tax Act had been approved by the Cabinet quite sometime ago and till now no problems have been encountered in its implementation. In view of the short and long term interest of the nation it would be important for the Act to be discussed and endorsed by the National Assembly. Under the Act, tax is divided under three different categories: corporate income tax, business income tax and personal income tax. First under the corporate income tax, all companies

registered under the Companies Act, endorsed in an earlier session of the Assembly, as well as companies or legal entities meeting certain specific conditions are liable to this form of tax. Second, small business such as shops, transport or contractual businesses etc. are liable to business income tax. Third, liability to the personal income tax is on all Bhutanese people.

The Minister informed the Assembly that corporate and business income tax have been started quite sometime ago and has been implemented for many years without causing any undue burden or problem to any one. However, the Personal Income Tax (PIT) is being introduced in Bhutan for the first time and as there have already been some criticism and hesitation about it, copies of the Act have been distributed from last year in order to give time for the representatives to discuss with the people and thereafter deliberate upon the Act in the present session of the Assembly.

The Minister pointed out that although the personal income tax is generally thought of as something new, apart from the terminology, it is actually not very different from the traditional practice of *woola* etc. which were prevalent in Bhutan and was levied in accordance to the household income levels. Except in one or two countries in the world, personal income tax is a universally accepted and practiced form of taxation and in most countries PIT is the main form of internal revenue. PIT in Bhutan has been discussed a few years earlier but has been delayed due to the lack of a legal framework and also during the celebration of the coronation silver jubilee, His Majesty the King commanded that the personal income tax be postponed for a while.

Out of concern that the system of PIT may be further delayed, the necessary tax officials and manpower needs as well as the basic office setup has already been seen to in the Ministry of Finance. Further, the new tax has been widely discussed with civil servants, businesspersons and others and it is evident that the introduction of this tax would not cause much problems or difficulties.

Therefore, it is being submitted to the National Assembly for endorsement after reviewing and charging whatever is felt necessary.

The Minister pointed out that as the country develops, PIT would become the most important category of income tax. Therefore, if the PIT can be initiated, whatever constraints in relation to tax are being faced at present can be addressed and the national development efforts can be undertaken comfortably. This is the main purpose of initiating the personal income tax.

The Minister said that above all, the main policy objective of the Royal Government is the achievement of national self-reliance and personal income tax can contribute significantly towards it. For instance, the total internal revenue of Nu. 4,613 million can only meet 46% of the total expenditure, basically just meeting the recurrent expenditure. As the internal revenue cannot cover capital expenditure finances amounting to approximately 54% to 60% of the total public expenditure has to be mobilized from outside the country. Therefore the aspiration of self-reliance remains mere rhetoric and not a reality. In the past, the Bhutanese were not able to pay PIT, as incomes were low. But today, thanks to the Royal Government, people have benefited from the development and it is important that all the citizens contribute as per the individual's capacity, towards the nation's security and development.

The Minister informed the Assembly that even in the donor countries, essential services are not provided free of charge and in fact the citizens are liable to high tax rates, PIT being anywhere between 50 to 60%. Although Bhutan is not a wealthy country, up to now Bhutanese are among the least taxed people in the world. In addition, the government through financial resources mobilized from donors continues to provide essential services free of cost to the people with the government bearing the entire burden. The Minister explained that in view of the national policy of self-reliance and the steady pace of development in the

country donor countries cannot continue to extend assistance and therefore it is important to increase the revenue generation within the country.

The Minister pointed out that with regard to revenue generated domestically, the total rural tax including taxes on house, livestock, land etc. comes to a total of just over Nu. 8 million, which is not even 1% of the total income tax collected. Similarly, total business income tax amounts to Nu. 201 million, which is about 4% of the total income tax. Looking at the situation in other countries, business income tax should be about 40 to 50% of the total income tax. In addition, besides the direct taxes, other taxes such as sales tax and custom duties etc. can be levied but till now the government has not levied most of these taxes and those levied are also at a minimal note. Therefore, sales tax and custom duties only come up to Nu. 963 million, which is about 21% of the total taxes.

As the revenue collected from the people and businesses in Bhutan is a very small proportion of the total revenue, the national revenue is mainly dependent on the Chukha Hydro Power Project, which contributes more than 40% to the total revenue. The Minister pointed out that about 70% of the domestic revenue is generated by the government and it should be borne in mind that only 30% of the revenue is generated by the people.

The Minister said that in other countries taxes make up the entire public revenue. In Bhutan, if income tax on the people is not raised even a little there is great risk that it would result in a situation of the people being perpetually dependent on the government and the government on donor countries. It is His Majesty the King's desire that the income of the people be equitable. In this regard, PIT is an effective strategy that could make the fortunes of the people more equitable. Therefore, if a good personal income tax system is not put in place, the gap between the rich and poor would become very wide. To bring the people to a more equitable level of wealth and fortune, the personal income tax is most important because the PIT would require those with high incomes to pay

high taxes, and those with low income would pay lower amounts and those with no incomes would not have to pay any taxes. Thus it would greatly benefit in the equitable distribution of wealth. The Minister reminded the members that therefore, it must be kept in mind that such a system being introduced by the government is nothing shocking.

As proposed by the Punakha Chimi the Assembly resolved that article 1(e) on page 2 would be made 1(f) and 1(e) would specify “the Ministry of Finance would include a report on income tax in its Budget Report Presentation to the National Assembly every year”.

The Finance Minister said that as may be known to all the members, His Majesty the King has repeatedly commanded that taxation on the Bhutanese people should be in accordance with the law. Therefore, till now the Royal Family, Ministers and all the Bhutanese people, irrespective of wealth or social status, have been paying taxes as per the law, be it in business or commerce or any other activity. Hereafter, too, PIT would be liable without exception on all taxable incomes be they Ministers, Royal Family or anyone else. Further, the authority to decide upon the sales and business tax as well as its rates would be with the National Assembly and not the Ministry of Finance and as submitted by the people, henceforth the Ministry of Finance would present a report with regard to taxes in the National Assembly every year.

The Minister pointed out that once the personal income tax is endorsed by the National Assembly it would be liable on all Bhutanese people with taxable incomes. Other countries, when they introduced the personal income tax in the past did not have any experience or example to learn from and later had to face many related problems and difficulties. Whereas, Bhutan, starting at the right time has the opportunity to review, observe and learn from many experiences around and the world and formulate the most appropriate and relevant system

for Bhutan and therefore there is no doubt that most problems and difficulties can be avoided.

The Ministers informed the Assembly that in line with the provisions on PIT, anyone with annual income less than Nu. 100,000 would be exempted from this tax. It is only one or two other countries that have this high a tax exemption level. Although in the interest of self reliance all Bhutanese people must contribute in accordance with individual capacity, Nu.100,000 has been set as the tax exemption level and furthermore, as the PIT would be levied per individual the total household taxable income can be shared amongst family members including minors thereby reducing the taxable income. For instance, in India and Nepal, annual incomes above Nu. 50,000 is taxable while in Bhutan the level has been set at Nu. 100,000 and Bhutanese with annual incomes lower than this level will not have to pay PIT. Therefore, no problems and difficulties are foreseen with the introduction of personal income tax in Bhutan.

The Minister further explained that the PIT is liable to those with incomes from salaries, real property, dividends from fixed business shares, cash crops, intellectual property, interest from fixed bank deposits etc. Furthermore, in the absence of such an Act, it is not possible to levy income tax on the few big expatriate contractors working in the industrial sector in Bhutan. The Minister pointed out to the Assembly that, therefore, it has become very important for the National Assembly to endorse the Act. The Assembly then started the deliberations on the 3 parts of the Act, with a brief explanation of every chapter.

The Paro Chimi said that while it is high time that the Act was endorsed and implemented, it is also necessary that views and thoughts be expressed frankly right from the beginning, as it will be difficult to amend the Act at a later date. The Chimi expressed the opinion, with reference to 4.1 of Article 4 on page 47 that while the tax exemption level was set at Nu. 100,000, to benefit the people

and in the interest of the poor, it would be appreciated if this level could be set at Nu. 200,000.

In response, the Finance Minister said that the tax exemption level set at Nu. 100,000 is itself a very high exemption level and if this level is further raised to Nu. 200,000 most of the people would not be in the taxable income group. The PIT is not a burden that is beyond the capacity of the people and the main purpose of the PIT is for the citizens to contribute in line with one's own individual capacity, towards the country's socio-economic development, provision of services and in ensuring national security.

The Minister pointed out that the people in the Dzongkhag meetings and the National Assembly sessions express their whole hearted support to the nation in its time of need and express their willingness to extend material and physical support and even stand ready to sacrifice their lives, if necessary. This continues to be a source of pride and inspiration to His Majesty the King and the Royal Government. If today the people contribute in the form of PIT whatever little they can afford, there is nothing more that needs to be given to the country.

The Minister informed the Assembly that to date, civil servants in grades higher than 14 with incomes of Nu. 50,000 per annum pay taxes. With the PIT, incomes below Nu. 100,000 is exempted from tax and so only civil servants in grade 7 and above would be required to pay the PIT. If the tax exemption level is increased to Nu. 200,000, the civil servants as well as most of the business people would be exempted from tax.

Furthermore, besides the tax exemption level being set at Nu. 100,000 the Minister again pointed out that the PIT is individual and taxable income can be divided amongst the family members, which will mean that most family incomes will be tax-exempted and as it is, it would be difficult to have people in the taxable income group even in the next 8 to 9 years.

The Minister stressed that the PIT is not in any way a burden that is beyond on individual's capacity and urged that the Assembly endorse Nu. 100,000 as the tax exemption level. As there were no further objections raised by anyone it was decided that the PIT exemption level would be maintained at Nu 100,000 without any change.

With reference to (b), (c) and (d) under 4.2 of article 4 on page 44, the BCCI representative pointed out that tax on income from real property, dividends and interest is also reflected in the corporate and business taxes and queried why these incomes were taxed doubly.

In response, the Finance Minister said that as mentioned earlier the main purpose of taxation is not to generate revenue for the government but to ensure a more equitable distribution of wealth amongst the people. Therefore, tax on dividends will only be applicable to the wealthier people who have shares in the big companies and not on those who cannot afford to buy shares. This system is not exceptional to Bhutan but is applied everywhere in the world.

The Minister also informed the Assembly that tax on the company and the shareholders have been differentiated and income tax is levied differentially as it is the universal practice for the company not to bear the entire brunt in case the company runs into problems. Although corporate taxes are prevalent everywhere in the world, the dividends are not considered important in view of its smallness in size.

However, in Bhutan as some of the shareholders in some companies earn dividends up to 100 to 150% it amount to a substantial sum of money. Therefore, if PIT is not levied on the dividends received by these shareholders, it does not make much difference to levy PIT on low-income businesses.

Therefore, it is important that PIT is levied on all incomes from dividends, interest, cash crops etc. unless the incomes earned are small. As there were no further objections raised to the submission of the Minister, the point questioned by the BCCI Chimi was left unchanged.

Referring to 4.2 under article 4 on page 49, the Chukha Chimi submitted that as cash crop cultivation in the country is in the process of picking up momentum and cash crop trade and business has not yet been well established, income from cash crops may be considered for tax exemption.

In support to this submission, some Chimis also said that cash crop is a growing activity which is not yet well established and furthermore there are some families who do not have other agriculture lands and rely completely on cash crops for their sustenance. Moreover in an agricultural country like Bhutan tax on income from such agricultural activities would greatly discourage the people. It was suggested that PIT on cash crops be delayed to such a time that cash cultivation is well developed.

In contradiction most of the other Chimis, expressed that just as a father will not give poison to his son, the Royal Government will also not prepare an Act that would be harmful to the people. If such an Act is not put in place now, it would only result in problems later. In addition, all the development initiatives in the country have to be undertaken with assistance from donor countries and delay in programme implementation due to financial assistance not coming through on time has been known to happen. Therefore if the requirements can be met domestically such obstacles and constraints would not arise. Furthermore, in the present age of global change, it is of great importance that our country becomes self-reliant. It is, therefore, necessary that the taxes which have been considered and proposed by the government be implemented and concerted efforts are made to make the country self-reliant. In this context, it is relevant that tax be paid on income from cash crops. Based on cash crops, people can

generate and contribute substantial revenue and to further encourage the people in cash crop cultivation, the government must explore and establish markets for cash crops in the other neighbouring countries besides India and Bangladesh. It was decided, therefore to retain the PIT on cash crops as proposed without any change.

Referring to 6.3(b) under Article 6 on page 51, the BCCI representative proposed that the 10% of the rental income for the purpose of repair and maintenance cost be increased to 20%. The Assembly endorsed the proposal.

The Assembly added to article 12(c) on page 55 besides the actual expenditure on education that an upper limit of Nu. 50,000 would be tax deductible.

The BCCI and Haa Chimis submitted that the PIT of 10% for incomes between Nu. 100,000 and Nu. 200,000; 15% for Nu. 200,000 to Nu. 300,000; 20% for Nu. 300,000 to Nu. 500,00 and 30% for Nu. 5,00,000 and above specified under Article 14 on page 56 be reduced to a more appropriate level.

To this, the Finance Minister proposed that the following PIT rates be applied: 10% for incomes between Nu. 100,000 and 250,000; 15% for 250,000 to Nu.500,000; 20% For Nu. 500,000 to 1000,000; and 25% for Nu. 1,000,000 and above. This proposal was supported by most Chimis and it was endorsed as such. The subsequent comments were editorial in nature and as there were no other comments on the content of the Act, the National Assembly endorsed the Income Tax of the Kingdom of Bhutan 2001.

XVII. Bill for Civil and Criminal Procedure Code

Towards the conclusion of the 78th session of the National Assembly, the Judiciary of Bhutan has submitted a draft of the Bill for Civil and Criminal Procedure Code to all the members so that it could be passed in the current

session. Moreover, a revised copy of the draft of the Bill was distributed on June 29, 2001, and the debate on it was held on July 20, 2001.

The Speaker said that there is no permanent representative of the Judiciary in the National Assembly. The Hon'ble Chief Justice has been invited as a special guest so that the honourable members can make suggestions and seek clarification on the Bill. He asked the members to be very frank in their views while suggesting amendments, additions or deletion of any provisions of the Bill.

The Hon'ble Chief Justice expressed gratitude of the Judiciary for the opportunity to present the historic Bill on Civil and Criminal Procedure Code that records appreciation for the laws of the past, and also provides direction for the future.

His Majesty the King has repeatedly commanded the Judiciary to guarantee and secure justice for all the people of Bhutan. In accordance with this command, there have been unprecedented judicial reforms undertaken in the last decade.

Courts were improved; judicial quality enhanced through training and accountability. Rules of procedures were reviewed to expedite the judicial process and backlog of cases. In order to confer legislative authority, His Majesty the King commanded the High Court in 1991 to draft the Bill to implement judicial procedural reforms.

On January 23, 1995, His Majesty the King has commissioned a high-powered Cabinet Committee to deliberate on the proposed Civil and Criminal Procedure Code. The first meeting of the Committee was convened on July 27, 1995 followed by a second meeting on July 28. Another meeting was convened on July 5, 2000 where the Committee deliberated over the draft Code and amended it. The Lhengye Zhungtshog deliberated over it twice on June 4 and 21, 2001.

The law pertaining to procedure is an important branch of the law. It is a *san qua non* for meaningful exercise of substantive rights that deters arbitrary decisions. It is also the soul of justice. Provisions of law relating to procedure are included in various acts, the Thrimzhung Chhenmo of 1959, *Kadyon* and the Police Act, 1980. The provisions stipulated in different acts needed to be consolidated. Enactment of such a consolidated act will enhance the credibility of the legal system of the country. Therefore, the National Assembly must amend and endorse the historic procedural code, which has been envisioned by His Majesty the King to ensure efficient judicial system. The Bill is not a mere code that only stipulates the procedural rules to render the legal proceedings effective. It is a reflection of the essence of justice in the country. It also reflects the national ethos of a religious country. Major doctrines and principles of Bhutanese culture and religion have been enshrined in it. However, the new code does not deviate completely from the existing procedure. It is based on Thrimzhung Chhenmo and *Kadyon*.

Laws are not mere heirs of the past but predictors of the future. The contents of the code fulfill its descriptive functions that reflect the values held by society and it serves its normative function as a tool for change of those values.

The Bill is intended to ‘maintain the quality of an unimpaired flow of heavenly stream of Justice’ and to ensure internal harmony of the present and future generation. As with other laws, the objective of the code is to promote virtues, positive values and above all ensure rights. The Bill would promote the rule of law, fair trial and due process of law.

The 1959 Thrimzhung Chhenmo ordains,

“The noble Thrimzhung clearly reflects all aspiration,
This immaculate code shines like the sun in sky.”

The rule of law is a basic requirement. An independent and impartial arbiter of the provisions is indispensable in maintaining the rule of law.

The court will facilitate accessibility to courts, transparency, accountability and independence of the Judiciary and case management. The code will promote efficient judicial processes and enhance judicial performance through court management, structure and advance certainty. It will improve the internal administration of courts.

The Civil and Criminal Procedure Code is one of the most important factors for promoting justice. It will respond positively to the concerns of the people. Public confidence in the Judiciary can be achieved through professionalism. Therefore, the Code will ensure that evidences are established and justice obtained.

According to Mipham Wangpo;

Wise in law, indiscriminate,

Fair and conscientious in examination

Aware of the laws of cause and effect

Noble is the justice thus imparted!

The Code will help promote indiscriminate verdict, right to fair hearing of cases, and strengthen the independence of the Judiciary. This responds to various judicial needs of the people. It helps fulfill the goals of Gross National Happiness.

Many legal terms and phrases in the Bill would appear difficult to comprehend. However, the Bill is not an exception. Other acts also have such terms and words. The ones in this Bill can be understood grammatically and structurally in relation to Kanjur and other texts as from which they were derived.

Precise words make a better law and when such precision is required, there is no other safer alternative than to draw words from these texts. They are so profound in meaning. Besides, there are quantitative and qualitative literatures to support them. Right terminology guides the future of humanity, regulate the standards and norms of societies and nations. Terms and vocabularies must reflect cultural traditions and values to command obedience not only in terms of legal compliance but also in spirit.

Further, the future judges and Jabmis must learn such legal vocabularies during the Bhutan Legal courses. The people must also learn them through legal education programmes. They must become experts in Bhutanese laws. Besides, people who are authorities on law enhance the quality of justice.

The Bill of Civil and Criminal Procedure Code is the fruit of nine years of hard work. It has been researched and reviewed by scholars and judges for many years. The Hon'ble Chief Justice extended appreciation and gratitude to members of Cabinet for their suggestions and comments.

It is the noble responsibility of the honourable members of the National Assembly to respond or retract from enacting this historic code. Although the contents may differ, the procedural code is inevitable. It is extremely vital that non-indigenous influences are prevented, and local cultural values promoted. Once the code is endorsed, the justice system under the rule of law will become reliable. The justice system would be greatly strengthened. It would become a legitimate source of pride and inspiration not only for the Judiciary but also for all the people of Bhutan. The Hon'ble Chief Justice concluded his presentation by entreating that such opportunity to make history must not be squandered off.

The Chimis of Punakha and the BCCI said that in Bhutan, 'the people are the ones adored by the monarch, the people aspire for peace and happiness, and the root of peace and happiness is justice'. Hence, the peace and prosperity of the

country depend upon the presence of a strong judicial system. As the country undergoes changes according to time, there is a need for a strong Judiciary without which there would be no peace and prosperity in the country. The Chimis extended gratitude to the Judiciary for preparing such a code with great vision and insight. They however pointed out that there are contradictions among provisions on page 1. The article 1.2 stipulates that no provisions of the Code will affect the clause Om Ah Hung of the 1959 Thrimzhung Chhenmo. Nevertheless, the fact that clauses Ka to Chha of the article 1.3 are repealed, chapter 11 and 12 and Ka-5 of Thrimzhung Chhenmo, articles Ka-13, 19, 27, 28, 29 and 30 Police Act of 1980 is a contradiction. Therefore, they requested that the two articles should not be included in the Code. All the law in the country should conform to the commands of His Majesty the King who is the ultimate object of trust and confidence of the people, the source of love and well-being and also the object of refuge. If the National Assembly repeals the commands of His Majesty the King, a time may come in future when no one would respect His commands. It is also an inauspicious omen. They requested that unless His Majesty commands otherwise, the clause should not be repealed.

The Hon'ble Chief Justice responded by saying that the inclusion of the clause 1.2 should be considered by the honourable members. However, if slight changes are not made in clause 1.3, there will be many inconveniences while cases are being adjudicated. It is important to consider changes in words of the clause rather than repeal it altogether.

There has been no specific command of His Majesty the King while the National Assembly amended provisions Ka to Cha of the Thrimzhung Chhenmo earlier. There is no deviation in procedure when the provisions are being repealed today. It is important for the honourable members to consider if His Majesty's name should be referred to every time laws are amended.

A Royal Advisory Councillor said that the people express their concern when they challenge the repealing of articles indicated in clause 1.3-Ka to Chha.

Although the extent of the provision Om Ah Hung of the Thrimzhung Chhenmo has undergone change according to time, its inherent meaning remains unaltered. The main reason for repealing the articles has been to do away with the need to award punishments in the name of His Majesty the King, who is the source of love and well-being of the people of Bhutan.

In response, the Chimis of Paro, Punakha and the BCCI said that the legal committee has earlier made amendments without any command from His Majesty the King. This has not caused any difficulty. However, the repealing of clauses Ka to Chha of the Om Ah Hung provision as indicated in the Bill for Civil and Criminal Procedure Code without the command of His Majesty the King gives possibilities that any decree or command issued by His Majesty in future may not be respected. Therefore, it is important that the National Assembly receive specific decree or command of His Majesty if the provision is to be repealed.

The Hon'ble Foreign Minister expressed support for the Bill for Civil and Criminal Procedure Code which has been presented by the Hon'ble Chief Justice. He said it is highly laudable that no one has made submissions regarding the need to postpone it. Of the two points debated upon, the Hon'ble Chief Justice has said that the resolution of the members on the Om Ah Hung provision indicated in article 1.2 shall be accepted. The article must definitely be included in the code. Implementation of many of the acts passed in the previous year and this year has to depend on the Code. Therefore, it is extremely important that the provision Om Ah Hung of the Thrimzhung Chhenmo be included in the Code.

It appears that the system changes rather inauspiciously when the National Assembly repeals the article 1.3 which has been formulated by His Majesty the King. Therefore, the concerns and apprehensions expressed seem justifiable.

The National Assembly has the full authority and mandate to amend or repeal any legislation. The Hon'ble Chief Justice has submitted the draft Bill for Civil and Criminal Procedure Code to His Majesty the King. Besides, the Lhengye Zhungtshog has also deliberated upon it very intensely and made amendments after reviewing it.

Therefore, it is fitting if it were agreed that the National Assembly must have the command of His Majesty the King in amending or repealing any acts in the present session. There would not be any inconvenience either if specific command of His Majesty were sought in repealing or amending the article and their clauses.

His Majesty has not expressed any impermissibility with clauses Ka to Chha of the article 1.3 when the Bill was submitted to Him. However, if yet another specific command were sought from His Majesty, it would be a very commendable decision.

In support, a Royal Advisory Councillor said that if the clauses Ka to Chha were closely analyzed, they deal mostly with discretionary powers of the judges, method of adjudication and of awarding punishments. They do not conform in any way to the provision Om Ah Hung of His Majesty the King. For example, according to clause 8 of article Ga, litigants have to be awarded prison sentences in the name of His Majesty the King if they refuse to sign on the verdict. Once the Code is endorsed, it is not necessary to award punishments in the name of His Majesty. Moreover, the code clearly specifies as to how the 11 different provisions of the Code will be implemented. The previous provision all deals with their implementation by the judges. Since the Code stipulates rights of not only the judges but of the litigants and Jabmi, it would be very functional once it is endorsed.

The BCCI Chimi commented on article 18 on 'Advisory Jurisdiction' listed on page 6. He said that the phrase 'it is expedient to obtain the opinion of the Supreme Court' pertaining to a question of law or fact must be rephrased to read as 'If the Supreme Court were commanded, it shall hear the question and submit to His Majesty the King'. Since no other members of the Assembly challenged the suggestion, it was endorsed.

The Chimi also pointed out that the phrase 'in which Bhutan or the Government of Bhutan is a party' of clause 4 of article 22 on page 7 is difficult to understand. The Assembly agreed that it must be changed to make it more understandable.

The Punakha Chimi commented on article 30 on page 9 titled as 'Powers to Make Rules (*Chayig*)'. He questioned the basis of the meaning of words such as *Chayig*, *Thrimlug* and *Thrimyig*. Which of the words is relevant? Are they synonymous? He asked for clarification on the usage of the words and their appropriateness?

The Hon'ble Chief Justice responded by saying that the word *Thrimlug* refers to one singular law of the country; it constitutes of both the secular and religious laws. Zhabdrung Ngawang Namgyal had codified the *Chayig Chhenmo* from 1617-1619 while instituting the Talo Dratshang. Keeping in line with this tradition, *Chayig* refers to minor acts while *Chayig Chhenmo* has direct reference to the Dratshang.

The Hon'ble Minister for Agriculture proposed that the acts endorsed hitherto may be called Chathrim while those codified hereafter by ministries who are empowered to do so may be called *Chayig*.

The Speaker said that any legislation enacted hereafter would be known as Chathrim. Those rules and regulations derived from it for internal enforcement by the ministries would be known as *Chayig*.

The Punakha Chimi also commented on article 49 listed on page 15. While legal disputes arise in villages, the litigants normally fix the *bah* ranging from Nu.500- Nu.1000 if the case is to be resolved through internal compromise. He asked for a briefing from the Hon'ble Chief Justice regarding fixture of a standard amount of *bah* so that inconveniences are avoided while opting for compromise on disputes in villages.

The Hon'ble Chief Justice said that the concept of *bah* is unique to Bhutan, and is not found in other countries. Hence, the Judiciary has retained this practice. A fruitful discussion has been held on it, and it was decided to retain the practice. He said it would be appropriate if the practice followed in the Dzongkhag court were observed in the villages. The Assembly resolved that it would be thus observed.

The BCCI and Punakha Chimis commented on article 53 listed on page 16. They suggested that the phrase 'unavailable' from the sentence 'A deposition of an unavailable witness may be introduced into evidence at proceedings' should be substituted with a more appropriate one. The Chief Justice said that a more relevant phrase would be incorporated at a later date by keeping this suggestion in mind.

The Zhemgang and BCCI Chimis submitted that the word 'ka bab' in article 64 which is titled 'Preliminary Injunction' should be replaced by 'kab bab'. The Hon'ble Chief Justice said that the word is not a new coinage but taken from the scriptures. The Assembly however, endorsed the change proposed by the Chimis.

The BCCI Chimi commented that the phrase 'financial penalty' in article 99 listed on page 29 is not consistent with the sentence. As submitted by the

Hon'ble Chief Justice, the National Assembly resolved that a more appropriate phrase would replace it.

The Punakha Chimi pointed out that the phrase 'will be' in clause 183.5 on page 60 must be replaced with a more appropriate one. The Hon'ble Chief Justice extended appreciation for the comment and said that it would be replaced by the phrase 'must be'.

The Bill for Civil and Criminal Procedure Code of the Kingdom of Bhutan has been submitted to the honourable members of the National Assembly on the 9th day of the 5th month of the Iron Snake Year corresponding to June 29, 2001. The debate on it has been held the following day in the National Assembly. A comprehensive discussion was held referring to its contents page by page. Amendments in words and phrases, and changes in concept and meaning have been successfully accomplished. Hence, the National Assembly passed the Bill for Civil and Criminal Procedure Code on the 3rd day of the 6th month of Iron Snake Year corresponding to July 23, 2001.

XVIII. The Livestock Act of Bhutan

A copy of the draft Livestock Act of Bhutan prepared by the Ministry of Agriculture was distributed to all the members of the Assembly on June 29, 2001 corresponding to the 9th day of the 5th month considering for endorsement by the Assembly from July 25, 2001. At the beginning of the deliberations the Agriculture Minister presented the following summary as an introduction.

The Minister reminded the Assembly that the Livestock Act was drafted in 1980 to ensure people's income from prevention of livestock diseases as well as prevent those related diseases communicable to humans. The draft Act was endorsed by the 54th session of the National Assembly in 1981.

A lot of good experience has been gained in the 20 years of implementing the above law and the implementation of livestock development and management programmes. Therefore the Ministry of Agriculture has prepared and submitted the revised draft of 2001, which is based on the previous Livestock Act, for consideration and endorsement by the National Assembly.

When Acts were drafted in the past there were neither qualified professionals nor the experience in such matters so expatriate experts had to be recruited to formulate the drafts. These experts did not have any experience or knowledge of the culture, tradition and values and therefore the provisions of the Act could not be made appropriate and relevant to the situation in Bhutan. Furthermore the fees for work and fines specified in the Act were kept at a minimal level and there are problem related to the changes in the present time. A revision of the Act is necessary as many thing which were unknown, unheard and un-experienced at that time are today coming to light and practice.

The Minister explained that the Act deals with livestock development, breeding and setting of standards; with the prevention of zoonotic diseases and with the prevention of livestock diseases in order to enhance economic benefit to the people.

The Act also outlines the basis for setting the minimum standards for livestock produce, failing which exports would not be permitted. It also includes design and hygiene requirements of slaughterhouses that may be set up in the future.

The Minister pointed out that the Act also includes the provisions for animal health services, treatment, surgery and the safe disposal of carcasses of animals that have died from diseases.

The Act further deals with the prevention of livestock diseases from entering the country through the import of livestock from outside. It has provision for animal

welfare and management. The Minister pointed out that although the earlier Act only had 9 chapters, the new version has 12.

The Wangdue Chimi referred to provision 16.4 on page 15 and said that the system of slaughtering animals is not appropriate to the way of life in Bhutan. The new Livestock Act being endorsed presently should include provision for more humane ways of slaughter be it through injection or electrocution so although the animals lose their lives, it is done without pain and suffering.

The Dratshang Representative, Venerable Dorji Lopen and many people's representatives expressed the view that as Bhutan is a Buddhist country, it does not seem proper to have slaughtering of animals and it is important that ways are found to check the slaughter of animals. Furthermore the Act must include provisions prohibiting the sale of meat in the auspicious first and fourth months, the auspicious 10th day of the 5th month, 4th day of the 6th month, Descending Day of Lord Buddha in the 9th month as well as in the auspicious 8th, 15th and 30th days of the lunar calendar. If this is done, Bhutan could be rightfully called a Buddhist country.

The Agriculture Minister expressed concurrence with the submission to the Assembly by the representatives led by the Dorji Lopen, that slaughter of animals does not seem appropriate and proper in a Buddhist country. While it is not possible to completely avoid it, the Minister expressed the view that slaughter of animals and the sale of meat in the auspicious first and fourth months, the 4th day of the 6th month, Descending Day of Lord Buddha as well as on the auspicious 8th, 15th and 30th days of the lunar calendar should be prohibited and suggested that this could be included in the subsequent By-laws and Rules that would be prepared by the concerned department.

The Speaker expressed appreciation of the views expressed by the Dratshang Representative and other members that slaughter of animals and the trade in

meat in the country should decrease and that the sale of meat must be prohibited during the auspicious days. Keeping in mind the international context, it would be difficult to completely ban the meat business. However as proposed by the members, the Assembly resolved that slaughter of animals and meat sale would be strictly prohibited in the auspicious first and fourth months, other days of special occasion including the 4th day of the 6th month, Descending Day of Lord Buddha and on the auspicious 8th, 15th and 30th days of the lunar calendar. As suggested by the Agriculture Minister, this should be provided for in the By-laws and Rules prepared for the implementation of the Act. The Rules should also include painless slaughtering methods based on the use of electricity, which should be worked out by the concerned department.

The Livestock Act of Bhutan 2001 was endorsed by the National Assembly on August 25, 2001 with only editorial and grammatical corrections proposed to be made on the draft and no changes to be made in the content of the proposed Act.

XIX. Bhutan Electricity Act

The Ministry of Trade and Industry distributed copies of the draft Bhutan Electricity Act to the honourable members of the National Assembly on the 9th Day of the 5th Month of Iron Snake Year corresponding to June 29, 2001. While discussing the Act on July 26, 2001, the Hon'ble Minister for Trade and Industry made the following submission.

One of the most important means to address the national goal of enhancing Gross Domestic Product and socio-economic development, and hence achieve self-reliance is the development of sustainable hydropower generation. The most valuable resources of electric power generation in Bhutan's are the perennial rivers. In comparison to resources like oil and gold in countries where they are produced in abundance, rivers in Bhutan can be equated with them and termed as 'white oil' and 'white gold'. It has been estimated that a total of

30,000 MW of hydropower can be generated from rivers and streams in the country endowed with rich natural resources.

Of the estimated capacity of 30,000 MW, only about 400 MW are currently tapped, and revenues earned from it contributes to 45% of the Gross Domestic Product. Since there are ample hydropower resources in the country, there will be adequate power facilities in rural areas. Once rural villages are electrified, the health and sanitation standard will improve. They will also have more time for work, and hence increase their output. Besides, they will be able to take advantage of various technologies, appropriate to their works. This will accrue them great benefits.

Bhutan is appreciated and known by many countries in the world for her forests and nature conservation strategies. In order to further enhance conservation efforts, activities that have negative externalities on the natural environment will be reduced while hydropower generation will be promoted. There are so many benefits of hydropower to socio-economic development. His Majesty has commanded that the Ministry of Trade and Industry establish as many powerhouses as possible, and distribute electricity to as many numbers of households as possible in different Dzongkhags. After domestic requirement of power has been met, the surplus will be exported to neighbouring countries for generating income.

As such, the Royal Government considers hydropower development a very important project. Everyone is aware that there are three mega hydropower projects being implemented. As soon as they are commissioned, two new mega projects have been identified for implementation.

The Hon'ble Minister highlighted the importance of formulating and implementing a sustainable framework for developing hydropower and related activities in the country. Many countries do not have such a framework, and

therefore face lots of difficulties today. Since the government organizations are involved both in the establishment and distribution of hydropower, there are problems of defaulting payment as there are no regulations governing relationship among the organizations. The failure of organizations to pay for electricity has made it difficult to maintain and manage some powerhouses. Some distributors have not been able to collect electricity bills from consumers.

The owner of small powerhouses face difficulty as big ones cut down the cost of electricity. While there is abundant supply of electricity in some country, there are regions without or with very limited power availability. If no regulatory system were framed in Bhutan from the very beginning, corrupt practices will creep in whereby circumstances may arise where the income of a bill-collector supercedes the salary of a director of an organization. The draft of the Bhutan Electricity Act has been submitted to the National Assembly so early in order to avoid the occurrence of such difficulties.

The roles, responsibilities and regulation concerning the establishment of powerhouses and electricity distributors are clearly stipulated in the Act. It ensures that the interest of the country, people, and investors in hydropower projects and electricity distributors are protected. To ensure that the people benefit, one of the important provisions of the Act is the requirement of investors and distributors to discuss the project with the people while they obtain the license from the government. It has also been stated that making electricity available to poor people and those living in remote rural areas is a social responsibility. For general benefits, technical standards and safety measures have also been highlighted. One of the most significant provisions of the Act is the importance of avoiding discriminatory distribution of power by licensed distributors. It is clearly stipulated that they should collect bills and other dues from the people, and distribute electricity according to their needs.

The Act has been drafted by keeping in mind the concerns and interests of the government and the people. Although foreign experts were involved initially in drafting it, the review took into consideration, the context of the country to ensure that the policies of the Royal Government are not contravened. The country has immense experience after enjoying the benefits of electricity for many years. Provisions of the Act reflect the aspiration of the Bhutanese people, and do not integrate non-indigenous knowledge to any considerable extent.

The Hon'ble Minister said that he would provide clarifications to any doubts while the Act is being discussed page by page. Except for a few editorial errors, no major change in meaning and content has been found necessary while the Act was reviewed. Hence, the National Assembly passed the Bhutan Electricity Act, 2001 on July 26, 2001.

The Chimis of Wangdi Phodrang, BCCI and Punakha extended their appreciation to the Speaker for the opportunity to comment on the eight acts being discussed for endorsement in the 79th session of the National Assembly. In his inaugural address, the Speaker has highlighted the importance of establishing a legal committee for the benefit of the country and the people to review acts and legislations. The Chimis expressed their hopes that there will be substantial numbers of representatives of people on the committee.

Although the establishment of the committee will entail cost to the government in terms of expenditure like salary to members, its absence would also incur the same cost in the form of extended discussion on Chathrim that would not necessarily happen if there were such a committee. Therefore, it is definitely imperative to establish the committee. The Chimis said that if problems and inconveniences arise in future while the Chathrim, endorsed in the present session of the Assembly were being implemented, they could be submitted for review and amendment in subsequent sessions.

If two or three Chathrimis rather than many of them were endorsed in one session of the Assembly, the members would have the opportunity to go through them time and again, and be able to provide comments and suggestions. Those already passed could also be amended justifiably. As the country develop year by year owing to the wise leadership of His Majesty the King, there would be lots of inconveniences if Chathrimis for Election of Representatives of People to the National Assembly, and of the Royal Advisory Councillors were followed without any amendment. The Chimis suggested that these Chathrimis have to be amended.

The representative of the Zhung Dratshang, Dorji Lopen and the Punakha Chimi remarked that the different Chathrimis drafted by different ministries by considering the present and future well being of the country are indeed commendable. However, there are neither any preamble, dedicatory preface to protective and tutelary deities, nor concluding prayers in any of the Chathrimis. If such preamble and conclusion could be inserted in all the Chathrimis, it would be in keeping with the spiritual tradition of the country, and also look very appealing to non-Bhutanese readers. They said if a copy each of the acts endorsed were provided to members of the Assembly, they would prove beneficial especially in villages when legal decisions have to be taken.

The Hon'ble Minister for Agriculture said that many members have pointed out the lack of ample time necessary to go through the Chathrimis when many of them have to be endorsed in one session. One of the most important responsibilities of the National Assembly is to enact legislation. It would be beneficial if no limits were set on the number of acts to be approved, but consider passing them according to the need of the people and the government. As commanded by the Speaker, he expressed his hope that the legal committee could be established in the next session of the Assembly. He extended appreciation to the members for expressing their doubts and suggestion while discussing the Chathrimis.

The Speaker also extended his appreciation to the honourable members for frankly expressing their views on the various provisions and articles of the eight Chathrim endorsed in the 79th session of the Assembly. He instructed that the words and phrases proposed for change in the Chathrim be done without leaving any of them.

In accordance with the submissions made by the Dorji Lopen and the Punakha Chimi, the Speaker said that any Chathrim drafted hereafter should have a dedicatory preface and a concluding prayer. As pointed out by some members, it is time now to amend the Chathrim for the election of Chimis and members of the Royal Advisory Council. He said that it were better if the Council of Ministers discuss the issue according to the command of His Majesty the King and debate on them in the next session.

Since the previous year, His Majesty the King has commanded the importance of establishing a legal committee as aspired by the honourable members. Accordingly, the National Assembly Secretariat has drafted a Chathrim for the legal committee and submitted it to His Majesty. His Majesty has issued it to the Council of Ministers and commanded that it be submitted in the following session of the Assembly. The Speaker said that although the committee cannot be established immediately, he is hopeful that it would be established in the following Assembly session. Depending upon the needs of the government and the people, there will be many Chathrim that will either need amendment or new drafting altogether. Rather than set a limit, it is the responsibility of the National Assembly to consider as many legislation as possible. With this observation, the Speaker concluded the discussion on passing the Chathrim.

XX. Expression of Appreciation and Gratitude

1. Appreciation for Increasing Daily Wage of National Workforce

The Chimis of Trashi Yangtse, Paro, Pema Gatshel, Haa, Trongsa, Punakha, Bumthang, Gasa, Lhuntse, Thimphu, Samdrup Jongkhar, Trashigang, Samtse and Zhemgang expressed their profound gratitude to His Majesty the King for increasing the daily wage of national workforce from Nu.50 to Nu.100 beginning January 1, 2001. His Majesty the King commanded the increase on the occasion of the celebration of the 93rd National Day in Trashigang. The fee for riding pony was increased from Nu.150 to Nu.300, and that of pack pony from Nu.100 to Nu.200. Wages for artists and craftsmen of Zorig Chusum was increased by 50%, from Nu.150 to Nu.225. Besides, the daily subsistence allowance of the members of the DYT was also increased. This increase has not only enhanced the income earned by the people and improved the living standard of the national workforce but particularly benefited the promotion of the arts of Zorig Chusum. The Chimis expressed gratitude for the fact that children of poor parents are able to buy uniform and necessary stationeries while they return to school through the money they earn by working during the winter holidays.

The increase in the wages has also benefited people who provide transport, portorage, riding and pack ponies to tourists and travelers in places like Gasa, Lingshi, Daifam Dungkhag, Lauri and in remote areas like Khengrig Namsum where there are no motorable roads. Furthermore, it has also enabled timely implementation of development activities. The Chimis expressed the profound gratitude of all the people of Bhutan for the great benefits accrued to them by this wage increase. They offered their prayers that His Majesty the King and the members of the Royal Family would continue to enjoy excellent health and long life. They expressed their hope that the hereditary monarchy will continue

for a very long time, and that the people of Bhutan will always serve the Tsa-Wa-Sum with loyalty and dedication.

The Hon'ble Home Minister said that His Majesty the King has commanded the increase in daily wage of national workforce from Nu.50 to Nu.100 on December 17, 2000 at Trashigang while celebrating the National Day. Accordingly, *Kasho* pertaining to the wage increase of artisans in different categories have also been issued. The wage of artisans in first category has been increased from Nu.87 to Nu.150, those in second category from Nu.75 to Nu.135, the third from Nu.62 to Nu.120, the fourth from Nu.56 to Nu.110, and the fifth from Nu.50 to Nu.100.

First, the wage increases has come into effect from January 1, 2001. The increase is applicable to wage workers and artisans of the Ministries, Departments, Dzongkhags, and other organizations of the Royal Government. This is in strict conformity to the 'Wage Rate for National Workforce, 1994'. The Hon'ble Minister said that the private organizations are however, allowed to pay wages according to their own capabilities.

Second, 50% allowance of the new daily wage payable is also given to Bhutanese nationals who are skilled in any one of the Zorig Chusum and enrolled to work as the national workforce. Therefore, the artisans in the first category earn a daily wage of Nu.150 and an allowance of Nu.75 amounting to a total of Nu.225 per day. Their monthly income of Nu.6750 is equivalent to the monthly salary of a grade IX civil servant.

Third, His Majesty has commanded the increases in charges for pack pony from Nu.100 to Nu.200, and of riding pony including the syce from Nu.150 to Nu.300. The new rates of riding and pack ponies have also come into effect from January 1, 2001. This rate is applicable only to civil servants and for riding and pack pony services availed by officials of the Royal Government. Rates for

tourists and other non-governmental purposes may be paid according to those prevailing in the particular area or in the market.

The Hon'ble Minister outlined the various benefits accrued as a result of increases in daily wage, allowances for artisans and craftsmen of Zorig Chusum and charges for pack and riding ponies. He informed that as submitted by many members of the National Assembly, the increases in wages and allowances commanded by His Majesty the King is one of the most generous Kidu given to people who depend for livelihood on physical labour. It is also expected that this will benefit many other national projects and activities.

Among these benefits, first, it is expected to curb the increasing number of people migrating to urban areas in search for employment. It is estimated that approximately 50,000 school dropouts will be looking for employment in the next five years. Earlier, the Bhutanese people were hesitant in joining the national workforce. The increases in wages and allowances have encouraged not only the Bhutanese people but even students to work as national workforce during their winter holidays. For example, labourers required earlier for the Punakha Dzong renovation project were recruited through corvee labour. However, there is competition today for recruiting the five hundred labourers required for the project.

Second, it is important that native artisans and craftsmen build as many residential houses as possible by maintaining traditional architectural standard using indigenous resources in order to preserve and promote the country's distinct cultural heritages. There are a total of 29 large Dzong, 2,002 Lhakhang and Goendey, and 13,000 Choeten. They can be maintained and renovated only by Bhutanese people who are skilled in Zorig Chusum. The increase in wage and provision of allowances for artisans and craftsmen have particularly benefited the promotion of Zorig Chusum.

In a very short time, the concerns for limited availability of carpenters, masons, painters, wood carvers and iconographers required in projects for construction of Taktshang Lhakhang, renovation of Tashichho Dzong, Punakha Dzong, Talo Dzong, Gangtey Lhakhang, Trongsa Dzong, Dramitse Dzong, Gomphu Kora Lhakhang and Yongla Gonpa Lhakhang have been overcome. The Hon'ble Minister expressed his hope that school graduates would also give consideration to Zorig Chusum for their professional careers.

Third, there are currently about 60,000 to 68,000 expatriate workers in the country. The presence of such a large number of non-Bhutanese pose great threat to the security and independence of the country, and also endanger the peace and prosperity of the people. The Ngolop problem has also arisen as a result of many non-Bhutanese Nepalese entering the country in the past. This has given lots of lessons and experiences. The Hon'ble Minister expressed hope that the increases in wage and allowances would encourage many Bhutanese people to take up jobs and professions that are currently occupied by non-Bhutanese.

As a result of wage increases for pack and riding pony, the horse owners had to compete for transportation of goods and materials for different Ministries and Departments during the mid-term review of the 8th Five-Year plan of Gasa Dzongkhag. It is important to promote such new initiatives since transportation of goods and materials to remote areas inaccessible by motor roads will enhance distribution of development services.

Finally, the Hon'ble Minister said that towards the beginning of the year His Majesty has greatly increased the sitting fees, travel and daily allowances of the members of the DYT including claims for pack and riding ponies. His Majesty has commanded this increases by considering the increasing roles and responsibilities of the members of DYT. It has become very important for the

people of different geogs to identify and elect capable representatives to the DYT.

2. Appreciation for Establishment of FCB Fair Price Shops

The Samdrup Jongkhar Chimi submitted that despite the absence of any order from the government, the shopkeepers in Bangtar and Nganglam Dungkhag have closed the shops owing to the prevailing security situation. Since the shopkeepers have to bring the goods from India, the Indian security forces feel that they are intended for ULFA-Bodo militants and therefore, prevent them from being taken inside Bhutan. The increasing suspicion of the Indian security forces could gradually undermine the Indo-Bhutan relationship. To prevent that, the shopkeepers have to shut down their shops.

The shopkeepers have volunteered to work either in the fields in villages or as national workforce. The people of the two Dungkhags face serious difficulty without having access to important provisions. Considering the hardship suffered by the people, His Majesty has commanded the FCB to establish fair price shops. Their immediate establishment has enabled people to purchase supplies at least at Maximum Retail Price. Moreover, the construction of a food depot with an approximate storage capacity of 200 tons of grains is near completion. The security forces have also been deployed to ensure the security of the people in the area. The Chimi submitted that the people of the two Dungkhags extend their profound gratitude to His Majesty the King.

The Hon'ble Agriculture Minister informed the National Assembly that as commanded by His Majesty the King, the Ministry can also distribute yarns for women to weave clothes let alone provide essential food supplies to the people of the two Dungkhags. Since a fleet of six to seven trucks has to travel together to deliver food supplies in these areas, there are grave security risks since they have to travel through Assam highways. However, the Royal Bhutan Army and

the Police have been providing security support when the needs become very important. The Hon'ble Minister extended the gratitude of the Ministry to the armed forces.

After the massacre of innocent Bhutanese passengers by BLT in December last year, the people living in these areas faced great difficulty since the incident took place during the orange sale season, and Indian orange retailers would not come to Nganglam. Since there is great danger to their lives, the Bhutanese orange growers could not travel to India to sell the fruits.

The people living in these areas earn most of their income from orange export. Considering the welfare of the people, and to resolve their difficulty, His Majesty the King commanded that the FCB purchase oranges from farmers of Samdrup Jongkhar, Pema Gatshel, Mongar, Zhemgang and Nganglam. According to this command, the FCB bought all the oranges beginning January 14 till February 23, 2001. His Majesty has commanded that if the oranges could not be sold by the FCB on time, the government should bear the loss and do not make the farmers suffer.

A total of Nu.57,700 obtained from the sale of over 1,54,249 *pon* of oranges from January 14 to February 23, 2001 have been paid to the people. The inability to export oranges at profitable prices, and the damage of unsold ones has incurred a loss of Nu.13,48,000 to the government.

3. Appreciation for the 8th Plan Mid-term Review

The Trashi Yangtse Chimi submitted that His Majesty the King accompanied by the Chairman of Lhengye Zhungtshog and senior government officials had visited all the Dzongkhags to conduct the Mid-term Review of the 8th Five-Year Plan. The budget allocated for different development activities and the outcomes of the programmes were all reviewed. He said that the experiences

gained by the members of the DYT and sector heads of the Dzongkhags will be beneficial during the 9th Plan which will be geog-based. The Chimi extended the gratitude of the people for the successful completion of the Mid-term review.

4. Appreciation for Geog-based Development Programmes

The Chimis of Paro and Punakha expressed their deep appreciation to His Majesty the King for ensuring equitable benefits from development programmes to all the people of Bhutan. His Majesty has accordingly instituted the DYT in 1981 and the GYT in 1991 in keeping with the policy of decentralization. The people will be given the opportunity and the authority to formulate and implement development programmes necessary in their geogs during the 9th Plan. The representatives of the people in the GYT and the DYT will be able to undertake their responsibilities without lapses, and in keeping with the desire of His Majesty the King, strive to achieve balanced development in towns and villages. The Chimis said that all the people of Bhutan are thankful to His Majesty the King and the Royal Government for deciding to make the 9th Plan geog-based.

5. Appreciation for Development Activities

The Wangdi Phodrang Chimi expressed profound gratitude to His Majesty the King on behalf of the people of Sha Dargay for his wisdom and far sighted policy of Gross National Happiness which will greatly benefit the people of Bhutan. Among the many development activities initiated in the 8th Five-Year Plan, the Royal Government has supported the renovation of the 400 year old Gantey monastery which is the seat of the spiritual descendants of Pema Lingpa. The Bashochu Hydro Project which will be completed in September this year will enable the people of Wangdi Phodrang to further boost economic development in the Dzongkhag.

The Chimis of Trashigang and Mongar said that His Holiness the Je Khenpo visited and blessed the Kurichu Hydro Power Project last year, which is being constructed with the generous assistance of the Government of India under the enlightened leadership of His Majesty the King. The Hon'ble Minister of Trade and Industry and the Indian ambassador in Bhutan inaugurated the commissioning of the first turbine this year.

Through the Kurichu Hydro Power Project, all the places in eastern Dzongkhags will be electrified. The income and the general living standard of the people will be improved as manufacturing industries are established and other power dependent trade and commerce flourish in the area. The Chimis said that the people of Mongar and Trashigang will never be able to forget the benevolence of His Majesty the King.

The Hon'ble Minister for Trade and Industry said that His Majesty has time and again commanded that hydro-power in the country be further developed to achieve economic development and self-reliance through export of electricity.

The first phase of the Basochu Hydro Power Project will be completed by October 2001. Besides, preparatory works for the second phase are also almost complete. Of the Nu.1600 million assistance provided by the Austrian government for the project, some of them are grants while others are small-interest loans. While the first turbine will generate about 22 MW of electricity, the commissioning of the second turbine will generate an additional 40 MW. Hence, the project will greatly benefit people of Wangdi Phodrang and Punakha Dzongkhags. Besides Dagana and Tsirang, the project will be able to supply electricity to other Dzongkhags as well.

If a reliable source of electric power were not available, there is great difficulty in distributing power in remote areas, and in industrial estates. As such His Majesty the King has taken the lead in coordinating works for the establishment

of the Kurichu Hydro Power Project. Once the project has been started, His Majesty has commanded that the works be completed as early as possible. To expedite the process of generating benefits of electricity to the people of eastern Dzongkhags, and to ensure that the project is completed as soon as possible, His Majesty has visited the project site many times. The Hon'ble Minister said that he has also visited the project site on many occasions.

The Hon'ble Minister said he has great privilege in reporting that as desired by His Majesty the King, the full completion of the Kurichu Hydro Power Project is almost achieved. He reported that the inauguration ceremony for the commissioning of the first turbine of the project has been held in April 2001. Efforts are underway to ensure that the second and the third turbine are commissioned towards the end of this year. Moreover, persistent efforts are made to complete the laying of transmission lines and establishment of small industries by the end of the year.

Since most of the works of the project would be completed before the end of the year, the people in the eastern Dzongkhags would soon get access to electricity supply. If plans for export of electricity are not formulated, the power generated from the three turbines will not be used to the optimum level. Therefore, works to distribute electricity in India through Gelephu are already underway. Besides, the two governments have also decided on the framework and cost of electricity export.

As reported long ago, electricity from the Kurichu project will be supplied to the six eastern districts. Besides there are also plans to supply electricity from the project to Trongsa and Bumthang. If sufficient capital can be secured in the 9th Plan, Tsirang and Dagana will also be connected to the national transmission network through the Basochu Hydro Power Project. In future, if electricity supply to an industry from a powerhouse becomes difficult, it will be supplemented by power supply from other powerhouses. Preparations are set to

supply electricity to 3,100 rural households in six eastern Dzongkhags within 18 months. The people of the Dzongkhags have assured their full support in ensuring completion of the work within 18 months. Donors involved in assisting the work may not be appreciative if electricity distribution works take a long time. It is possible that the rural electrification programme in the 9th plan will come across some obstruction. The Hon'ble Minister said it is extremely vital that everyone unites in the effort toward completing electricity distribution works within the set time frame.

Although a budget of Nu.2500 million was estimated initially for the Kurichu Hydro Power Project, it has crossed over Nu.7266 million. This excludes cost of laying transmission lines from Kurichu to Lhuntse, Nganglam to Tingtibi and from Tingtibi to Gelephu. Nevertheless, works are continuing without considering the cost implications in view of the immense benefit it will accrue to the people.

The cost of laying approximately 319 kilometres of transmission line will be sought as assistance from the Government of India. The presence of ULFA-Bodo militants in the country has posed great threat to the security and independence of the country. Although there is great risk that the economic development activities will be threatened, the Hon'ble Minister expressed his hope that the project, would be completed within this year for the present and future benefit of the people as desired by His Majesty the King.

Finally, the Hon'ble Minister said that since His Majesty is the source of peace and happiness in the country, his long life and reign would ensure continued prosperity. Therefore, it is important for the people to pray for the long of His Majesty the King, and for his continued reign.

The Haa Chimi expressed appreciation and gratitude to His Majesty and the Royal Government for establishing many schools, colleges and educational

institutes besides centers of Buddhist learning like *Shedra*, *Dubdra* and *Gomdey*. The provision of additional benefits to teachers has encouraged many people to take interest in teaching profession. This will greatly improve the quality of education.

The Sarpang Chimi also expressed gratitude to His Majesty and the Royal Government for the decision to establish industrial estates at Jigmeling and Choekhorling. The estates would boost economic development in the Dzongkhag.

6. Appreciation for Reconstruction of Paro Taktshang

Although Paro Taktshang was unfortunately destroyed by fire in 1998, the reconstruction works to restore it to its original splendour and glory are underway. The Paro Chimi expressed the gratitude of the people of Paro Barkor Tshodug for the opportunity to participate in the renovation works.

In order to rebuild the Taktshang Lhakhang restoring it to its original splendour and glory, His Majesty has started a new project although the project and the budget are not part of the plan programme. Among all the Lhakhang and *Goendey* in the country, Paro Taktshang is the most sacred site of Guru Rinpoche. In the two-storeyed Lhakhang whose construction is complete, the ground floor houses the *Dubkhang* while the first floor is the Sungjenm Lhakhang with the Guru Sungjenm statue installed in it. The top floor consists of the Guru Tshengyed Lhakhang. Close by, the construction of Droley Lhakhang and Senge Samdrup Neykhang has also been completed.

The Tshepame Lhakhang and the Kudung Choeten of Langchen Pelgi Snege are being constructed. Only the construction of the Kunra and the kitchen are now left. A total of Nu.4,850,000 million has been spent so far.

The honourable members of the National Assembly were able to see for themselves the progress of the reconstruction of Taktshang Lhakhang. The people of Paro and those involved in the reconstruction work are therefore, deeply satisfied. It is expected that the remaining works could be completed within the year. The Paro Chimi extended the gratitude of the people of Paro to His Majesty the King, and the Royal Government.

The Hon'ble Home Minister said that the people have expressed gratitude for the reconstruction of Paro Taktshang in previous sessions of the National Assembly, and requested for reports on the progress made. This suggests that not only the people of Bhutan, but devotees all around the world have great faith and respect for the most blessed site of Guru Rinpoche.

Although a total of 14 months have gone since the reconstruction works of Paro Taktshang has begun, five winter months were not conducive for continuing the works. Therefore, only nine months have been actually spent. As submitted by the Paro Chimi, not only have the *Sertog* been installed on Droley and Pelphug Lhakhang within this short time, but the reconstruction of the two Lhakhang has been completed adorning them with spectacular exterior paintings. The reconstruction of Tshepame and Neykhang Lhakhang are also almost completed.

The timbers used for the reconstruction of Paro Taktshang are all cypress tree. It is very appropriate that such sacred and blessed Lhakhang are built of such timbers. Besides, the cypress can withstand the vagaries of weather be it intense heat or rainfall, and are also resistant to insects for a long time.

When the Taktshang Lhakhang was set on fire in 1998, the most important relic, Guru Sungjenm has suffered major damages. The relic is a very ancient one made of very thin copper. There was major concern as to how the relic could be restored. However, it has been fully repaired and plated with gold in such a way

that it has become a majestic icon with great splendour. As commanded by His Majesty the King, five statues each of Guru Rinpoche, Tshepame, Guru Dorji Drolo, Gongdu and Phurpa Yabyum each measuring a minimum of fifteen feet will soon be built inside the Droley Lhakhang.

The total cost of reconstruction of Paro Taktshang so far has amounted to Nu.48.5 million. This includes expenditure incurred for constructing a bailey bridge over Pachu, a four-kilometer road, and a 1.6-kilometer cableway at Ramthangkha. Besides, 2,467 *tola* of gold equivalent to 26 kilograms has been purchased at a cost of Nu.14 million.

Many people have noticed auspicious omens and signs of the reconstruction of Taktshang Lhakhang. The reconstruction works have also been progressing very well as planned and prayed for. Although over hundred labourers have been working in four very precarious sites of the Lhakhang, no single accident has occurred so far. No situation of difficulty and inconvenience has also arisen. The Hon'ble Minister said that the people of Bhutan should pray that the inauguration of the Taktshang Lhakhang could be held on the 10th Day of the 9th month next year.

7. Appreciation for Non-formal Education

The Dagana Chimi said that the people are very thankful for the educational opportunity provided by the Royal Government through non-formal education to those who could not go to school during their childhood. Although there were only three centers for Non-formal Education at the beginning of the 8th Five-Year Plan, there were 17 centres in Dagana today. This has brought about immense benefit particular to women who were taught the importance of health and sanitation, and maintenance of social harmony. For this, and also for the opportunity of learning and promoting Dzongkha by the people who speak different languages in the country, the Chimi extended the gratitude of the

people of Dagana to His Majesty the King and the Ministry of Health and Education.

The Hon'ble Secretary for Health and Education said that since the non-formal education programme was started in 1992, it has benefited 8,086 people. There are a total of 209 non-formal education centers in the country, 6,108 students and 232 teachers.

The Department of Education intends to educate people of all ages who cannot read and write by 2012 through non-formal education. If all the people in the country can be educated, it will definitely be possible to realize the noble goals of Gross National Happiness propounded by His Majesty the King. The deep sense of gratitude expressed by the people of Dagana to the Royal Government is therefore, indeed very appropriate. The Hon'ble Secretary extended the appreciation of the Department of Education to them. He said that the Department will persist in its efforts to further promote the non-formal education.

8. Appreciation for the Promotion of Dzongkha

The Lhuntse Chimi submitted that the appointment of Dzongkha Focal Person in each Dzongkhag by the Dzongkha Development Commission to promote Dzongkha literacy since 2000 has brought about great benefits for the promotion of the national language. It lays a strong foundation for the development of the country's unique national identity. The Chimi expressed the appreciation of the people of Lhuntse to the Royal Government for making concerted efforts in promoting the national language.

The BCCI Chimi pointed out that Dzongkha is the most important among national symbols. As desired by His Majesty the King, and resolved by the National Assembly, the Royal Government gives added emphasis for the

promotion of the national language. He extended his appreciation and support for the sincere gratitude expressed by the Lhuntse Chimi. As a member of the Dzongkha Expert Committee, he offered his prayers that the programmes for the promotion of the most important national symbol will develop even more hereafter.

9. Appreciation for Simplifying Legal Procedures

The Thimphu Chimi expressed appreciation and gratitude to the Royal Government for simplifying legal codes and procedures, which has immensely benefited the people. Since the registration of cases in court, and court attendance procedures have been simplified, the litigants no longer have to wait as long in hearing and dispensation of cases.

The Chimi said that this would ensure fair and just trial, and definitely improve credibility and recognition of the court. Since the separation and empowerment of the Judiciary, the litigants can present themselves in court according to the routine of hearing rather than attend daily as and when they are called on ad hoc basis. This has prevented people from being away every day from daily works, and from paying fines when they do not report for the day. He expressed gratitude for the arrangement where litigants can hire Jabmi, and for passing the Civil and Criminal Prosecution Code by the National Assembly in its 79th session. Since the day the code was endorsed, the title of judges fittingly becomes *Dang Poen* – Lord of Truth as conceived by Zhabdrung Ngawang Namgyal. As appealed by the members of the National Assembly, the preamble of the code consisting of articles Ka to Cha have not been repealed. He said that the honourable members submit their profound gratitude for keeping the articles as they were.

10. Appreciation to the Armed Forces

The Haa Chimi expressed the gratitude of the people of Haa to the armed forces for safeguarding the national security with complete loyalty and dedication. Under the dynamic leadership of His Majesty the King, the three armed forces have placed their loyalty to Tsa-Wa-Sum above everything upholding the sacred values of trust and honour in ensuring national security. The people hoped that they would remain steadfast in their loyalty and dedication and serve the country when it is going through a very difficult and turbulent time.

11. Appreciation for Sipa Chidoe and *Kurim*

The Chimis of Mongar, Paro, Trashigang, Trongsa, Haa, Dagana, Punakha, Lhuntse, Bumthang, Trashigang, Yangtse and Tsirang submitted that His Holiness the Je Khenpo led the Zhung Dratshang, *Rabdey* and *Gomdey* in holding the Sipa Chidoe and Damsi Torma *Kurim*. The *Kurim* is traditionally held once every 12 years at Punakha Dzong. Besides this, it has not been held in any part of the country so far. It was co-coordinated by the President of the Bhutan Chamber of Commerce and Industry, and sponsored by the business community in the country. Once the decision was taken to hold it at Mongar, the Dratshang Lhentshog and relevant people involved in its coordination had it prepared miraculously within a short period of time, and His Holiness the Je Khenpo blessed the occasion. The people of the neighbouring Dzongkhags had the opportunity of seeing and hearing His Holiness. Such sacred and powerful *Kurim* have been intended to appease the highest object of refuge and worship in heavens, Kuntu Zangpo, and the lowest of beings who are the object of charity and almsgiving. The good fortune and success of the event would serve to diffuse the tense situation in the country. The people had the opportunity of making offerings, seeking refuge and praying wholeheartedly for the everlasting well being of His Majesty the King and the Royal Family, and for continuation of perpetual peace and prosperity of the people of Bhutan. The fruitful outcome of the talks held between the Royal Government and ULFA has also been the blessing of the *Kurim*. The Chimis said that the people of Bhutan particularly

those belonging to neighbouring Dzongkhag of Mongar extend their profound gratitude to His Holiness, the Zhung Dratshang, *Rabdey* and *Gomdey*, and to the pious patrons consisting of the business community, and also to all those involved in the preparation of the *Kurim*.

The BCCI Chimi said that the business community has repeatedly pledged their manpower and resource support to the country in the National Assembly and in all other important meetings. However, the pledge has remained only as verbal commitment without any practical implementation. Therefore, the proprietors of big business houses and senior members of the business community, deeply concerned at the security of the country in the face of severe security threats, met to discuss their contributions. It was agreed that for the moment the Royal Government does not need their manpower contributions. If situations of great threat to the country arise in future, the business community will come forward to serve even at the cost of their own lives.

Nevertheless, the business community has recently agreed to make financial contributions according to their will to the Royal Government. The businessmen and small shop owners in the Dzongkhags and those scattered across different corners of the country were not informed. However, they have submitted to the President of the BCCI that they should not be sidelined in making contributions. They have argued that their well being and prosperity are dependent on the peace and prosperity of the country, and therefore, should be allowed to make contributions to the extent they can. Hence, their contributions have been accepted through their representatives. The President of the BCCI sought the advise of His Holiness regarding a *Kurim* which would accrue immense benefits. His Holiness commanded that the Sipa Chidoe is spiritually a very powerful ritual, and that it has only been held in Thimphu and Punakha. If the Sipa Chidoe and Damsi Torma *Kurim* were held in an eastern Dzongkhag, His Holiness said that it would be of immense advantage. Thereafter, the ritual was held in Mongar by a total of 600 *Gelongs*, *Anims* and *Gomchen* from the Zhung

Dratshang and different *Goendey* led by His Holiness for a period of 13 days. At the same time, Drolma was recited 100,000 times and all the volumes of Kanjur and Tenjur were also thoroughly recited. A comprehensive *Sang* and *Serkem* offerings were made to the protective and tutelary deities. The ritual altogether cost approximately Nu.6,800,000.

Leygoen Jaro Dongchen, Yeshey Goenpo and Palden Lhamo are the three guardian deities of Bhutan. However, no *dungkhor* dedicated to them exists in the country. His Holiness commanded that it would be highly beneficial if such a *dungkhor* were installed in every Dzongkhags. According to this command, a total of Nu.2,000,000 have been given to the Ministry of Home Affairs for installing 20 *dungkhors* in 20 Dzongkhags. The remaining amount of Nu.946,50,000 have been submitted to His Majesty the King as a humble and wholehearted contribution of the business community and as a token of their loyalty and dedication to the country. Although His Majesty commanded that there is no policy for the Royal Government to accept such contributions from the business and private individuals, the money has been offered after insistent pleading by the business community.

The Chimi expressed the gratitude of the BCCI to His Holiness, *Gelong*, *Anims* and *Gomchens* of the monastic community and to the coordinators of the *Kurim* whose combined efforts made it into a success that went beyond expectation. Besides those involved in the performance of the *Kurim* at Mongar, he also extended gratitude of the religious community, the government, the business community and the people to those who performed *Kurim* in Lhakhangs and *Goendey* in the area.

Bhutan is a very religious country. Owing to the faith and devotion of people from all walks of life in the Triple Gem, everyone has been able to live in peace and happiness so far. Furthermore, people are able to live with increased prosperity every year owing firstly to the blessing of the Triple Gem, and

secondly due to the concerted efforts of Council of Ministers and other leaders drawing their inspiration from the wise and farsighted guidance of His Majesty the King. Even hereafter, the blessings of the Triple Gem and the benevolence and grace of His Majesty would enable the people to live in peace and happiness. The sovereignty of the country would never ever be undermined. The Chimi said he hoped that the present difficulty would soon be resolved and that the country would be able to fulfill the goals of Gross National Happiness as desired by His Majesty the King.

Dorji Lopen, the representative of the Zhung Dratshang informed that the monastic community continues to perform *Kurim* led by His Holiness the Je Khenpo. As expressed by the Chimi earlier, the monastic community also join in extending their gratitude to the BCCI and members of the business community whose voluntary financial contribution has enabled the performance of Sipa Chidoe and other *Kurim* at Mongar for the well being of the country. He said that the 10th month of the lunar calendar is the most auspicious month in the year. The monastic community spent around Nu.4,500,000 in the 10th month last year to sponsor various prayer recitations for one month by *Anims* and *Gomchens* in different *Rabdey*, *Shedra* and *Dubdra* in the country. Besides, a sum of Nu.400,000 has also been spent in making offerings of dedicatory prayers to different religious establishment for the benefit of Bhutanese passengers killed by armed militants in Assam last year. Moreover, three hundred thousand butter lamps and prayers for the dead have been offered in Punakha Dzong, from January 1 to 15.

The happiness and well being of the government, people, dratshang and everyone depends on the peace and prosperity of the country. Realizing that not even a child will enjoy happiness if the country is not at peace, everyone has prayed devoutly to the Triple Gem so far, out of his or her love and concern for the country. Even hereafter, no one should remain indifferent. The monastic

community will continue offering *Kurim* so that peace and happiness last for a very long time in the country.

The patron of *Kurim* performance must be wealthy person. Ordinary people will not be able to sponsor such *Kurim* since their source of income is very limited. Therefore, the government, people and the monastic body fully depend on the business community. If they continue to serve the country by supporting such events, there would be no epidemic, famine and war and the country will remain at peace. The Dorji Lopen expressed his hope that His Majesty the King and members of the Royal Family will live on for a long time, and that everyone will be able to relish the fruits of Gross National Happiness.

The Chairman of the Council of Ministers pointed out that representatives of the people of 20 Dzongkhags has expressed their appreciation and gratitude to His Majesty the King and the Royal Government for the great benefits brought about by successful development activities. They have also expressed gratitude for entrusting them the responsibility of formulating Dzongkhag and geog plans in the 9th Plan. As commanded by His Majesty the King, the people have always decided on the planning, nature and time frame of development works that were needed in the geog and villages of different Dzongkhags since the 5th Plan. To those who are optimistic, it appears that there will be no problem in implementing geog-based plan in the 9th plan period. The main task is to take decisions for major development works. To take such decision, the people have been empowered long time ago.

Then there are others who have serious doubts about the capability of the people in executing the great responsibility and authority entrusted to them. They are skeptical that the development works hereafter may suffer considerable inconveniences.

Everyone is quite aware that the work is not new; there will only be slight changes in the way they are implemented. Drawing an analogy with the growth

of a child, the Hon'ble chairman said that the people are given the authority at a time similar to a child who is taken care of, and given education before finally becoming independent.

The executive power of governance has been given to the Council of Ministers who has been elected by the National Assembly. If the people have to be empowered, they have to be given added responsibilities. This is the very reason for deciding to make them responsible for formulating geog plans. Works have already begun pertaining to the formulation of the plans, and many discussions on it were held. There are also many inconveniences observed. However, the works have been initiated as commanded by His Majesty the King. The Chairman expressed his hope that the plan would be successfully completed.

There are risks that the people may think that the Dzongkhag would shoulder the responsibilities entrusted to them. Hence, plans for every geog are being made to ensure that the people are able to shoulder the responsibilities themselves. Depending upon different needs, 202 different plans have to be formulated for 202 geog of the 20 Dzongkhags. Although the task is a very difficult one, efforts will be made to ensure that it is initiated well.

Irrespective of the way plans are formulated, the outcome will always depend primarily upon the people themselves. While the GYT would make decisions on issues of a particular geog, the DYT will have to coordinate in taking major decisions concerning many geogs. If the two Tshogchungs have to be capable, it is important to have a strong regulation and very capable representatives who would be shouldering the responsibilities. The Chairman said that the honourable members of the Assembly are aware of the command of His Majesty conveyed during the Dzongkhag Mid-Term Review meetings pertaining to this issue. His Majesty has commanded that if plan development programmes were to be successful, it is extremely crucial that only capable people who are loyal and dedicated to the country have to be elected as

representatives of the people. It is very significant that everyone keeps this command in mind.

The Chathrim of the DYT and GYT are currently being reviewed. According to the command of His Majesty the King, a committee coordinated by the Ministry of Home Affairs is working day and night to review the Chathrim. Once completed, they will be distributed to the honourable members of the National Assembly. The chairman said that the members must review the Chathrim, and discuss them with the people since they will be discussed for ratification in the next session of the National Assembly. The honourable members have the full opportunity to review and amend the Chathrim. Rather than neglect the Chathrim carelessly, they have to give them added emphasis, read carefully and comprehend their meanings. These Chathrim are unlike any of the Chathrim that have been endorsed in the current session. It is important for everyone to understand them carefully since they constitute work programmes that will have to be done everyday. Hereafter, it is crucial to streamline the roles and responsibilities of the GYT, prioritizing works and taking decisions, and systematize the process of electing representatives and holding meetings. If the systems were not streamlined and prepared before hand, there are risks that development activities would be delayed. Besides, if the decentralization process initiated by His Majesty the King with full trust and confidence confronts many difficulties once it reaches the geog level, there is great danger that it will not benefit anyone. The Chairman called upon everyone to work hard by being aware of this risk. Otherwise, it will be difficult to achieve successful results in the 9th Plan.

While implementing the geog plans, it will confront many difficulties at the outset owing to lack of experience, and capable people. Thus, the Dzongkhag administrations have formulated many strategies to support the plans. Although the GYT will take decisions pertaining to development works in the geog, effective approaches have been developed to award works to contractors in

order to avoid problems related to financial expenditure. This will be co-ordinated by the Dzongkhags as they used to do earlier. As works proceed, lots of skill and experience will be gained. After the decentralization of plan formulation and decision-making by the government, it is important to ensure that the results of geog-based plan are very successful.

Towards the conclusion of the current session of the National Assembly, the honourable members have expressed their gratitude to the Royal Government and also the private sector. They have also pledged full support for development programmes and for national security. The government is deeply appreciative of these submissions. If everyone works hand in hand even hereafter, the progress made will be excellent. Everyone is aware that the fruitful outcome of any development activities undertaken so far has been due to the benevolence of His Majesty the King.

After the decentralization of authority, the people and government must be united in thought, and work hand in hand to fulfill any commands of His Majesty the King. The Chairman said that this is extremely important.

The Wangdue Phodrang Chimi said that all the people of Bhutan are extremely grateful to His Majesty the King for taking them into confidence and empowering the geog to formulate the 9th plan in accordance with the policy of decentralization. He pointed out that the Royal Government has always been indiscriminate taking all the people like young birds cuddled under the wings of a hen. The Hon'ble Chairman of Lhengye Zhungtshog has informed that the 9th plan will begin after the plan Chathrim, which is being prepared is distributed to different geog. Since the success of the plan depends upon the capabilities of the representatives of the people, the Royal Government has expressed great reservation about their skills and capabilities. The Chimi said that the people are even more concerned by the question as to how they would confront situations of difficulties that may arise once the plan is initiated. There is still a time-period of one year before the plan begins. Although the government may suffer

losses, it should consider providing training to representatives relevant to implementing plan activities. This is more important than the Chathrim.

XXI. Expression of Appreciation to the Government of India

The Dagana Chimi submitted that the Government of India who is Bhutan's closest neighbour has continuously supported the country's development programmes since 1961 when the first Five-Year Plan was launched. He extended deep appreciation and gratitude to the government and people of India who has very excellent relationship with Bhutan. In particular, he extended the people's gratitude for India's assistance in constructing the Chhukha, Kurichu and Tala Hydro Power Projects. The people are optimistic that the government and the people of India will provide whole-hearted and continuous support for Bhutan's development activities.

The National Assembly extended its appreciation to Bhutan's closest friend and neighbour, the Government of India who has provided constant support to socio-economic development of Bhutan. It expressed hope that even hereafter the strong bond of friendship between the peoples and the government of the two countries will further strengthen, and that the Government of India would continue to support Bhutan's development programmes.

XXII. Attack and Murder of Bhutanese Citizens in Devadangi, Assam

The Hon'ble Minister for Home Affairs submitted a very disheartening report to the National Assembly. On July 31, 2001, an Eicher truck belonging to the Manas National Park was blown up at Devadangi, Assam by a land mine, four kilometers away from Gelephu. The truck was traveling from Sarpang to Gelephu. Of the 13 passengers, five were killed instantly, four seriously injured and the remaining wounded.

Of the five killed, four were forest guards, and one, son of Panbang Chimi who has completed class XII. As commanded by His Majesty the King, the four serious patients were brought to Thimphu National Referral Hospital for treatment. The four other were being treated at the Gelephu hospital. One of the injured was a student – a four-year old girl.

The Hon'ble Minister informed that although the Royal Bhutan Police and Assam Police are investigating the incident, the militant group responsible for the attack could not be identified yet. The Council of Ministers held an emergency meeting as soon as the news of the attack was reported. Furthermore, the Hon'ble Home and Foreign Ministers have called upon the Indian ambassador. The ambassador expressed deep regret and gave full assurance that a full investigation will be conducted, and the perpetrators apprehended and brought to justice.

Although the Dasho Dzongda of the area where the incident took place are attending the National Assembly session, the Dungpa, Administrative Officer, the Superintendent and Commanding Officer of the Royal Bhutan Police are in close contact with the officials of the Assam government.

On hearing about the unfortunate incident, His Majesty immediately commanded that the Royal Bhutan Army take care of and provide every necessary support to the victims of the unprovoked attack. Besides, His Majesty also commanded that the Department of Forestry Services co-ordinate the funeral ceremony of those who died in the attack.

As commanded by His Majesty the King, the Hon'ble Minister for Agriculture immediately discharged Dasho Ugyen Thinley, Director of the Forestry Department to Gelephu to look after the remains of the deceased. The Hon'ble Home Minister expressed condolences of the Ministry of Home Affairs and of the National Assembly to the bereaved family members. He emphasized the

importance of extreme caution that the Bhutanese people have to take while traveling through Assam highway during such turbulent times. He expressed his confidence that the Indian government will investigate the incident, apprehend the culprits, and punish them without any leniency.

The Chairman of the Council of Ministers said that while the country has still not recovered from the shock of murdering many Bhutanese people in the previous year by Indian citizens, the attack near Gelephu resulting in five dead and eight injured has become a source of profound grief to the people of Bhutan. This is mainly because of the smallness of the country where such unpleasant news provokes insurmountable worries.

The Bhutanese people have to take extra caution hereafter while traveling. While the perpetrators of this unprovoked attack and their motive are still unclear, the Chairman said that the government and the people of Bhutan are disheartened by the failure to bring perpetrators of last year's massacre to justice.

In the talks held with the Indian government, the Royal Government has insisted that the culprits must be apprehended. Although the Indian government has assured that they are working on it, there has been no clear progress. The Chairman said that the frustrations of the Bhutanese people are therefore, very pertinent.

The tragic incident near Gelephu resulting in the death and injury of many Bhutanese people brought about by explosion of land mine has been unthinkable. The Royal Government has considered this incident with very serious concern. As soon as the news of the incident was reported, the Council of Ministers held a special meeting and immediately initiated talks with the Indian government. The Indian government has assured that a full investigation is being conducted. The Indian ambassador has expressed his personal regret

and sorrow at the incident. He said that the Government of India is also uncertain about the identity of the perpetrators and the motive behind their attack. Therefore, they will conduct a thorough investigation.

After the Royal Government informed the Indian government about the incident, they have assured a thorough investigation, and measures to prevent recurrence of such tragedy. The Chairman informed that the Indian ambassador expressed his deep condolences to the son of one of the members of the National Assembly and others who died, and to the bereaved family members.

The Chimis of Punakha and Zhemgang said that all the people of Bhutan are shocked and saddened at the death of five people and injury of eight others in a land-mine explosion in Indian territory near Assam, four kilometers away from Gelephu. Moreover, one of the five people who died was the son of Panbang Chimi who has completed class XII. They said that although the Assembly members are not in position to go and help him, they share his loss and sorrow.

The attack and robbery of innocent people in Allay and Katarey villages under Chuley Geog in Sarpang Dzongkhag last year by Indian soldiers have been reported to the National Assembly. No comprehensive reports on this incident have been received so far. Similarly, the culprits who massacred many Bhutanese nationals last December on Assam highway and wrought intolerable griefs to the Bhutanese people have not been brought to justice. In view of this situation and of similar assurances given earlier by the Indian government for a thorough investigation, it appears likely that they would postpone the investigation of the recent attack. In this context, the Chimis questioned the basis of relationship with India who is Bhutan's closest friend and neighbour. They said that if a vagabond dies in front of the doorstep, the house owner is accountable for his death. It is not possible that the Indian government cannot apprehend criminals who have massacred many innocent Bhutanese in their

territory. They expressed their confidence that the Indian government would arrest the criminals without losing time and punish them very severely.

The Chimis of Gasa, Sarpang, Thimphu, Bumthang and Royal Advisory Councillors made their submissions one after another condemning the attack. They pointed out that the massacre of many Bhutanese citizens last December has caused immense pain, intolerable concerns and alarmed all the people of Bhutan. Besides, the Indian government has pledged that they will ensure no such tragic incidents recur in future. This pledge has been reported in the current session of the National Assembly. But the ironic attack near Gelephu even before the present session concluded, which resulted in the death of five people and injury to eight others has induced even greater concerns in the hearts of the people of Bhutan.

The inability to understand the motive behind the tragic incidents that occurred along the borders so far provokes misgivings that Indian government may have deployed the perpetrators. If unprovoked massacres of innocent people of a small country like Bhutan continue unabated, it seems that it will be very difficult for peace and prosperity to thrive in the country. The Chimis highlighted the importance of Lhengye Zhuntshog holding very comprehensive talks with the Government of India to prevent recurrence of such unfortunate incidents.

They said that the honourable members of the National Assembly have understood the reports about the continuing talks held with the Indian government by the Lhengye Zhungtshog, the Foreign Ministry and Bhutan's ambassador in New Delhi. Nevertheless, there is no comprehensive report submitted to the National Assembly about the investigations done by Indian government into last year's massacre of Bhutanese citizens. The Chimis expressed reservation about the nature of motives and policies of the Indian government.

Among the dead in the recent incident was the son of one of the members of the National Assembly. Although they were not in a position to support him in terms of resources, the Chimis extended their profound condolences. India has always been looked upon as a friend and neighbour, and a great benefactor. The Chimis said that they are compelled to think that a trusted friend may be undermining the country's faith and confidence.

The threat posed by Indian citizens to Bhutan is aggravating every year. This casts doubt about the reliability of Indo-Bhutan relationship. Despite many inconveniences caused by Indian nationals living in Bhutan, the Bhutanese, led by His Majesty the King have always considered them as members of one family, and never even raised a hand against them. But inspite of repeated murders of Bhutanese nationals in Indian territory, there is no security arrangements whatsoever. Considering this, it is very difficult for the Bhutanese people to understand the ulterior motives behind the murders. Besides, it is also difficult to know what the Indian government would do about these murders. The Chimis requested the Royal Government and the Government of India to consider the issue very seriously and hold a very comprehensive and fruitful discussion.

The representative of the Monk Body expressed their grief at the report on the sufferings of innocent Bhutanese people submitted by the Hon'ble Home Minister to the National Assembly.

Bhutan and India share a long history of excellent religious relationship. But if reciprocal goodwill and trust are not sustained, even such relationship will prove futile. Therefore, there is a need for real support and reciprocity between the two countries.

On the occasion of irreparable misfortune, the monastic community led by His Holiness the Je Khenpo offered prayers that such tragedy do not recur again. They also extended their words of condolences, and said that His Holiness will offer prayers for the deliverance of souls of the deceased and for their rebirth in the realm of happiness.

The Speaker said that the Hon'ble Home Minister has reported about the destruction of a truck by land mine on July 31, 2001. The truck belonging to the Department of Forestry Services was traveling from Manas area carrying 13 passengers. The explosion at Devadangi in Assam which is four kilometers away from the border at Dadgari, Gelephu not only blew apart the truck but killed five people: four forest guards and a student, and wounded eight others. The members of the National Assembly were astounded and overwhelmed in sorrow upon hearing this shocking news.

The National Assembly has just finished discussing the murder of fifteen innocent Bhutanese travelers by Indian citizens armed with lethal weapons on the Assam highway in December last year. The murder of yet another five innocent Bhutanese has totally shocked and saddened the members of the National Assembly. They were also infuriated at the incident. The Speaker said that the submissions made by the honourable members one after the other condemning the attack and expressing grave reservations are all justifiable. Considering the situation, even the National Assembly feels that the people of Bhutan will definitely nourish serious doubt and misgivings. Therefore, it is extremely crucial for the Council of Ministers and the Lhengye Zhungtshog to hold a comprehensive discussion addressing this particular issue. The people of Bhutan have always regarded India as closest friend, neighbour and development partner with whom Bhutan shares very excellent relationship. Although the people commit themselves to this relationship with unwavering faith, they are not able to understand the ulterior motive of the policies of Indian government. If such heinous incidents were continuously perpetrated, it would

greatly undermine the friendship and co-operation between the two countries. The Lhengye Zhungtshog must hold a very urgent talk with the Indian government as soon as possible. The National Assembly has not received any comprehensive reports on the previous massacres. The Indian government must not only give verbal agreement to pursue investigation on the recent incident and then postpone it, it must strive to identify the culprits and bring them to justice at the earliest possible. If India is really a nation who shares excellent relationship with Bhutan and has genuine disposition towards her, she must prevent the recurrence of such incidents that shocks and causes immense grief to the government and people of Bhutan. On behalf of the National Assembly, and on his own personal behalf, the Speaker extended condolences to the Assembly member, Sangay Dorji from Panbang Dungkhag whose son was one of the victims killed in the incident. He expressed hope that those injured and undergoing medical treatment would soon recover by the blessings of the Triple Gem. The discussion on the tragic incident concluded with representatives of the Monk Body offering prayers in the National Assembly Hall for the benefit of the souls of the deceased.

XXIII. Concluding Ceremony

On the occasion of the concluding ceremony of the 79th session of the National Assembly, the Speaker expressed his happiness at the successful conclusion of the session. The ability to hold very comprehensive deliberations and come out with fruitful resolutions has been the result of the wise and far-sighted leadership of His Majesty the King, and the open and frank discussions engaged in by the honourable members of the National Assembly who have always kept in mind the present and future well being of the country. The Speaker expressed his gratitude to His Majesty the King and to the honourable members of the National Assembly.

At the commencement of the session, the Chairman of the Council of Ministers have presented the annual report of the activities and achievements of the Royal Government, and the annual budget report on behalf of the Ministry of Finance. The underlying theme of the presentation highlighted the fulfillment of development goals under the dynamic and far-sighted leadership of His Majesty the King. The Speaker said that the support for the flourishing of Buddhism, ensuring resources necessary for people's livelihood, establishment of economic development infrastructure, preservation and promotion of traditional cultural heritages and enhancing friendly international relation in accordance with the aspiration of the people have become a great source of joy and satisfaction for the people of Bhutan.

Since the government and the people can never compromise the security and sovereignty of the country, an in-depth discussion has been held in the current and five previous sessions of the National Assembly concerning the problems created by ULFA-Bodo militants. In the 76th session, the National Assembly has submitted the full responsibility of resolving the militant problem to His Majesty the King.

Since his ascension to the golden throne in 1974, His Majesty the King has worked tirelessly, and greatly enhanced the peace and happiness of the people. His Majesty continues to persevere in efforts to protect the security and sovereignty of the country without ever considering his own personal safety. The Zhung Dratshang, *Shedra*, *Rabdey* and *Goendey* in the country led by His Holiness the Je Khenpo continues to perform *Kurim* particularly for the well-being of Buddhism and for peace and security of the country.

All the people in the country continues to reaffirm their pledge to fulfill the commands of His Majesty the King, provide both manpower and resource support, and stand prepared to sacrifice their own lives in order to defend the sovereignty and independence of the country. The Speaker expressed the trust,

confidence and appreciation of the people in the three armed forces who continue to shoulder the responsibility of ensuring national security.

Considering the situation where all necessary provisions are harmoniously integrated, it appears that the people have not deviated from the traditional saying that Bhutanese always emphasize on good fortune. There is no betrayal of the sacred bond and faith that exist between the practitioners and patrons of the teachings of the Buddha. The good fortune resulting from harmony and unity between the King and the people have prevented the country so far from engaging in a military confrontation to resolve the ULFA-Bodo problem. The agreed minutes of the meeting signed by the Royal Government and the ULFA leaders in June this year has been a very welcome news for all the people of Bhutan. On behalf of the National Assembly, the Speaker expressed profound gratitude to His Majesty the King, and to the Royal Government of Bhutan.

It is impossible that the ULFA-Bodo militants do not fear casualty and death in an armed confrontation. Therefore, the ULFA leaders have committed to remove four of their camps from Bhutanese territory by December this year. The Speaker said he hoped that the militants would express interest in continuing talks with the Royal Government to remove their five remaining camps.

His Majesty the King is fully aware that a monarch must love his people, that peace and happiness which are crucial to people must depend on law and order. Therefore, His Majesty has established very important judicial institutions and further strengthened the judicial system in the country. Owing to many acts and legal ordinances which were tirelessly promoted by His Majesty to protect basic rights of the people and to create a fair and just society, all the people of Bhutan from all walks of life stand equal before the law today.

In the 79th session, the National Assembly has passed eight new acts that are very important for the country. It is very crucial for the people to understand the Income Tax Act, which will come into effect beginning January next year. The primary purpose of the Act is to collect appropriate amount of tax and ensure equal distribution of income among people with different income levels. Therefore, when the Act comes into force, all the people particularly those who are engaged in profitable business ventures must avoid tax evasion but take great pride in paying them in accordance with their income. It is important to realize that payment of tax is also a great contribution for the nation.

The Bill for Civil and Criminal Procedure Code, which is an important component of the Bhutanese laws and crucial to Bhutanese people from all walks of life has also been passed by the National Assembly after intensive two-day debate. The Speaker extended the appreciation of the National Assembly to the Hon'ble Chief Justice and the Judiciary who have taken the responsibility of drafting the Act. Similarly, he expressed great appreciation to the Hon'ble Ministers and relevant departments who co-ordinated and participated in drafting all the other acts endorsed by the National Assembly.

Unprecedented political reforms and economic development are taking place in the country and in the world. In Bhutan, all these progresses emanate from the throne. In such changing situation, the National Assembly has to take added responsibility to participate in important tasks that will further enhance the capability, transparency, accountability and efficiency of the Royal Government who have to work for the well being of the country and the people. The Speaker pointed out that if the National Assembly prepares its own Chathrim from the very beginning, it would greatly benefit the present and future well being of the country, and the peace and happiness of the people.

On the auspicious occasion of the conclusion of the 79th session of the National Assembly, the Speaker urged every one to pray wholeheartedly for the

teachings of the Buddha to flourish, and for the long life of noble beings, particularly of His Majesty the King who patronizes the propagation of the religion. The Speaker said that everyone must be united in thought and speech to pray for the long reign of His Majesty the King, and for the country to remain free of epidemics, famine and war, so that the aspirations of the people can be fulfilled, and that the sun of happiness would shine for ever. The 79th session of the National Assembly concluded on the 14th Day of the 6th Month of the Iron Snake Year.

**NATIONAL BUDGET FOR FINANCIAL YEAR 2001-2001 AND REPORT ON
THE FINANCIAL YEAR 2000-2001 BUDGET MINISTRY OF FINANCE,
ROYAL GOVERNMENT OF BHUTAN JUNE 2001.**

Introduction

The Ministry of Finance has the privilege to present the budget for the financial year 2001-2001 and the report on the financial year 2000-2001 to the honourable members of the National Assembly.

I am pleased to inform the honourable members that we have successfully reached the last year of the 8th Five Year Plan (8FYP). Despite the security problem posed by the presence of ULFA and Bodo militants in Bhutanese territory, we have been able to carry out the planned development works without major disruptions. The preparations for the 9th plan, which commences in July 2002, have been initiated.

The 8FYP review meetings in the 20 Dzongkhags have also concluded successfully. The review meetings provided an excellent opportunity for the government to assess the implementation of the 8FYP policies and programs and to meet the representatives of the GYT, DYT and the business community. During the meeting, we were able to exchange views and understand the future development challenges in the respective Dzongkhags. I am pleased to report that the average financial delivery, for the first three and half years of the 8FYP, reported during the review meetings in the Dzongkhags in 66 percent. The lower than expected expenditure level was a result of heavy rainfall, manpower shortage and delays in disbursement of donor funds.

While our development plans have been successful in ensuring an equitable, balanced and sustainable progress, the rapid pace of development and change occurring within Bhutan and abroad, presents our country with numerous

opportunities and challenges associated with youth employment, rapid urbanization and globalisation among others.

In order to meet the challenges and capture the opportunities, we need to broaden and deepen our economic base, invest in productive industries and strengthen our exports by seeking a niche in small and medium sale industries. We have to gear towards harnessing the opportunities presented by tourism and information technology.

In view of these emerging challenges and opportunities, this budget will address measures to strengthen our economy through promotion of the private sector. Considering the global dominance of the market economy, the private sector is the key to economic progress, wealth generation, improving trade balance, and employment creation.

The emphasis on the private sector, however, does not mean that rural development will be marginalized. The Royal Government is committed to improving the livelihoods of the rural people and will continue its support to the social sector. The targeted beneficiary of all the projects, initiated by the Royal Government in all the sectors is mainly the rural population.

Economic Performance (2000-2001)

The general macroeconomic conditions were favourable for Bhutan in the past year. The economy has experienced a steady and sustained growth rate of 6 percent. Average inflation rate remained at about 4.5 percent, which is one of the lowest we have had so far. This is a reflection of sound economic management policies of the Royal Government. The exchange rate has been relatively stable and Bhutan continues to experience positive balance of payments. The foreign reserves stand at US\$ 292.5 million, estimated to cover

19 months of imports. The total debt to GDP ratio stands at 39.0 percent and the debt service ratio at 4.1 percent.

The Ministry of Finance would like to inform the honourable members that we have been able to achieve the objective of meeting at least the current expenditure from domestic revenue. In order to meet the capital investments, we have been able to obtain grants from bilateral donors and highly concessional loans from the international financial institutions.

Review of the Financial Year 2000-2001

The revised budget of the Financial year 2000-2001 stands as follows:

Summary of Financial Year 2000-2001 Budget

	Nu.in millions	
Expenditure Outlay	Approved	Revised
1. Current Expenditure	4,158.601	4,397.550
2. Capital Expenditure	4,922.623	5,023.352
3. Net lending	27.124	68.541
4. Repayment	215.363	215.491
Total	9,323.711	9,704.934
Sources of Finance	Projected	Revised
1. Domestic Revenue	4,210.584	4,492.825
2. Other Receipts & Balances	566.365	604.757

3. Grants		
a. GoI Program Grants	800.000	800.000
b. GoI Project Grants	1,420.153	863.446
c. Other Grants	1,345.016	1,647.266
4. Financing		
a. Project-tied Borrowings	817.956	496.622
b. Resource Gap	163.637	800.018
Total	9,323.711	9,704.934

There has been a 4 percent increase in the 2000-2001 revised budget. While the objective of controlling expenditures was vigorously pursued during the year, there were some important requirements for which additional budget allocation had to be considered.

A supplementary budget of Nu. 278 million was provided for restoring bridges, water and power supply and road repair works after the unprecedented monsoon floods. Given the major infrastructure damage in the foothills, it will be another few years before we can complete the restoration works.

The Royal Government also approved Nu. 260 million for the purchase of embassy buildings in New York, Geneva, and Bangkok. The purchase of these buildings will help us to save costs in the long run as well as strengthen our representation in these important cities. Furthermore, we were able to obtain favourable deals in all the purchases considering that real estate prices have been the best so far.

In order to ease the traffic flow in and out of Thimphu city, the Royal Government approved the construction of the Tashichho Dzong – Babesa Expressway, for which Nu. 79 million was provided. In addition, Nu. 42 million was approved for the appointment of additional personnel, for already approved posts, in the civil service.

As part of the Royal Government's contribution for the additional financing of the Basochhu project Nu. 78 million was also approved in the past year.

The increase in net lending, as indicated in the revised budget reflects the temporary loan provided for the corporatisation of Bhutan Telecom, and the increased disbursement of on lending to the Bhutan Development Finance Corporation.

The Royal Government has raised the wage rates for the national workforce from Nu. 50 to 100 per day. The wages of skilled craftsmen have also been raised accordingly. These wage increases have been approved in view of the high cost of living and to encourage Bhutanese nationals to participate in development projects.

The Ministry of Finance would like to make it clear that this wage increase applies only to Bhutanese nationals employed under the National Workforce by the Royal Government. This is not a minimum wage and does not bind the private sector or other agencies operating in Bhutan.

The Royal Government has also raised the DSA and sitting fees for the members of the DYT's considering the high costs incurred in discharging their responsibilities. In view of the decentralization process that is well underway and the increasing roles and responsibilities of such institutions, it is important that we encourage the participation of the people who are competent to serve the communities they represent.

While there was a substantial increase in expenditure, the revenue also increased beyond the projected amount and helped to narrow the resource gap. It is, however, important to keep in mind that the resource gap at Nu. 800 million is far larger than the initially projected amount of Nu. 163.6 million.

Financial Year 2001-2001 Budget

The budget for the Financial Year 2001-2002 is as summarized in the table below:

Summary of Financial Year 2001-2001 Budget

	Nu.in millions	
Expenditure Outlay	Amount	Percent
1. Current Expenditure	4,611.099	45.89
2. Capital Expenditure	5,202.574	51.78
3. Net Lending	2.050	0.02
4. Repayment	231.421	2.30
Total	10,047.144	100.00
Sources of Finance	Projected	Percent
1. Domestic Revenue	4,613.271	45.92
2. Other Receipts	527.317	5.25

3. Grants

a. GoI Program Grants	800.00	7.96
b. GoI Project Grants	540.343	5.38
c. Other Grants	1,578.088	15.71

4. Financing

a. Project-tied Borrowings	941.024	9.37
b. Resource Gap	1,037.101	10.42

Total	10,047.144	100.00
-------	------------	--------

In order to maintain fiscal discipline and keep the resource gap within manageable levels, the proposed budget for the year 2001-2001 at Nu. 10,047.144 million, is only 3.5 percent higher than the revised budget of Nu.9,704.934 million for the previous year. This increase is reasonable considering inflation and cost of new establishments.

The national revenue forecast is Nu. 4,613.271 million, which is 2.7 percent higher than in the pervious year. As in the past, we will be able to cover our current expenditure with the domestic revenue. The grant projection for the coming year stands at Nu. 2,918.431 million, (29.05 percent). Project-tied borrowing is expected to be Nu. 491.024 million,(9.37 percent of total expenditure) making a substantial increase from the revised budget of the past year mainly on account of the expected increase in disbursement for the numerous loan projects that are underway. The resource gap is anticipated to be Nu.1,047.101 million(10.42 percent).

In order to cope with the anticipated resource gap, the Ministry of Finance has initiated measure to encourage financial discipline and control expenditure. We would like to assure the honourable members that the Ministry of Finance

would continue to monitor the size of the resource gap and keep it at an affordable level.

Sector wise allocation

In terms of sectors, the allocations are as summarized below:

Sector Allocation of Financial Year 2001-2002 Budget

Nu. In millions

Sector	Amount	Percent
Health and Education	2,504.538	24.93
Agriculture	1,184.972	11.79
Human Settlements	715.204	7.12
Communication	183.312	1.83
Roads	1,138.377	11.33
Energy(excluding mega projects)	1,289.194	12.83
General Public Services	1,732.991	17.25
National Debt Service	316.866	3.15
Others	981.870	9.77
Total	10,047.144	100.00

Social Sector

The Royal Government has allocated a quarter of its budget to the health and education sector. This is an indication that the Royal Government continues to accord the highest priority to the social sector. A well educated and a healthy population are the most important requirements for the development and security of the nation.

Recognizing the important role of teachers in educating and upbringing of our children, it is important to attract capable people to join the teaching profession. The Royal Government has, therefore, enhanced the teaching allowance for primary school teachers from 15 percent to 30 percent. This is expected to result in the improvement of the quality of education particularly in the rural areas where most of the primary education facilities are located.

Additional incentive of 30 percent to 45 percent of the basic pay for medical doctors have also been approved in recognition of their difficult jobs and also to attract and retain the best people in this profession.

We would like to inform the honourable members that our effort at fund mobilization for the Health Trust Fund is making good progress. The total fund today stands US\$ 10 million.

Communication

Effective communication, road access in particular, is an important factor in enabling economic development and enhancing national security. The Royal Government is committed to keeping the major highways open throughout the year and improving rural feeder roads in order to improve accessibility for people living in the remote areas of the country. This is evident in the relatively high allocated (11.33 percent) for the roads sector.

Given the importance of motor roads for development as well as national integration, the Royal Government continues to spend large amounts of money on the maintenance and improvement of the East-West Highway as well as other national and district roads. Programs have also been initiated to improve the access of rural areas to markets by constructing farm roads. In view of the heavy investments, particularly in the purchase of machineries, the Royal Government had to resort to loans from multilateral financial institution.

The Royal Government will, as announced during the 8th plan review meetings, embark on a major rural telecommunications project. The project will not only facilitate communication between people but also bring the benefits of internet to rural schools and hospitals

Human Settlements

In the area of urban development and human settlements, we would like to report that the projects for the development of several Dzongkhag towns are in various stages of implementation. The government housing project towards partially alleviating the housing shortage in Thimphu and Phuntsholing is progressing well. A budget of Nu.228 million has been earmarked for this purpose in the 2001-2002 budget.

Energy

Considering the immense hydropower potential, the Royal Government continues to place priority to the energy sector allocating 12.83 percent of the outlay to this sector (excluding the mega projects). The Ministry of Finance would like to inform the honourable members that the works on the 1,020 MW Tala Hydroelectric Project is progressing well despite the disruptions caused by the monsoon rains last year. The management is working on an acceleration measure, which will allow the completion of the project by march 2005, if further unforeseen incidents do not occur. The Tala Project is estimated to cost a total of Nu. 36,383 million (excluding interest charges during construction).

As the honourable members may be aware, the first turbine of the Kurichhu Hydro Power Project has been commissioned. The project will be completed in June 2002 with the commissioning of the remaining three turbines. The cost of the Kurichhu Project currently stands at Nu. 5,685 million. This project will

bring about unprecedented economic opportunities for the people of Eastern Bhutan and will fulfil His Majesty's aspiration to bring about regionally balanced development and upliftment of the socio-economic lives of the people living in Eastern Bhutan.

In order to distribute the benefits of hydroelectric power to the rural people, the Royal Government is continuing to undertake several electrification projects. The Eastern transmission grid consisting of 120 kms of 132 kV transmission lines will connect Kurichhu with the six Eastern Dzongkhags. The Government of India has presently committed Nu. 800 million. The Royal Government intends to extend the Tingtibi line to Trongsa and Bumthang as well.

The first phase of the Basochhu Hydro Power Project will be completed in October 2001 with the commissioning of the 22.2 MW turbine. The cost of the project currently stands at Nu. 1,434.30 million. Preparatory works for the 40 MW Basochhu Phase II project have already been initiated, and we expect to begin the works by this year. The Royal Government will construct a 220 kV transmission line connecting Basochhu with the Semtokha switchyard. This will meet a major part of the electricity requirement of Western Bhutan and greatly enhance the reliability of power in the country.

The rural electrification program continues to be given priority. The second phase of the Asian Development Bank assisted project is progressing well, bringing benefits to thousands of rural households.

I would like to inform the honourable members that the Royal Government has decided to raise the power tariff for urban, commercial, institutional and industrial consumers from Nu. 0.70 to Nu. 0.80 per unit with effect from 1st July 2001. Such incremental increases are necessary in view of the high delivery cost of electricity, which ranges from an estimate of Nu. 2.50 to Nu.7 per unit. The

power tariff for the rural consumer will, however, remain unchanged at Nu.0.50 per unit.

Agriculture

The agriculture sector will receive 11.79 percent of the total outlay in the coming year. Since agriculture is the major occupation of the Bhutanese people, the Royal Government is committed to increasing agricultural productivity and economic profitability. The construction of feeder roads will enable the farmers to market their produce and enhance their incomes. We hope that these efforts at making rural life more attractive will help to overcome the problems associated with rural-urban migration.

The Second Eastern Zone Agricultural Project funded by an IFAD loan, is now fully operational. This project covering six Eastern Dzongkhags aims at supporting rural livelihoods by pursuing an integrated approach to agricultural development that includes rural credit schemes and infrastructure works among others.

The Wang Watershed Management Project has also become operational in the past year. This project will support agriculture, forestry and livestock activities in Thimphu, Chukha, Paro and Haa Dzongkhags.

Domestic Revenue

The domestic revenue forecast is as summarized below:

Summary of national Revenue Forecast: FY 2001-2002

Nu.in millions

Source of Revenue	Amount	Percent
A. Tax Revenue	2,475.439	53.66
1. Direct Tax	1,512.095	32.78
Corporate Income Tax	939.174	20.36
Business Income Tax	201.650	4.37
Salary Tax	62.000	1.34
Health Contribution	21.630	0.47
Royalties	278.966	6.05
Rural Tax	8.670	0.19
2. Indirect Tax	963.344	20.88
Bhutan Sales Tax	330.377	7.16
Export Tax	12.666	0.27
Excise Duty	458.820	9.95
Motor Vehicle Tax	59.860	1.30
Import Duty	78.375	1.70
Business & Prof. Licenses	8.428	0.18
Other Tax Revenue	14.818	0.32
B. Non-Tax Revenue	2,137.832	46.34
Transfer of Profits	438.435	9.50
Dividends	1,258.607	27.28
Admin. Fees and Charges	64.156	1.39
Capital Revenue	37.660	0.82
Revenue from Govt. Divisions	334.469	7.25
Other Non-Tax Revenue	4.505	0.10
Total	4,613.271	100.00

The domestic revenue forecast for the 2001-2001 financial year stands at Nu. 4,613.271 million. Tax revenue accounts for Nu. 2,475.439 million (54 percent) of the domestically generated revenue. As evident in the forecast table above, most of the revenue is dependent on corporate income tax and other non-tax sources. As the honourable members may already be aware, the rural people who constitute 80 percent of the population contribute less than one percent of the total revenue. At the same time, the Bhutanese people continue to enjoy free or highly subsidized access to a wide range of services. The Royal Government has been able to support such generous welfare programs largely due to the kind support we have received from our development partners and the effective utilization of their assistance by the Royal Government.

However, we cannot continue to be dependent on external assistance indefinitely. It is important that we work towards our goal of attaining self reliance and reduce our dependency on external assistance. In this regard it is vital that we continue to strengthen our economy and expand our revenue base by broadening the tax base and streamlining the tax system to ensure its efficiency and effectiveness.

As the honourable members may recall, the Ministry of Finance raised the issue of the Personal Income Tax in the last session of the National Assembly. We would like to take this opportunity to reiterate that such taxes are important at this stage of development not only to expand the revenue base but also to ensure that the income gap between the rich and poor do not widen considerably.

For a small developing country like ours, social cohesion and harmony, through equitable development, are essential in fostering citizen solidarity and national security. Experiences in many countries in the world have shown that a fast pace of development and change can create social discontent and instability due to widening income gaps. Therefore, the need to ensure equity, a basic social tenet, is more relevant to Bhutan today than ever before.

Personal Income Tax is a widely used means to ensure social equity in most progressive countries. The tax revenue generated is used to fund government expenditure on essential service like health, education and other publicly beneficial services. While the monetary value of the Personal Income Tax may be nominal in the earlier years, there is no doubt that it will instill a greater sense of participation, and responsibility among the people. We are confident that as in the past the Bhutanese people will place the interest of the nation above personal interests and support the process of nation building with deep loyalty and integrity.

Tax Policy Amendments

The Ministry of Finance is pleased to announce some revisions to the sales tax and customs tariff schedule. The revisions in the indirect tax rates have mainly been done in view of the changing economic and social circumstances in Bhutan. We are confident that these proposed changes will have positive social, economic and environmental impact. We propose to review these rates every year to keep up with the changes in the domestic and international economic environment.

The sales tax and customs duty on a wide range of domestic electrical appliances have been abolished. We hope that with rural electrification taking place, our people in the rural areas will be able to take advantage of time and labour saving devices. This will not only make life easier for our people but also help in environment conservation efforts.

Both sale tax and customs duty on the import of computers have also been abolished give the importance of enhancing computer knowledge in a world that is increasingly driven by information technology. We hope that the Bhutanese will also be able to benefit from the immense employment and income generating opportunities that this sector holds.

Customs duties on yarn have been abolished in order to encourage local weaving industries.

Sales tax on CGI sheets have been abolished, keeping in mind the difficulties that rural people face in re-roofing their houses every few years and the pressure it places on the natural environment.

The sales tax and customs duty on passenger buses have been abolished. At present only passenger buses procured by the passenger transport operators are exempted from both sales tax and customs duties. This benefit will now be extended to other agencies like tour operators also. Furthermore, customs duties on spare parts for all types of vehicles have also been reduced from 30 percent to 10 percent in order to encourage proper maintenance of vehicles and make transportation safer.

On the other hand, taxes on non-essential items. Such as confectionery and sweets have been raised to 45 percent and for betel nut to 20b percent. A sales tax of 30 percent has also been introduced for cable television services; same as that of cinemas, as this is a luxury that does not benefit the ordinary people.

In order to strengthen employment in the private sector, the monthly tax- deductible salary limits for companies and other businesses have been increased to more realistic levels as indicated in the table below.

Category	Companies	Other Businesses
Large	Nu. 60,000	Nu. 30,000
Medium	Nu. 35,000	Nu. 20,000
Small	Nu. 25,000	Nu.15, 000
Cottage	Nu. 5,000

It is expected that this would act as an incentive to hire competent managers, which is essential to enhance professionalism, profit and growth of the private sector.

External Assistance

External assistance continues to finance a major part of our development budget. In the past year, Bhutan received Nu. 3, 310.712 million as grant aid. We would like to thank our development partners for their generous assistance. In particular, we are grateful to India, our friend and neighbour, for their unfailing support since the inception of planned economic development in the 1960s.

Bhutan has been fortunate to have numerous development partners who have provided generous assistance in our development endeavors. Such good will shown by our development partners is largely a reflection of their friendship and their confidence in the transparent and judicious utilisation of their assistance.

In order to further strengthen our relationship with our development partners, Bhutan hosted the 7th Round Table Meeting (RTM) in November 2000. The Ministry of Finance is pleased to inform the honourable members that the RTM was a great success. Seventy-eight representatives from thirty-two development partner countries and organisations attended the three-day meeting. Such representation at very senior levels is a testament of their friendship and good will towards Bhutan.

This meeting provided the development partners an opportunity to see for themselves the outcome of their assistance. The RTM, held in a true spirit of openness and friendship, also enabled fruitful dialogue on the possible areas of future cooperation with our development partners. Our discussions included emerging issues such as poverty, urbanisation and youth employment as well as the opportunities presented by globalisation and development in information technology among others. We would like to thank the UNDP for their technical and financial support in organising this highly successful meeting.

Borrowings

The Royal Government continues to abide by a very prudent borrowing norms. The total outstanding debt is US\$ 107.777 million and Rs.3,957.386 million. The Ministry of Finance would like to inform the members that these loans have been taken to finance important projects in the roads, power, urban infrastructure, education and agriculture for which grant aid was not forthcoming. The rupee loan is mainly on account of Chhukha, Tala and Kurichhu projects. We are confident that investment in these areas will contribute significantly to the socio-economic development of the country.

The total debt service project for 2001-2002 is Nu. 316.8 million and the debt service ratio at about 6 percent. Our financial analysis shows that we can comfortably meet the debt servicing obligations. The Ministry of Finance will continue to carefully assess loan projects in order to ensure that these projects have sound financial and economic returns.

Other initiatives

The Department of Telecommunications has been corporatized to enhance efficiency and improve the quality of telecommunication services for the general public.

We have also started the preliminary work to corporatize the utility functions of the Department of Power. This is to ensure that the services are efficiently run and financially sustainable.

In order to rationalise costs and ensure the long-term sustainability of health care in Bhutan, user fees have been introduced for selected dental services. We would like to assure the honourable members that basic health care will continue to be provided free of cost.

As many of us are aware, Druk Air plays an important role in facilitating international travel as well as tourism in Bhutan. Although there is currently only one plane in service, the Corporation has done extremely well in meeting the transportation demands, especially during the peak tourist seasons. The second plane, which is undergoing repairs, will be delivered in August this year. In addition, orders have been placed for two additional planes to be delivered in 2002. One of the planes will be domestically financed while the other will be purchased on external financing.

Private Sector Development

The development of the private sector has been one of the major objectives of the Royal Government since the inception of the 5th Five Year Plan.

Although numerous steps were initiated in the past to promote the private sector, the result have not met our expectations. Our production base remains dependent on a few natural resource based industries and economic diversification has been limited. All indications show that our private sector is still weak and vulnerable.

In a world that is increasingly driven by market economics, national security is not dependent on military strength alone. Economic strength is an equally important determinant of national security. While the government will continue to provide the infrastructure and the enabling environment for private sector development, it cannot be the engine of growth.

We need a dynamic private sector that plays a central role in income generation, improving the trade balance and creating employment among other. The need for greater dynamism and innovation in the private sector is even greater when considering the various challenges and opportunities presented by globalisation.

The Royal Government is, therefore, more committed than ever to promote the private sector in Bhutan.

The following steps have been taken to boost the dynamism of the Private sector.

1. Establishment of a Private Sector Development Committee: This is a joint committee comprising of government and private sector representatives established to coordinate private sector development activities.
2. Divestment: In order to encourage private sector development, the Royal Government has been divesting its shares in the publicly held corporations to encourage private sector participation. In the past year, the Royal Government sold 20 percent of its shares in Royal Insurance Corporation of Bhutan to the general public reducing the government shareholding to less than 40 percent. The Royal Government's divestment policy is guided by the ability of the market to absorb the shares. Such periodic sale of shares has been well received by the public and the returns on the shares have been very good.
3. Industrial Estate Development : In order to facilitate industrial development and overcome the space and infrastructure constraints, the Royal Government has identified and approved the following industrial estate sites:
 - Singhi Gaon for South Western Region
 - Chuwabari for South Central Region
 - Tingtibi for Central Region
 - Bodima for North Eastern Region and
 - Samdrup Jongkhar for South Eastern Region

4. The Royal Government has recently approved two joint ventures in the tourism industry to develop hotel infrastructure catering to the high-income tourists groups. We are confident that such partnerships will pave the way of high value tourism and improve the hotel infrastructure as well as the quality of services.
5. The Royal Government has decided to establish dry port facilities in Phuentsholing and Gelephu. This will facilitate import and export businesses, reduce transaction costs and greatly enhance efficiency.
6. Various legislations, directly related to the private sector have been passed in the 78th Session of the National Assembly. These Acts will provide the private sector a stable and predictable legal environment to operate in.

In addition, the Royal Government has set up a multi-sectoral committee to propose tax incentives to stimulate investment and growth. The Ministry of Finance would like to inform the honourable members that the following proposals for tax incentives are being considered:

1. Tax Holidays for industries set up in the interior: At present many industries are being set up on the border due to ease of transportation and availability of cheap labour. In order to encourage industries in the interior parts of the country, the Royal Government is considering the provision of tax holidays, of three to five years. This is mainly to ensure regionally balanced development and enhance employment opportunities for people living in other parts of the country.
2. The multi-sectoral committee has also proposed to continue the existing tax exemption on plant, machinery and raw materials procured for manufacturing industries.

The Ministry of Finance will study these proposals and draw up detailed rules on the proposed incentives.

In addition, the Royal Government is also currently studying a Foreign Investment Policy in order to attract international capital, technology and managerial skills. Foreign investment will be sought through collaboration, joint ventures, and foreign direct investment. Foreign investment will help us overcome the capital and technology gap as well as provide access to international markets. The experience in many countries has shown that foreign investment is one of the most effective mechanisms to accelerate development, especially in the export sector.

Bhutan is also preparing the Memorandum on Foreign Trade Regime, as the first step towards membership in the world Trade Organization. Membership in the WTO will enable us to benefit from trade in a stable and predictable environment. However, we have to remember that such benefits will be forthcoming only if we have a dynamic export sector. Therefore, we need to make continuous efforts to identify and promote niche industries in Bhutan.

In view of our unique cultural heritage, strong traditions and pristine natural environment, Bhutan continues to be a popular tourist destination. Tourism is important for the economy, as it is the single largest source of hard currency. In the previous year, 7,559 tourists visited Bhutan and the gross earnings from the tourism industry accounted for US \$10.5 million marking an increase of about 18 percent in gross earnings from the previous year.

While the Royal Government will always ensure the policy of high value, low volume tourism, there is immense potential for growth in this sector considering that tourism is the largest industry in the world. In order to boost this sector, major initiatives are being taken to expand the infrastructure as well as improve the quality of services by introducing greater professionalism. As mentioned earlier, the Royal Government has approved joint ventures with foreign firms in

the hotel business so that the Bhutanese can benefit from capital and knowledge transfer.

Financial Sector

The Ministry of Finance would like to inform the honourable members that the financial sector in Bhutan has shown marked improvement in the recent years. In view of the acceleration of economic activities, the financial sector has also expanded. The total assets of the monetary sector expanded by about 31 percent in the past three years signifying a rapid growth of economic activities.

The quality of assets of the financial institutions have also improved in the recent years as a result of prudential regulations and concerted efforts of the financial institutions to improve their management. Recent estimates show that the recovery ratio now stands at 85 percent and the average non performing assets ratio has reached a new low of about 15 percent. The target is to bring the ratio to less than 10 percent in the next few years.

In an environment of liberalized interest rates and in order to stimulate lending activities, the Bank of Bhutan, in July 2000, lowered its interest rates on loans and advances ranging from 0.5 percent to 1.0 percent for general trade, personal transport and personal loans.

The financial sector continues to experience excess liquidity is symptomatic of the limited absorptive capacity of the private sector and the lack of bankable projects. The Royal Monetary Authority has continued to manage the liquidity in the financial system through the use of its monetary instruments (RMA Bills, Reserve Repurchase Agreement, and Cash Reserve Ratio) and foreign exchange to circumvent the immediate macroeconomic threat posed by excess liquidity. The Royal Government on its part is committed to improving the investment

climate for private sector development through various policy measures as addressed earlier.

Conclusion

The coming financial year 2001-2002 marks the end of the 8th Five-Year-Plan, and the completion of forty years of successful socio-economic development in the country. With the blessings of the guardian deities of Palden Drukpa and the enlightened leaderships of our hereditary monarchs, the Bhutanese people have continued to enjoy peace, prosperity and happiness.

As we gear towards the 9th plan, which commences in July 2002, Bhutan faces a very different domestic and external environment compared to the past. The success of our past development plans and the changes brought about by the process of globalisation places new challenges and opportunities for Bhutan. We have to address emerging issues such as youth employment and rapid urbanization, as well as prepared to benefit from globalisation and liberalization of international trade. For that we need to take important decisions to improve the private sector; promote export-oriented industries and create employment by investing in productive sectors.

However, the foremost concern in the minds of the Bhutanese people today is the security threat posted by the presence of Ulfa and Bodo militants in our territory. The Royal Government is making every effort through peaceful means to persuade the Assamese militants to leave Bhutanese territory. If these efforts fail to produce concrete results and there is no option left but to resort to military action, as decided by the National Assembly, I would like to inform the honourable members that the Royal Government stands ready to devote all resources necessary to remove this problem.

I am confident that Bhutan will continue to enjoy peace and prosperity with the blessings of our guardian deities, the enlightened leadership of our beloved King and the continued harmonious relationship between the Royal Government and the people.

Tashi Delek.

Selected Monetary and Financial Indicators.

Items Description	1999/00	2001 March	Percent. Change
1. Total Assets of the Financial Sector	22678.18	21934.49	-3.28
a. Royal Monetary Authority	9577.27	9608.64	0.33
b. Four Financial Institutions	13100.91	12325.85	-5.92
2. Money Supply			
a. Quasi money 1/	5238.88	5738.58	9.54
b. Demand Deposits	2474.76	2879.10	16.34
c. Ngultrum in Circulation	1119.39	1346.36	20.28
3. Domestic Credit	752.12	986.07	31.11
of which Private Sector	1360.04	1912.34	40.61
	300		

	millions of Rs.		
b. Indian Rupees	3164.96	4100.62	29.56
5. Exchange Rate for USD			
(Period Average)	44.69	46.62	6.83
6. Consumer Price Index (%)			
	3.61	4.41	

Selected Monetary and financial indicators

ii) Fixed Deposits

3 months to 1 year	7-8	7-8
1 year to less than 3 years	9-10	9-10
More than 3 years	10-11	10-11

b. Lending Rates

i) Export Finance	13	13-15.5
ii) Manufacturing, Service, Transport and Agriculture	13	13
iii) Housing	14	14
iv) Working Capital	13-15.5	13-15.5
v) Personal and General Trade	15-16	15-16
