

**TRANSLATION OF THE PROCEEDINGS AND
RESOLUTIONS OF THE 78TH SESSION OF THE
NATIONAL ASSEMBLY OF BHUTAN**

I. OPENING CEREMONY

The 78th session of the National Assembly of Bhutan commenced on the auspicious 23rd Day of the 4th Month of the Male Iron Dragon Year corresponding to 25 June 2000. His Majesty, the Enlightened Leader of the Dual System of *Pelden Drukpa*, was received with the *Chhipdrel-Serdrang* ceremony to the National Assembly Hall, followed by the traditional *Zhugdrel Phuensum Tshogpai* ceremony.

In his opening address, the Speaker welcomed His Majesty the King and the members of the National Assembly, and conveyed his *Tashi Delek* to the new members comprising four representatives of the monastic body, three of the Government, and eighteen representatives of the people.

The Speaker reminded the Assembly that since the inception of the socio-economic development programmes in 1961, the country had made remarkable progress, which was worthy of appreciation both within and outside the country. As Bhutan entered the new millennium, the progress achieved in the religious and cultural spheres was clearly visible to all Bhutanese. Furthermore, the devolution of political power and change in the system of governance initiated from the Golden Throne had earned the admiration of the international community. All these had raised the political consciousness and awareness, and spiritual and material development of the people, equivalent to that of other countries.

The Speaker noted that under the dual system of governance, His Majesty the King had not only emphasized the economic well being of the people and the promotion of peace in the country, but also maintaining friendly relations with other countries. He added that minimal resources and emphasis had been placed on the development of military strength, and that apart from accounts in history books, the present generation had never experienced internal strife and external aggression.

However, the Speaker added that the impact of the ULFA and Bodo militants from the friendly neighbouring Indian State of Assam on a small and peaceful country like Bhutan, posed unimaginable threats. While the close relations between Bhutan and India was a good example of friendship between two neighbouring countries, the problem of the militants not only threatened to jeopardize this relationship but also posed a serious threat

to Bhutan's sovereignty and security. The Speaker said that anxiety over the situation had robbed the Bhutanese people of their sleep and made their food tasteless. They had, therefore, submitted to the National Assembly that the problem be resolved without further delay, and the Assembly had accordingly deliberated upon the matter extensively and continued to do so.

The Speaker pointed out that even during the current session of the National Assembly, the people of all the Dzongkhags had again urged for an immediate solution to the problem of the ULFA and Bodo militants in the country. He noted that this was an indication of the continued unity of the Bhutanese people to uphold and strengthen the sovereignty and security of the country under any circumstances.

The Speaker said that the Dharma prevailed over the country, the Ministers, and the people to lead peaceful lives. He expressed the hope that the ULFA and Bodo militants would follow suit and leave the country immediately. He reminded the Assembly that the ULFA and Bodo militants had not only jeopardized the peace and happiness of the Bhutanese people but also posed a serious threat to the country's sovereignty and security. The Speaker stated that in the country's history, the sons of *Pelden Drukpa* had taken the responsibility of upholding the nation's sovereignty and security and passed it on to the present generation, and that likewise, the present generation also had the duty to further strengthen the country's sovereignty for posterity. The Speaker urged that while deliberating on the issue of finding a lasting solution to the problem in the nation's highest decision-making body, the members must thoroughly discuss the matter and make decisions out of their genuine concern, keeping in mind both the present and future interests of the country. He reminded that clear cut resolutions should be adopted by the Assembly.

Speaking on the number of Chathrimis proposed for ratification during the current session of the Assembly, the Speaker recalled a well-known saying that identified the law as the source of peace and happiness of the people. He explained that in the absence of a strong judicial system, justice could be negatively influenced by the wealthy and the powerful, which could cause many problems in the country. In order to prevent such problems, many legal instruments had been adopted during the past sessions of the Assembly, including eight Chathrimis during its 77th Session. He said that legal instruments were very important for the country and the people to keep pace with the changes brought about by development, to facilitate the internal functioning of government institutions, and in the increasing interactions with foreign countries and international organizations. The Speaker said that out of the thirteen Chathrimis submitted by the different Ministries during the current Assembly session, draft copies of seven Chathrimis which were easy to review and comprehend, would be distributed for deliberation.

The Speaker said that the draft copies of the remaining six Chathrimis which would be ratified during the next session of the Assembly would be distributed towards the end of the current Assembly session. At the same time, the reason for distributing the seven draft Chathrimis from now itself was to give the members enough time to study them to facilitate meaningful deliberations later. He informed that a special session of the Assembly would have to be called later in the year to endorse the other six Chathrimis. He expressed the hope that when the Assembly deliberates on the Chathrimis, the members would bear in mind both the present working convenience and the future advantages and disadvantages for the Government and the people, and that the Chathrimis would be discussed and endorsed with the full satisfaction of the members. Draft copies of the following Chathrimis and the Report of the Armed Forces were distributed:

1. National Budget for Financial Year 2000–2001 and Report on the 1999–2000 Budget.
2. The Pesticides Act of Bhutan, 2000.
3. Environment Assessment Act, 2000.
4. Civil Aviation Act of the Kingdom of Bhutan, 2000.
5. The Seeds Act of Bhutan, 2000.
6. Negotiable Instruments Act, 2000.
7. Company’s Act of Bhutan, 2000.
8. Sales Tax, Customs and Excise Act of the Kingdom of Bhutan, 2000.
9. Progress Report on Restructuring and Deployment of the Royal Bhutan Army in the South between Kalikhola and Daifam.

II. DISTRIBUTION OF DOCUMENTS.

1. National Budget for Financial Year 2000-2001 and Report on the 1999-2000 Budget.
2. The Pesticides Act of Bhutan, 2000
3. Environment Assesment Act, 2000
4. Civil aviation Act of the Kingdom of Bhutan, 2000
5. The Seeds Act of Bhutan, 2000
6. Negotiable Insturments Act, 2000
7. Company’s Act of Bhutan, 2000
8. Sales Tax, Customs and Excise Act of the Kingdom of Bhutan, 2000

III. REPORT BY THE CHAIRMAN OF THE LHENGYE ZHUNGTSHOG ON THE PERFORMANCE OF THE GOVERNMENT IN THE LAST ONE YEAR

On behalf of the Lhengye Zhungtshog, a document on “Enhancing Good Governance for Gross National Happiness” was distributed to the Assembly members. This was followed by the report on the performance of the Government over the last one year presented by the second Chairman of the Lhengye Zhungtshog and the Minister for Health and Education, Lyonpo Sangay Ngedup.

INTRODUCTION

The Chairman informed the Assembly that the year 1999 marked the first year of the new Government mandated by His Majesty to take the nation forward into a new era of governance. The year, he said, also marked the celebration of the twenty-five years of His Majesty the King’s enthronement. He recalled that the celebration was very significant as the occasion provided an excellent opportunity for all Bhutanese to be further unified in their thoughts and prayers towards the beloved King and reconfirmed the unique and powerful bond of deep reverence and love between the King and the people.

The second year of the new government began with the new millennium. Under His Majesty’s leadership, Bhutan stepped into a new era with greater confidence, renewed determination, a common vision, sound socio-economic and political foundations, and with a well-preserved environment, tradition and culture.

The Chairman stated that all the endeavours of the Government were in pursuance of the national priorities and goals, which were based on the noble vision, and farsighted policies initiated by His Majesty the King. He further added that the Government continually drew its strength, wisdom and inspiration from the sublime vision of Gross National Happiness.

There was wide appreciation for His Majesty the King’s cherished goal of Gross National Happiness because it placed the people and their concerns at the center of all development efforts. Harmony between economic forces and environmental preservation, cultural and spiritual values, and good governance was at the core of Gross National Happiness.

The Chairman said that a major initiative of the Government this past year had been to further strengthen governance which was the key to a country’s stability and progress. He informed that good governance had always been closest to His Majesty’s heart, and that His Majesty had always desired a system of governance that was efficient, transparent, accountable and most importantly, responsive to the needs of the people.

PRESERVATION AND PROMOTION OF CULTURAL AND TRADITIONAL VALUES

Ever since the introduction of the *Pelden Drukpa's* dual system of government by Zhabdrung Ngawang Namgyal, the people had been the custodians of the Buddha's teaching, which was the foundation of their rich culture and tradition. The pursuit of happiness as the ultimate goal of development, as well as spiritual and emotional well being, was strongly rooted in the country's traditional values.

The Chairman said that cultural values, both tangible and intangible, were linked to the country's identity, sovereignty and even survival as a nation-state, and continued to be clearly reflected in the priorities and directions the people had set for the future.

However, the lifestyles of the people and traditional family structures were changing with increased interaction with other countries, and global transformations in the economic and social fields. The Chairman said that one of the main challenges facing the Kingdom was to embrace these changes without compromising Bhutan's unique cultural identity.

It had been the Royal Government's constant endeavour to promote the monastic institutions and cultural centres which were the custodians of the country's rich cultural and traditional heritage.

The Chairman reported that the consecration of the Khamsum Yuelley Namgyal Chhoeten in Punakha, the only one of its kind in the world, had added to the country's rich heritage, besides benefiting all the sentient beings in general, and the Bhutanese people in particular.

The reconstruction of the Taktshang Pelphu Lhakhang, one of the most important historical and religious monuments of Buddhism, was progressing very well.

The completion of the statues of the Dorji Drolo Lhakhang at Yongla Goemba had given the people a greater sense of peace and security.

The Chairman informed that the Cultural Trust Fund had been established with a contribution of Nu. 23 million from the financial institutions, corporations and the Sustainable Development Project.

The Folk Heritage Museum had been established in Kawangjangsa as a showcase of the lifestyle of a typical Bhutanese village that prevailed during the last century. The relics collected would provide an insight into the past while demonstrating the relevance of customs and traditions to the present and in the future.

The Chairman reported that an Advisory Committee for the Preservation of Historical Monuments had been formed.

A Media Board had been established to study the negative impact of audio-visual programmes on the country's cultural and traditional values, and to monitor the quality and content of these programmes.

Annual *tshechus* had been introduced in every Dzongkhag.

In an effort to improve the quality standards for traditional artefacts, *Zorig Chusum* was being promoted through the National Technical Training Authority, the Zorig Chusum Institute, and the establishment of the Thangka Development Committee.

The Chairman informed that there was a growing interest in Bhutan among the international community as indicated by the series of exhibitions on Bhutan in Europe the previous year. Bhutan was also one of the 199 countries participating in EXPO 2000, the world's largest exposition, in Hannover, Germany. The Bhutan pavilion at the EXPO, which was modeled after a traditional Lhakhang, embodies the Buddhist holistic approach to life, and demonstrates harmony between modernization and tradition, and between development and the environment. It was considered one of the top ten attractions of EXPO 2000.

GOOD GOVERNANCE

The Chairman stated that good governance was the foundation of peace, prosperity and happiness in the country and no goal could be achieved without it.

His Majesty the King had always emphasized the need for good governance to provide useful services to the people through decentralization and people's participation in the decision making process, and with a compact, efficient, transparent and accountable civil service.

In keeping with His Majesty's aspiration, a 25-member Special Task Force was formed to review, rationalize and recommend ways to further strengthen the government's structures and functions based on the three pillars of good governance: efficiency, accountability and transparency.

Among others, the main recommendations were to update and strengthen legislation, induce professionalism and integrity in the civil and public services urgently, restructure the Departments, decentralize power, establish new agencies to address pressing and emerging issues, and to use information technology as an integral strategy.

The Chairman informed that the Task Force's recommendations were being implemented as explained below:

1. Dzongkhags' capacity development and devolution of authority

The Chairman said that since one of the main objectives of the Government was to fulfill the people's needs, it was critical to develop the capacity of the Dzongkhags and devolve to them the necessary authority. Qualified people were being sent to the Dzongkhags and conscious and continuous efforts were being made towards geog-capacity building through various training and special programmes. As the Assembly members were aware, he recalled His Majesty's command that the 9th Five Year Plan be geog-based.

2. Private sector development

The Chairman informed that in pursuance of the Government's policy to promote the private sector, efforts continued to be made to promote broader participation of the private sector in the development process.

The Department of Telecommunications would soon become a Corporation as a result of the process initiated in 1999. Similarly, preparations were underway to gradually turn other viable service industries into Corporations, and eventually into private sector ventures when ready. In pursuance of the policy of maintaining a compact and efficient civil service, the Government would only carry out a facilitative and regulatory role when the private sector offered great job opportunities.

Although employment opportunities were abundant in the private sector, one of the obstacles to the development of the private sector was the lack of skilled personnel. Besides its other functions, the National Technical Training Authority (NTTA) had been established to co-ordinate, promote and expand technical and vocational trainings.

3. Establishment of the National Employment Board (NEB)

The Chairman informed that modern education was creating a class of youth who could no longer fit into the traditional rural lifestyle. He said that around 50,000 youth would leave school and enter the labour market within five years, and there would be a demand for 267,000 jobs in the next twenty years. The country had over 100,000 children enrolled in the schools and the enrolment would increase each year.

With 42% of the country's population below fifteen years of age, the creation of employment opportunities to meet the rising aspirations of youth and their parents would be a major challenge.

As a counter measure, the National Employment Board was established to provide advise on job opportunities, coordinate and facilitate employment and recruitment, undertake

employment research, regulate policies related to employment conditions, and make policy recommendations to generate employment for the rapidly growing labour force. The Board would eventually evolve into the Ministry of Labour.

The Chairman said that the youth were an important resource of the country since they were the source of future leaders who will steer the nation to greater heights of prosperity and happiness. Therefore, in keeping with His Majesty's repeated message to the youth, the Chairman stressed upon the need to enable the youth to realize their full potential as productive citizens.

The self-sustaining Youth Development Fund was established with Nu. 50 million to promote programmes related to youth development.

4. Establishment of the Office of Legal Affairs

The Chairman reminded that the Royal Government accorded high priority to the further development of the judicial system. He said that the Bhutanese system of law and jurisprudence continued to evolve with the emerging needs of a changing society on the basis of justice and equality, and he stressed upon the need for free access to the law and legal process. It was therefore, important to facilitate the evolution of the judicial system to meet the challenges ahead.

He said that to cater to the diverse emerging domestic and international interests and concerns, the need for further legislation would naturally increase with the country's development. The Assembly had passed eight Acts during its 77th Session, and thirteen Acts had been distributed during the current session, of which seven would be discussed. Besides being crucial to good governance, important legislation and the legal process were also the basis for equity, transparency and accountability. Besides other related legal issues, the establishment of the Office of Legal Affairs to oversee and coordinate this development was therefore, timely.

ESTABLISHMENT OF NATIONAL TELEVISION

NETWORK

The Chairman said that the national television introduced the previous year was an effective medium for promoting tradition, culture and national solidarity. It had also enhanced people's participation in the development activities through dissemination of information on policies, priorities, and development strategies, besides creating awareness on health, hygiene, farming, and other issues. Thus, in recognition of its importance, a draft proposal on the National Television Network had been prepared and was under discussion.

PRESERVATION OF THE NATURAL ENVIRONMENT

The Chairman informed that Bhutan was blessed with a rich natural endowment and consequently, hydropower was and would continue to be the country's biggest revenue earner. He cautioned that water was becoming a scarce resource in the world, and that the source of the country's revenue would run dry if the environment was not protected.

The forces of development, be it urbanization, industrialization, or even the provision of infrastructure like roads, would inevitably strain the fragile environmental balance of the mountain kingdom.

In this regard, the Chairman said that the Government had always made difficult but wise choices to forego immediate economic gains for long term sustainability. He recalled the ban on the export of sawn timber and semi-finished timber products, and the ban on the establishment of scrap-based industries.

He said that the Environment Impact Assessment Act, which was Bhutan's first environmental legislation, would be discussed during the current Assembly session, and that it would further facilitate the implementation of environmental policies.

The first ever environmental assessment of the existing industries was carried out and programmes were being worked out to address the environmental concerns in those industries.

Other activities that were already underway were the ban on the import of all types of second hand vehicles and the availability of unleaded petrol in the towns.

POPULATION MANAGEMENT

Since population management was essential to protect the environment and sustain the development efforts, the Chairman said that if Bhutan's population growth rate, one of the highest in the world, was not managed in time, it would risk the danger of straining the country's natural and financial resources. Gross National Happiness would only remain a hope if more schools and hospitals had to be built and more employment created for the fast growing population.

He, however, expressed his happiness with the progressive high profile advocacy and reproductive health programmes, which were proving to be very successful.

EIGHTH PLAN MID-TERM REVIEW

The Chairman said that the Five Year Plans formed an important guiding framework for Bhutan's socio-economic development. The Royal Government had given great importance to the review of the Five Year Plans and the Mid-Term Review (MTR) to assess the progress of plan activities and address problems faced during implementation.

He informed that as in the past, the MTR of the 8th Plan sectoral programme was held in Thimphu, which would be followed by the Dzongkhag 8th Plan MTR. Meetings would be held in the Dzongkhags on the preparations being made by the Planning Commission for the Dzongkhag Plan Review.

The programmes of the 8th Five Year Plan launched in July 1997 with a total outlay of Nu. 30,000 million were designed to support the collective pursuit of Gross National Happiness and address key issues related to nation building.

The Chairman said that the review had helped in assessing the achievements of the first two and a half years of the plan period and in re-directing and changing policies on key issues and problems affecting the implementation of plan activities.

He reported a real GDP average growth rate of 6 % per annum for the period under review and a total domestic revenue of Nu. 6,583.45 million, exceeding the total current expenditure of Nu. 6,007 million. He said that the increase in revenue was largely due to the increase in the tariff of power export and for which the people were deeply grateful to His Majesty the King.

During the two and a half years, an overall rate of 40 % of the plan target had been achieved. The main problems faced by the sectors had been procedural delays in finalizing projects and in the release of funds.

However, he said that most of the projects had come into the mainstream and that the delivery of funds for expenditure had improved from the third year of the Plan.

The key mega-projects such as the Tala, Kurichhu and Basochhu were progressing well.

The Chairman reported that from the total commitment of Nu. 21,471.905 million by the development partners, Nu. 6,594.54 million had been received by the end of 1999.

He also informed that sectors like Power, Telecommunications, Roads, Human Resources Development, Agriculture, Health and Education were likely to face financial constraints.

As the lack of adequate and qualified human resources in most sectors was a vital issue, it was important that there be a constant policy review through discussions on the distribution, management and training of human resources. Therefore, the need to re-

prioritize and review some of the sectoral plan targets as well as the overall plan outlay for effective implementation of the programmes during the remaining part of the plan period was evident from most of the sector mid-term reviews. It was agreed that the changes would be taken up on a priority basis after the Review.

The Review had identified the general policy and related issues that would help guide the development of future plans. In particular, the review meeting raised concerns on the quality of the education and health infrastructure and agricultural services.

Enhancing inter-sectoral coordination was recognised as an important issue that required the attention of everyone concerned.

The Chairman said that the Review stressed the need to have clearer guidelines, policies and legislation to meet the emerging needs of globalization, privatization and technological advances, besides the need to resolve differences in policy between sectors such as education and agriculture, and economic growth and environment. He further informed that the institutional strengthening of some of the organizations, the creation of employment opportunities, and the privatization of more public services were identified as areas requiring continuous focus and concerted effort.

Besides providing an opportunity to reflect on the planning process, the Review also examined the suitability of the present planning process as well as the project-based planning system. Most importantly, the Review facilitated the evaluation of the policies and programmes of the different sectors, making it possible to put up meaningful recommendations, most of which were endorsed.

NATIONAL SECURITY AND INTERNATIONAL RELATIONS

The Chairman stated that Bhutan had always been an independent country and ever since the establishment of the hereditary monarchy, the people had enjoyed peace and happiness for generations. He said that the monarchy had not only played a decisive role in directing the nation's approach to development, but had also fostered unity and harmony.

1. ULFA and Bodo

The Chairman said that for any country, big or small, stability and security were indispensable for progress and prosperity. This was equally true for a small country like Bhutan.

The presence of the ULFA and Bodo militants in the country continued to be a serious problem and the Royal Government's concerted efforts towards a peaceful solution had not achieved any result so far. The implementation of the resolution of the 77th Session of the National Assembly resolution was well underway and being vigorously pursued by the Royal Government.

The Chairman said that the people were grateful to the Dzungdas and Chimis for their relentless efforts and to the security forces for their dedication and readiness to sacrifice their lives to protect the security of the country and its people.

He said that it was time for all to rise to the call of their noble duty as sons of the *Pelden Drukpa* and pledge their unwavering and sincere loyalty to the *Tsa-Wa-Sum*. Unity of thought and action were the most important factor for the country's security and sovereignty. He expressed the hope that every one would live up to their call of duty without fail.

2. Bilateral talks with Nepal

The Chairman said that concerted efforts had been made by Bhutan to make progress in the bilateral talks with Nepal. He informed that the 8th and 9th Ministerial Joint Committee meetings and two official level talks at the level of Foreign Secretaries had already been held, and that while differences persisted, some progress had been made.

3. Foreign relations

The Chairman said that the present year had also witnessed the further strengthening of bilateral and multilateral relations that had boosted the international image of Bhutan.

Besides the excellent relations that Bhutan and India continue to enjoy, the Bhutanese Foreign Minister's recent visit to India and the Indian Foreign Secretary, Mr. Lalit Man Singh's visit to Bhutan had further strengthened the traditionally close ties between the two neighbours.

The Foreign Minister of Nepal, the Assistant Foreign Minister of China, the Foreign Minister of Norway and the Danish parliamentary delegation were some of the important guests Bhutan had received. He said that the official visits had not only generated goodwill, mutual understanding and confidence, but also an increased awareness of Bhutan.

The official visits by the Foreign Minister to India, Bangladesh, Europe, Japan and Kuwait had further strengthened Bhutan's relations with these countries.

Bhutan's friends and partners were kept regularly informed about the developments in the country in order to strengthen cooperation and generate appreciation.

CONCLUSION

The Chairman informed the Assembly that while discharging their responsibilities in serving the *Tsa-Wa-Sum*, the members of the Lhengye Zhungtshog: the Council of Ministers, the Kalyon and the Royal Advisory Councillors, had been conscious of the confidence and trust reposed in them by His Majesty the King and the people. He added that they continued to carry out their responsibilities to promote the present and future interests of the country.

He said that His Majesty the King had provided them with a constant source of wisdom and inspiration, and that the process of transformation was rooted in the centuries-old values and beliefs that still continue to give meaning and direction to the lives of the people. He said that the beloved King had made it possible for the Government to follow a distinctively Bhutanese path of development that was increasingly attracting the admiration of the world.

On behalf of the Government, the Chairman submitted his deepest gratitude to His Majesty the King for the constant guidance that they had received from him.

He said that the significant achievements made by the Government during the past one year were due to the unfailing support and co-operation received from all the people at large, and in particular the private sector, corporations and government agencies.

He also expressed gratitude to all the development partners for their goodwill and unwavering support.

The Chairman said that His Majesty the King was the ultimate source of both the present and future well being of the Glorious *Pelden Drukpa* and stressed that the Bhutanese people must strive to pursue the vision and goals set by His Majesty the King with single-minded thought and action.

His Majesty was impartial like the sun and the moon, which illuminated the darkness. He ruled the country through compassion and protected it from external threats, and like a gem, was the source of wealth and prosperity. He urged all Bhutanese to unite in their words and deeds and remain committed in their loyalty and dedication to strengthen their unique national identity and the country's sovereignty and independence.

The Chairman said that all Bhutanese must hope and pray for the long and glorious reign of His Majesty the King, who was the country's life-tree, for the enhanced security and stability of the country, and for the sun of everlasting peace and happiness to shine on the people. With the prayer for the victory of the *Pelden Drukpa*, the report on the performance of the government over the past one-year was concluded.

The Punakha Chimi submitted that by emphasizing the devolution of political powers, His Majesty had handed over executive power to the Lhengye Zhungtshog, which was elected by the Assembly during its 76th Session. He said that although Bhutan had a hereditary monarchical system, it was, in essence, the people's country in line with democratic principles. In keeping with His Majesty's aspiration, the Lhengye Zhungtshog had shouldered the governance of the country in a most satisfying manner without any shortcomings. He expressed his appreciation to the first Chairman for initiating the report to the National Assembly on the progress achieved by the Government.

He also thanked the second Chairman of the two-year-old Lhengye Zhungtshog for presenting the past one-year's detailed report to the Assembly, and hoped that the succeeding Chairmen would also continue the noble tradition of presenting the report to the Assembly on the fulfilment of the aspirations of the King, country and the people. He said that under His Majesty's benevolent reign, Bhutan had made tremendous progress within four decades, and he expressed his hope and prayer that the new government would progressively fulfill His Majesty's innermost aspiration of Gross National Happiness.

The Mongar, Trashig Yangtse and Haa Chimis expressed their appreciation to the Chairman of the Lhengye Zhungtshog for making a clear report on the progress achieved by the government during the past year. They said that since His Majesty the King was a true incarnate of a Bodhisattva, he had envisioned both the present and future benefits of the country and to everyone's surprise, had changed the system of governance by issuing a Kasha during the 76th Session of the Assembly. They added that with the election of capable and highly educated ministers to the new system of governance, the people were able to reap tremendous benefits of development within a short period.

As a result of His Majesty's visits to the different Dzongkhags and personal inspection of the people's basic infrastructure, the people enjoyed access to necessary health, education and agriculture facilities. They added that the objective to provide all households with safe drinking water from the following year would solve the problem of drinking water faced by the people and for which they expressed their immense gratitude and appreciation to His Majesty the King.

The representative of the Central Monastic Body, the Dorji Lopen said that Bhutan had been a sovereign country of the dual system of governance since time immemorial. He added that ever since the ascension of the Dharma King to the Golden Throne, the country had developed like the waxing moon as a result of many religious and secular activities. He expressed his appreciation to the Head of the new Government, on whom His Majesty the King had full confidence, for reporting clearly on the country's development progress. He also expressed his appreciation to the Government for its relentless promotion and revival of the Buddha Dharma that was the source of peace and comfort to the sentient beings. He hoped and prayed that henceforth, the succeeding Chairmen would follow the example of the present Chairman of the Lhengye Zhungtshog, and that the country would achieve further progress year after year.

The Speaker said that the Assembly members had expressed their appreciation to the Chairman of the Lhengye Zhungtshog for reporting on the progress made by the government over the last one year in socio-economic development, the promotion and preservation of culture, tradition and religion, and the restructuring of the government for the peace and happiness of the country. They also expressed their appreciation to the Chairman for his report on the strengthening of the country's bilateral relations and the further enhancement of the sovereignty and security of the country.

The Speaker said that as the Assembly members were aware, the past achievements were all due to His Majesty the King who had formulated unique plans and policies, in addition to providing noble guidance, which would be beneficial for all time to come. The discussions on the one-year report of the government ended with the expression of hope and prayer that as submitted by the Chairman of the Lhengye Zhungtshog, the life-tree of *Pelden Drukpa*, His Majesty the King would live long and his noble deeds spread in all directions, and that the country would develop further.

IV. PRESENTATION OF THE NATIONAL BUDGET FOR FINANCIAL YEAR 2000 – 2001 AND REPORT ON THE 1999 – 2000 BUDGET BY THE FINANCE MINISTER

The Ministry of Finance distributed a booklet containing the report of the 1999-2000 financial year and the 2000-2001 Budget in the afternoon of 25th June 2000. On 26th June, 2000, the Finance Minister, Lyonpo Yeshey Zimba reported the following to the National Assembly:

The financial year, 1999-2000 was a significant year coinciding with the commemoration of the 25th year of the reign of Bhutan's benevolent monarch, His Majesty the King.

Remarkable progress had been made in the socio-economic development of the country bringing peace and prosperity and ushering in good fortune for the people during the twenty-five years of His Majesty's reign.

The Finance Minister reported that the domestic revenue for the last six consecutive years had been able to meet the recurrent costs of the country's development infrastructure, and that this sustained growth and balanced development provided a strong foundation for further progress and prosperity.

The reserve accumulated in the country was the equivalent of US \$ 307 million, which was sufficient to meet imports for twenty-one months. GDP growth for the year was reported as 6 %. The Minister added that there prevailed a good balance of trade. While the inflation rate had been maintained below 10%, the budget deficit was reported to be below 2 % of GDP. The debt service ratio standing at 5.3 % only was said to be at a very comfortable level.

The Finance Minister explained that the 1999-2000 budgetary projection of Nu. 8,220 million was exceeded by Nu. 301 million or 4%. While the domestic revenue of Nu. 3,869 million exceeded the recurrent expenditure by Nu. 126 million, the total capital expenditures amounting to Nu. 4,514 million was met chiefly through external aid amounting to Nu. 3,615 million. He added that the Government may need to borrow, at the most, Nu. 469 million, bringing the 1999-2000 expenditures to a total of Nu. 8,521 million.

Referring to the Mid-Term Review of the 8th Five Year Plan, the Minister reported that all development programmes planned for the 8th Plan were now under implementation. Not accounting for the power projects, the 8th Plan allocation was Nu. 30,000 million out of which 40% had been spent. Furthermore, the restructuring exercise of the Government led to the establishment of new institutions requiring a revision in the plan allocation, which was now estimated to go up by about 10% by the end of the plan period.

While the domestic revenue forecast for the 8th Plan was Nu. 13,000, this was now expected to increase by 43.6% to Nu. 18,673 million primarily due to the increase in the tariff for export of electricity. The Minister reported that the balance of the plan expenditures would be met through external aid and loans.

The Minister explained that the 2000-2001 fiscal year budget of Nu. 9,323 million was 9 % larger than that of the revised budget for the previous year. This was to account for the raise in the daily subsistence allowance of the civil servants, as well as for the expenditures of the newly established institutions following the restructuring exercise of

the government. This entailed a 9% increase in the capital budget and 11% increase in the recurrent budget.

The Minister reported that the national domestic revenue projection of Nu. 4,210 million was also up by 9% over the past year, indicating that the domestic revenue would once again meet the recurrent expenditure. He further reported on the different types of aid and soft-term loans that were supporting socio-economic development and big projects like rural roads, rural electrification and urban development projects. He added that while the Bhutanese people were amongst the least taxed in the world, the achievements made so far were principally due to the successful and judicious use of external aid by the Royal Government.

The Minister highlighted the fact that globally, taxation was the most important source of income for funding the implementation of government policies and social welfare programmes. He added that it also served as an important instrument of ensuring equity in the sharing of the benefits and burdens of development. The Finance Ministry had prepared two draft legislations to strengthen and streamline the taxation system in the country. While the draft “Sales Tax, Customs and Excise Act of the Kingdom of Bhutan, 2000” had already been submitted for approval during the current session of the National Assembly, the draft “Income Tax Act of the Kingdom of Bhutan” would be circulated amongst the members towards the end of the current Assembly session for review and ratification at an appropriate time.

The Minister informed that as a result of the misunderstanding and misinformation related to the Personal income tax, there was a risk of causing considerable apprehension among many people. Personal income tax was in the present and future interest of the country and an important instrument for achieving the goal of self-sufficiency. He reminded the Assembly that personal income tax was not new to Bhutan, and that in the past, direct taxes were paid in grains or in the form of labour contribution by the forefathers who were proud to be called “Kheps” or tax payers. Keeping in mind this example of payment of different kinds of taxes by the people in the interest of the peace and sovereignty of the country, and in this day and age when the Royal Government provided free social services, an important indicator of patriotism would be for the people to contribute according to their ability as a nominal contribution would also have far reaching significance.

The Minister provided a lucid and clear account of the establishment of the National Pension Board, the policies and status of financial institutions, the procedures for aid mobilization, private sector development and national socio-economic development objectives. He further informed that the socio-economic development of the country had

been possible mainly through the aid provided by the Government of India, other countries with whom Bhutan enjoyed close bilateral relations, and multilateral organizations. The Minister expressed the gratitude of the Royal Government of Bhutan and its people for their generosity.

After the report on the Budget, the Finance Minister expressed his deep concern about the growing security threat posed by the presence of ULFA and Bodo militants in the country. He added that the ULFA and Bodo militant activities could disrupt the implementation of all development programmes and projects, particularly in the eastern and southern Dzongkhags. He informed that in the event the national crisis persisted and deteriorated further, the Royal Government was ready to devote all its resources and attention for a speedy solution to the problem.

Lastly, the Minister invoked the blessings of the guardian deities of the *Pelden Drukpa* and hoped that the blessings, enlightened leadership and the sacrifice of the beloved King would continue to bring forth greater achievements in future financial years resulting in the peace and prosperity of the people of Bhutan.

Copy of the booklet containing the 1999-2000 Revised National Budget Report and the 2000-2001 National Budget Report distributed to the National Assembly members is attached as Annexure A.

As stated by the Finance Minister while reporting on the 1999-2000 budget review and 2000-2001 budget, the Chimi of the Bhutan Chamber of Commerce and Industry commended the Government for achieving his Majesty's vision of self-sufficiency by meeting recurrent costs with domestic revenue. He also expressed his appreciation to the Ministry of Finance for striving to increase the domestic revenue by maintaining a minimum expenditure and establishing a strong economic base for the long-term interest of the nation.

He expressed his satisfaction that in the event national security was to be further threatened, the government was prepared to use its domestic revenue for the sake of national security. He thanked the Finance Ministry for judiciously utilizing the aid provided by India and other development partners to bring about national development. Referring to the Finance Ministry's proposed legislation on Personal Income Tax that had been ready for implementation a year ago, the Chimi pointed out that His Majesty the King himself had postponed it for which the business community was most grateful. The business community, which lacked experience and the necessary skills, had and continued to receive guidance from the Royal Government. The Chimi expressed the

gratitude of the business community for this and requested even greater patronage in the future.

Referring to the Indo-Bhutan Friendship Treaty of 1949 signed between Bhutan and India after India gained independence from the British, the Chimi enquired about the amount of the annual compensation being received in lieu of the Bhutanese land occupied by India, and the nature of development activities that were funded out of the annuity.

Referring to the Finance Minister's report, the Chhukha Dzongda submitted that one of the main programmes arising out of His Majesty's vision of Gross National Happiness was directed to alleviate youth problems within a decade. He expressed his appreciation for this and other diverse programmes that were under implementation.

On the excess liquidity faced by the four financial institutions resulting from a lack of adequate number of people taking loans, the Chhukha Dzongda questioned how this reconciled with the real GDP growth rate of 6%. Excess liquidity could indicate that the country had already attained developed country status with money to spare in its banks, or that it had not developed, as it had to seek external loans for rural development programmes. If this was the case, he wondered whether it would be better for the Government to use the excess funds in domestic banks to fund rural development programmes, instead of borrowing money from the Asian Development Bank and the World Bank, even if they provided loans at lower interest rates and with a longer repayment period.

The Dzongda supported the Finance Minister's point that the main obstacle faced by most developing countries was the lack of a stable and well developed taxation system. He said that the Bhutanese traditionally paid taxes both in cash and kind. The proposal of the Government to introduce personal income tax was, therefore, a very timely decision. Giving tax freedom forever would only lead in the future to citizens who were happy to receive but reluctant to give anything. Therefore, in spite of the small returns expected from it, he urged the implementation of the Personal Income Tax as planned from the next financial year. The Dzongda pointed out that this was an opportune and appropriate time for introducing the tax, and that once the system was established, the base could gradually be expanded to support development activities in the country.

Finally, with regard to the Foreign Direct Investment proposal under review by the Ministry of Trade and Industry and the Planning Commission, the Chhukha Dzongda said that while considering its benefits, it was important to also ensure that it does not

compromise national traditions. He also expressed his happiness that the 7th Round Table Meeting of Bhutan's donors was being held in Thimphu.

The Bumthang Chimi expressed his happiness over the excess liquidity of the financial institutions, as well as the fact that the domestic revenue had been able to meet all recurrent costs. He expressed his appreciation to the neighbouring country of India for supporting the socio-economic development of Bhutan through continuous financial assistance. He said that he was happy that this year's Round Table Meeting in Thimphu would lead to even closer relations and friendship between Bhutan and its development partners.

In response to the query posed by the Chimi of the Bhutan Chamber of Commerce and Industry on the 1949 Indo-Bhutan Treaty, the Finance Minister said that a sum of Nu. 500,000 was being received annually as compensation. He explained that this system dates back to the British colonial rule in India when, subsequent to clashes between the Bhutanese and the colonial forces, some Bhutanese territory in the Duars was forcefully annexed by the British. In accordance with a Treaty signed between the British and Bhutan, a monetary compensation to Bhutan was instituted. In 1949, soon after India's independence, a Treaty was signed between India and Bhutan and the annual compensation was increased to Nu. 500,000. The Minister reminded the Assembly that although initially, Bhutan received only the annual compensation, it now received a considerable amount of aid from India that far exceeded the annual compensation .

On the doubt expressed by the Chhukha Dzongda regarding the reconciliation between the growth in GDP and excess liquidity, the Finance Minister informed that in most countries, development activities and the gross national product were principally spurred by commerce and industry for which a high volume of credit was availed from the financial institutions. He added that in these countries, government expenditure comprised only a small percent of the total volume of spending. The Minister further explained that the main reason for growth in Bhutan's domestic revenue despite the excess liquidity in the banks was that most of the development activities did not require Bhutanese resources as they were funded through external aid.

Regarding the utilization of the excess liquidity of the financial institutions rather than seeking external loans to fund infrastructural development, the Minister stated that the interest rates for external loans were very low and their repayment period extended from 40 to 50 years. On the other hand, the domestic loans had high interest rates, with the lowest ranging from 10 to 13%, and also had to be paid back within a short period. This, the Minister added, would only encumber the Government exchequer. Since many of the

essential goods for development were imported into the country, most of the domestic savings would go out of the country for purchasing these goods. On the other hand, one advantage of external loans was that even if most of it continued to be spent outside the country, this allowed domestic savings to be utilized for investment in the domestic market. The Minister further explained that if the savings in hard currency were kept in accounts outside the country, the loan could be repaid out of the accrued interests alone within 40-50 years.

The Finance Minister further elaborated that if the Government were to take a large amount of loans from the financial institutions in the country, this would not only push up the interest rates, but would also leave less money available for the private sector, thereby adversely affecting its growth. He added that following on the experience of other countries, one of the main objectives of the Royal Government was to use the funds in the national banks to support private sector development. Therefore, the Government continued to seek external loans for supporting its own development activities. The Minister reminded the members that a far more difficult problem to tackle would be a situation where the banks did not have adequate funds. He said that the excess money in the banks could be deposited in banks outside the country to earn interest and also to be accessed in times of need. Therefore, he urged the members not to be concerned about the excess liquidity saying that even if it were to multiply manifold, it would only benefit the country.

The Trashigang Chimi thanked the Finance Minister for his lucid report on the 2000-2001 budget, which he described as “the vision of the fish which is clearer than the crystal clear water in which it lives.” He said that under the guidance of His Majesty the King, the Council of Ministers had been able to mobilize a large amount of assistance from India and other friendly countries to meet the shortfall of funds required for the country’s development programme. This had advanced socio-economic development in the country beyond expectations resulting in a considerable improvement in the people’s standard of living. Furthermore, the increase in salary and daily subsistence allowance of the civil servants, as well as the increased salary for Gups and Chimis in the villages deserved much gratitude.

The Chimi of the Bhutan Chamber of Commerce and Industry clarified that the query posed by him earlier regarding the compensation received by the Royal Government from the Government of India for its land, was made mainly out of the concern that if the amount of compensation was large, it could become a source of dispute in the future. Therefore, to prevent this, it was absolutely necessary for all Assembly members to be aware of the issue. While expressing his gratitude for the clarification on the issue, the

Chimi requested that rather than be distracted by the amount of the compensation, a title “Compensation for our Land” be introduced for future interests under the national revenue accounts.

Referring to private sector development, the Chimi stressed that only large industries and factories would help develop this sector. Small-scale enterprises would not be able to provide the kind of taxes desired by the government or provide employment opportunities to the growing population. Therefore, for the private sector to earn large amounts of revenue and to help in the socio-economic development of the country, the establishment of large industries and factories was very important. He pointed out that Bhutan’s terrain and geography was characterized by rugged mountains and deep gorges, thereby limiting the scope of establishing factories. He added that although such scope existed in the southern parts of the country, the present national policy, spurred by security considerations, required that such industries could not be established within three kilometres of the international border. Within three kilometres of the border, the terrain became rugged and unsuitable for the establishment of industries. Therefore, the Chimi said that although the Government, the private sector and the people recognized that their primary duty was to safeguard national security and were unequivocal in their commitment, developing the private sector to provide as strong support as possible to the national socio-economic development had also become an urgent and important matter. As a possible solution, he requested the Government to study the feasibility of identifying an industrial area either along the border between Samtse and Phuentsholing or around Pasakha. Considering that the Tala, Kurichhu and Basochhu projects would generate tremendous power within a few years, he pointed out that there would be no difficulty in running any kind of industry or factory in the country. As the country lacked the necessary skills, know-how, capital, and human resources, the Chimi suggested that until these were acquired, large industries and factories could be established on joint and collaborative ventures with foreign entrepreneurs who had the knowledge, experience and capital. This would be a right step in helping develop the industrial sector.

In support of the point on the Land Compensation, a Royal Advisory Councillor recounted that in his youth, it was the practice for the people of Haa, being in close proximity to Kalimpong and Gangtok, to bear the “land tax load” which were coins that were paid by the Government of India to the Royal Government as compensation for its land. He recalled that the load was accompanied by guards from the Royal Government, and that the carrier-charges for the load were much more than that of other loads. He pointed out that while this practice of compensation from the Government of India prevailed in the days of his parents, he had not heard or been able to discern whether the Royal Government was still receiving this payment at present. He expressed his gratitude

to the Chimi of the Bhutan Chamber of Commerce and Industry for putting up this query and to the Finance Minister for his clear response. He supported the Chimi's submission that the compensation provided by the Government of India in lieu of the land in the Duars be reflected separately in the annual financial account of the government.

The Minister for Trade and Industry responded to the submission by the Chimi of the Bhutan Chamber of Commerce and Industry on collaborative ventures and foreign investment for establishing industries by saying that such a proposal was under consideration by the Ministry of Trade and Industry. He reported that a paper on the subject had been prepared and submitted to the Government. While agreeing with the Chimi's submission that industries can only be profitable if located at or near the borders and that the scope for locating industries elsewhere was non-existent, he reminded the Assembly that the main concern of the Royal Government and the people was the misgiving that the location of industries at or near the borders could jeopardize the present and future security of the nation.

On the subject of foreign investment and collaborative ventures, the Minister stated that foreigners, besides having the capital, expertise and experience to undertake large projects, also had better access to markets for their products. Although highly advantageous, the Minister called upon private entrepreneurs and the people to thoroughly weigh all the associated benefits and costs before embarking on such a policy. If collaborative ventures between Bhutanese and foreign entrepreneurs were allowed, the Bhutanese entrepreneurs would not be able to compete with the foreigners, as a result of which foreigners working in the commercial sector would outnumber the Bhutanese within a few years. He, therefore, submitted that the primary concern of any new policy initiative should be to further strengthen national sovereignty and security.

The Punakha Chimi thanked the Finance Minister for a clear and detailed report on the review of the past financial year and the budget for the ensuing financial year. On behalf of the people, he expressed his satisfaction and delight with the fact that the recurrent costs of the Government continue to be met through the domestic revenue, thus helping meet his Majesty's cherished vision of national self-sufficiency.

The Chimi pointed out that under the leadership and guidance of His Majesty the King, the Royal Government had kept taxes to the minimum when compared with other countries. He conveyed the heartfelt gratitude of the people to the Government for not raising this tax by even a Chhetrum so far. He added that considering the success of the Royal Government in improving the living standards of the people, they hoped to be in a position to pay higher taxes within five to six years.

The Chimi conveyed the gratitude of the people to the Royal Government for increasing the daily subsistence allowance of the civil servants, which would not only benefit them but also extend to their parents, siblings, and relatives living in the villages. However, he reminded that the primary objective for increasing the daily subsistence allowance was to enable the civil servants to participate more effectively in development programmes. He hoped, therefore, that this would henceforth result in even greater success in the implementation of the plan activities.

Similarly, the Chimi added that to achieve greater success in the implementation of the plan activities, Bhutan had to be dependent on physical labourers. While enquiring about any proposals by the Royal Government to raise the wage rate of national labourers, the Chimi submitted that according to existing market trends, any raise in the allowance of civil servants was accompanied by an increase in prices. The poor labourers, who earned Nu. 50 per day, would have difficulty in making ends meet.

In response to the Punakha Chimi's submission for raising the wage rate of national labourers similar to the increase in the daily subsistence allowance of the civil servants, the Home Minister pointed out that if the wage rate were to be increased, there would be a major cost escalation in the ongoing hydro power projects of Kurichhu, Tala and Basochhu. Despite this, the Minister added that since the wage rate of national labourers had not been revised for a long time, the matter was under review by the Government. He informed that when Dzongs, Lhakhangs and Goendeys needed to be constructed or repaired, there was a shortage of artisans knowledgeable in the *Zorig Chusum*. In order to encourage the youth to learn and take up this vocation with interest, the existing wages of artisans had been increased by 50 %.

The Speaker noted that under His Majesty the King's far-sighted leadership, Bhutan had made unprecedented progress in numerous fields. The most significant achievement was in being able to meet its recurrent costs out of its own domestic revenue. This, the Speaker stated, was recognized by the members of the National Assembly as being a direct result of His Majesty's enlightened policy of national self-reliance.

The Finance Minister stated that the fact that the country had been able to maintain its inflation rate below 10%, that the banks maintained reliable reserves, that the GDP in the past year had grown by 6%, and that the country's foreign reserves had grown to US \$ 307 million, were all indicative of the outstanding progress that the country had made in the socio-economic field.

The Minister reiterated that while the Royal Government's revenue for the 8th Five Year Plan was projected at Nu. 13,000 million, this was expected to increase by 44% to a total of Nu. 18,673 million. This was made possible through the visit of His Majesty the King to the Indian capital, Delhi, where His Majesty negotiated for an increase in the tariff for electricity from Chhukha, which was revised from Nu. 1 per unit to Nu. 1.50 per unit, thereby raising the country's revenue by Nu. 669 million. He added that this had enabled the increase in the salary of civil servants as well as their daily subsistence allowance. The Minister concluded by saying that all the Assembly members owed profound gratitude to His Majesty the King for this achievement and that they should never lose this sense of gratitude.

The Speaker said that as repeatedly submitted by the Finance Minister and the other Assembly members, the country's domestic revenue could meet its recurrent costs. Much of the progress achieved in road construction, electrification and urban development had been possible through the generous assistance of Bhutan's close friend and neighbour, India, and international organizations, for which the Assembly members offered their gratitude. The Assembly noted that the 2000-2001 programmes were all beneficial activities aimed at the enhancement of economic development and the spread of peace and prosperity among the people. With the hope and prayer that these programmes would bring great benefit to the people of Bhutan in the future, the national budget for 2000-2001 submitted by the Ministry of Finance was commended and endorsed by the Assembly.

V. ISSUES RELATED TO DEVELOPMENT PROGRAMMES

1. Kurichhu Power Project Authority

The Mongar Chimi submitted that under the far-sighted leadership of His Majesty the King, the Royal Government's construction of the Kurichhu Power Project in Gyelpozhing under Mongar Dzongkhag was a landmark achievement undertaken mainly for the benefit of the people of the six eastern Dzongkhags. Under the able guidance of the Minister of Trade and Industry, the Kurichhu Power Project Authority (KPA) and the National Hydroelectric Power Corporation (NHPC) of India were expected to be completed the project on time by March 2001. He expressed his hope that the Department of Power would be able to commence the rural electrification programmes as per the 8th Five Year Plan activities. Towards that end, the people were ready to contribute free labour for laying power lines within their geogs.

The Zhemgang Chimi informed that the Dzongkhag's existing mini-hydel station in Tingtibi could cover only the nearby town with a few households. He, therefore, conveyed the gratitude of the people of *Khenrig Namsum* to His Majesty and the Royal Government for the plan to construct a large Kurichhu sub-station at Tingtibi that would provide electricity to the entire Dzongkhag.

The Minister for Trade and Industry stated that in view of the multiple benefits of electricity to the people, His Majesty had accorded high priority to the development of the power sector and framed the policy to supply electricity to as many Dzongkhags and rural areas as possible. However, he explained that the Department of Power could not expand the existing electrification programmes in the eastern Dzongkhags on account of the low capacity mini power plants. His Majesty had therefore started the Kurichhu Power Project in order to provide reliable and adequate electricity to the eastern Dzongkhags, which in turn would spur socio-economic development of the region.

A. Status of Kurichhu Power Project

1. The Memorandum of Understanding between the two Governments of Bhutan and India was signed in February 1994.
2. Project cost estimated at Nu. 2,560 million.
3. Generating capacity 60 MW.
4. Financing: 60% grant and 40% loan at 10.75% per annum.

B. Progress

The Minister informed that despite some delays in starting the project, the trial commissioning of the first unit was likely to be in March 2001, and the entire plant could be commissioned by September 2001, as a result of the remarkable progress made so far.

The estimated cost of the project, including the fourth unit, was now Nu. 5,105 million, out of which Nu.5,060 million would be financed by the Indian Government and the remaining Nu. 45 million by the Royal Government. The

Minister expressed his delight that the Indian Government had agreed to finance the increased project cost of Nu. 5,060 million, including the cost of the fourth unit. As submitted by the public of Mongar Dzongkhag, there was a need to take up the construction of transmission lines and routes in advance for the distribution of power. Towards this end, the Department of Power was undertaking the following:

1. Transmission lines and Sub-stations

- a) The Kurichhu- Pema Gatshel- Nganglam transmission line.
- b) The Pema Gatshel - Deothang transmission line.
- c) The Kurichhu-Kilikhar-Kanglung transmission line.
- d) The Nganglam - Tingtibi - Gelephu transmission line.
- e) The Kilikhar - Lhuentse transmission line.

The Minister informed that under the programme, a 317-kilometres of transmission lines would be laid and eight sub-stations constructed at a cost of Nu. 1,366.875 million. Except for the transmission line and sub-station between Kilikhar and Lhuentse, all the works had been awarded to the contractors. The contract for the construction of the Nganglam - Tingtibi - Gelephu transmission line had also been awarded and work was already in progress. Preparation was also being made for awarding the contracts for the Kilikhar - Lhuentse transmission line and sub-station.

2. Power Distribution Scheme

Under this programme, power will be distributed to the towns and rural areas.

Rural Electrification

The Minister informed that a US \$ 10 million loan had been obtained from the Asian Development Bank for the rural electrification scheme to electrify 6,038 households during the 8th Plan, out of which 3,100 households of the five eastern Dzongkhags of Mongar, Trashigang, Pema Gatshel, Trashy Yangtse and Lhuentse would be electrified at a cost of Nu. 216.296 million. In addition to that, the Government of India had agreed to finance Nu. 26.25 million for the electrification of 300 households under Samdrup Jongkhar Dzongkhag, thus covering a total of 3,400 households of the eastern Dzongkhags at a cost of Nu. 242.546 million.

The Minister said that with the loan from the Asian Development Bank, orders for the supply of materials for the rural electrification scheme had been tendered, and that the actual work could commence by the beginning of 2001. He added that a budget of Nu. 82.5 million had been earmarked for electrification of towns in the six Dzongkhags.

The Minister informed that an estimated cost of Nu. 6,797 million would have to be spent for the entire works of the Kurichhu Power Project like power generation, transmission lines and sub-stations. He said that by transmitting the

Kurichhu power to Tingtibi and Gelephu, reliable power would become available to eight Dzongkhags.

He went on to inform that presently studies were being carried out on the possibility of transmitting power from Tingtibi to Trongsa and Bumthang. If found feasible, the Kurichhu project would supply power to ten Dzongkhags. In keeping with the directives of the Royal Government, the Department of Power was striving hard to provide electricity to as many Dzongkhags and rural households as possible despite its financial and manpower constraints.

The Minister explained that while hydropower projects required huge investments, the cost of distributing power in Bhutan with its difficult terrain, uneven topography and scattered settlements, would also be very high. He said that securing funding for the power projects was difficult since most of the donors and lenders were of the view that the country's power pricing policy was unsustainable. Their justification was that it was unsustainable to charge subsidized prices ranging from Nu. 0.50 to Nu. 0.70 for one unit of power when the costs ranged from Nu. 2.50 to Nu. 7.00. Moreover, it was not possible to implement all the power projects simultaneously due to the country's limited skilled human resources.

He said that while the funds for installing the main generator, laying transmission lines and constructing sub-stations for distributing power from the Kurichhu Power Project to the eight Dzongkhags had been secured and the works awarded to the contractors, the Ministry of Trade and Industry was concerned whether it would be able to complete the work on time in the event that the security situation deteriorated as a result of the continuation of the problem of ULFA and Bodo militants in the country. The Ministry had explored many security measures for the workers and the power infrastructure, but providing full r o o f security would be difficult in view of the villages being scattered throughout the vast expanse of forests.

The Minister stated that if it were not for the continued assistance and strong support of the Indian Government, it would have been difficult to start the power projects which required huge investments. He expressed his sincere appreciation to the Government and the people of India. The Indian Government had been assisting and supporting the Department of Power since the 1960s, and in addition to the many mini-power projects set up in the country, the Chhukha Hydro Power

Corporation today was the main power generation centre and national revenue earner which stood as a testimony of the Indian Government's valuable assistance to the socio-economic development of Bhutan. The Government of India was providing Nu. 6,535 million for the Kurichhu Project and its related infrastructure, and would provide the entire estimated cost of Nu. 36,000 million for the Tala Hydro Power Project.

The Lhuentse Chimi submitted that the completion of the Kurichhu Power Project had been made possible after the discussions between His Majesty the King and the Government of India. He expressed the immense gratitude of the people for the project which would greatly benefit the six eastern Dzongkhags. Despite the installation of a mini hydel at Gangzur in the remote Lhuentse Dzongkhag, it was only able to supply electricity to the Dzong and not to the rural areas. He, therefore, requested that the power problem of the people be solved by expediting the infrastructure work to supply power from Kurichhu to the villages in Lhuentse with a view to promoting development activities like weaving.

The Speaker said that the essence of the submissions by the Mongar, Zhemgang and Lhuentse Chimis was their heartfelt gratitude to His Majesty the King, under whose leadership the Kurichhu Power Project had been established, and which would greatly benefit not only the people of Mongar but all the eastern Dzongkhags as well. As reported by the Minister of Trade and Industry, a total of ten Dzongkhags, including the six eastern Dzongkhags, Gelephu, Zhemgang, Trongsa and Bumthang would benefit from the project. The Speaker said that there was no need for additional submissions or prolonged discussions on the issue other than to express gratitude and appreciation for the unwavering friendship of the Government of India and for its continued assistance in developing numerous other power stations and the Chhukha Hydro Power Corporation which was the source of national revenue. The Assembly expressed its deep appreciation to the Government and the people of India and with that, the discussion on the Kurichhu Power Project Authority was closed.

2. Widening of Thimphu - Phuentsholing highway

The Chhukha Chimi submitted that the Thimphu - Phuentsholing highway was becoming narrower each year. The reason for this was that the width of the road was decreasing year after year while being resurfaced by Project Dantak. He attributed the cause of vehicle damage and accidents to the uneven levels between the roadway and the unpaved roadside. Since the number of vehicles was increasing every year with the pace of the country's development, he submitted that the highway between Thimphu and Phuentsholing which was the country's lifeline, be improved and expanded.

In support, the Chimi of the Bhutan Chamber of Commerce and Industry said that while the people faced great problems in the olden days travelling through forests infested with poisonous insects, the construction of new roads by the Royal Government had considerably eased the difficulties of travel. He expressed his appreciation that the people could now travel comfortably in vehicles. Although the Thimphu - Phuentsholing road had been constructed forty years back for light vehicles like jeeps and small trucks, with development and the increase in vehicles, it had become an artery for commerce and development activities for people from all walks of life. However, pointing out that frequent landslides along the highway resulted in prolonged travel time and difficulties for travellers, he urged that the Thimphu - Phuentsholing highway be widened.

The Haa Chimi said that it was common knowledge that the highway between the capital, Thimphu and the commercial hub, Phuentsholing had been prone to accidents. This situation would continue in the future due to the increase in vehicles and the narrow road. He added that the frequent landslides at Sorchen during the monsoon had been a source of heavy financial loss to the government and great inconvenience to the people. Therefore, it would be of immense benefit to the people if the road could be expanded.

In support, the Trashigang Chimi said that everyone was aware of the importance of expanding the Thimphu - Phuentsholing highway. Similarly, the people of the eastern Dzongkhags had to travel via Assam where they faced the danger of robbery and threat to their lives. Therefore, he said that it would be highly appreciated if the Thimphu - Bumthang - Trashigang highway could also be expanded and provided with snow-clearing machinery in the high altitude areas to ensure regular communications during the summer and winter seasons.

The Secretary of the Ministry of Communications referred to the submission by the Chhukha Chimi on the narrowing of the Thimphu - Phuentsholing highway while it was being resurfaced. He informed that together with the Director of the Department of Roads and the Chhukha Dzongda, they had investigated the matter and held discussions with the officials of Project Dantak in Phuentsholing. Thereafter, Project Dantak had immediately started to restore the roads that had been narrowed during resurfacing to their earlier width.

On the highway expansion, he reported that the Thimphu - Phuentsholing highway was initially constructed to handle traffic of 100 vehicles a day, but recent investigations revealed that more than 1000 vehicles ply the highway each day.

He further informed that although the expansion of the highway to a double-lane had become very important due to increase in traffic, it could not be immediately implemented due to the lack of funds. Therefore, as a temporary solution to the problem, the highway could be improved by widening the difficult curves.

As submitted above by some members, the Thimphu - Phuentsholing highway was like the country's lifeline. In the event the country faced serious difficulties from the problem of militants in the country of which everyone was aware, all Bhutanese would be compelled to depend on the Thimphu - Phuentsholing highway. While there was a lack of funds to expand the highway to a double-lane, he proposed that the Assembly decide that the highway be expanded immediately by widening the difficult curves.

The Secretary informed that in order to solve the Sorchen problem, the construction of a new alternate Pasakha - Manitar road was planned in 1996 by the Ministry of Communications with assistance from the Government of India. He said that although the work on the road alignment had already begun, it was temporarily halted on the grounds of a report by Project Dantak that the Sorchen road had become stable. However, in keeping with the above mentioned plans and since financial assistance had already been obtained from the Indian Government, the work on the construction of the 40-kms Pasakha- Manitar road had continued and the road was about to be completed. He reported that the Sorchen problem could be solved after the completion of this road.

The Speaker said that the report by the Secretary of the Ministry of Communications that the construction of the new Pasakha - Manitar road to solve the Sorchen problem was about to be completed with assistance from the Government of India should suffice.

The Punakha Chimi said that while discussing the Thimphu - Phuentsholing highway, gratitude must be expressed to the Late King Jigme Dorji Wangchuck for laying the foundation of the development plans in the country in 1961. As submitted by the Secretary of the Ministry of Communications, the Thimphu - Phuentsholing highway was initially constructed, not with the help of machines, but through the sheer strength and determination of Bhutan's forefathers who had brought the road to the capital after undergoing great hardship. Therefore, the people should be grateful to the forefathers. He said that although the report by the Chhukha Chimi that the roads were being narrowed during their resurfacing by Project Dantak was true, the people were grateful to Project Dantak for providing the country with as much material and manpower assistance as it could up to the present day. He said that even if many highways and lateral roads were constructed and repaired in the country, the Thimphu - Phuentsholing highway would

still be the country's lifeline, especially if the problem that the country was faced with were to become more serious.

The Chimi said that it seemed the maintenance of the country's lifeline had been entrusted to the people of an outside country. In this respect, he felt that although India was a friendly country, it was not known how she would react if Bhutan was faced with a difficult situation. As a result of His Majesty the King's benevolence, the country had been able to meet its current expenditure from its internal revenue. He, therefore, said that the people would be reassured if the Department of Roads were to take over the maintenance of the Thimphu - Phuentsholing highway from Project Dantak.

On the issue of the narrowing of the Thimphu - Phuentsholing highway while being resurfaced by Project Dantak, the Assembly resolved that despite the financial constraints, the Royal Government would hold discussions with the Government of India to try and secure funds for the widening of the highway in view of it being the lifeline of the country.

3. Construction of road network within the country

The Bhutan Chamber of Commerce and Industry submitted that the Bhutanese people, from Daifam in the East to Sipsu in the West, had to travel mostly through the territory of the Indian State of Assam for any business activity. While doing so, they frequently faced many difficulties, including the risk of being attacked and robbed. To address these problems in the future interest of the public and national security, the construction of a new road network located entirely within Bhutanese territory, which would connect important places in the south of the country, would not only solve the above difficulties but would also stimulate the growth of business and establishment of new industries.

The Sarpang Chimi agreed with the Chimi of the Bhutan Chamber of Commerce and Industry that the problems of trade and travel were associated with the fact that most of these had to be conducted through roads in Assam. In view of the transportation problems faced by the villages of Kalikhola, Raidak, Samkhar and Aliye, the Royal Government had constructed a road up to Raidak for which the people were grateful. The Chimi added that if a road could be constructed from Raidak to Kalikhola, the transportation problems faced during the fifth and sixth summer months would be overcome and important services like health services could be accessed without having to travel through Indian territory. This would also strengthen security in the Dungkhag and benefit the rural people.

The Samdrup Jongkhar and Mongar Chimis also submitted that the road through the Indian State of Assam was the main route used by the people of eastern and southern Bhutan for official and personal purposes. With robbers and dacoits rampant on this route, travelers faced serious risk to their lives and belongings. In addition, since Assam was a conflict-ridden state, there were frequent disturbances in Assam arising out of this conflict, with roads being blocked during strikes that obstructed the pursuit of both public and private work. Therefore, if a road were constructed within Bhutanese territory, it would benefit the country's security. The Chimis requested that despite the financial constraints of the Government, the construction of a road from Daifam in the east to Sipsu in the west should be included in the development plans. They said that the Gyelposhing - Nanglam road which had been approved would greatly benefit the people. Similarly, if the Sipsu to Daifam, and Yangbari to Tingtibi roads were constructed, it would be most beneficial to the people of the six eastern Dzongkhags.

A Royal Advisory Councillor said that an internal road network would not only benefit a large number of people by solving their transportation problems but the growth of settlements along the roads would also strengthen national security. It would also prevent poaching, illegal fishing and felling of trees in the country by people from across the border and stimulate economic activity of Bhutanese people living along the border.

He submitted that although the construction of the road is not an activity reflected in the 8th Five Year Plan, the Government should explore the possibility of mobilizing funds from external sources, be it grant aid or loan, as the road would have immense benefits for the people.

The Samtse Chimi also pointed out that it was necessary for important places in the country to be linked by road. While traveling from Samtse to other parts of Bhutan, the road passing through Indian territory had to be traversed which regularly led to many inconveniences. Although the issue of linking Samtse to Phuentsholing by road was not on the agenda of the current session of the Assembly, it had been included in the Dzongkhag 8th Five Year Plan documents and had also been submitted during the Dzongkhag Yargay Tshogchung. He said that it would also be put up during the mid-term review of the 8th Five Year Plan.

In response, the Secretary of the Ministry of Communications submitted that when the Department of Roads studied the proposal of constructing the road in the south of the country from Daifam in the east to Sipsu in the west, it found that in addition to the 423 kms of existing road, another 499 kms of new road, 30 big bridges and 119 small bridges would need to be built. Furthermore, in view of the loose soil and unstable slopes in southern Bhutan, and the risk of landslides, the road would not be stable even if it were

built. Therefore, despite its importance, it would be very difficult to build an east-west road in the south. In addition, it was very difficult to even maintain the existing roads in the south. For instance, in Bahunijora, which is located between Kharbandi and Pasakha, the Department of Roads was facing great difficulty clearing the lower roads as the upper roads kept sliding downwards.

In 1999, His Majesty the King had observed that in the event a conflict should arise from the ULFA - Bodo problem, transportation via the national highways from Samdrup Jongkhar to Trashigang and Gelephu to Trongsa would become unreliable. If the road were unreliable, the nine Dzongkhags in the east would face difficulties in obtaining the basic necessities.

In order to facilitate transportation, His Majesty the King had commanded that the Phuentsholing - Thimphu - Trashigang highway be maintained in the best way possible.

In accordance with His Majesty's Command, the Department had kept road-clearing machinery at different sites along the east-west highway in order to respond to any roadblocks that may occur.

A new stretch of road measuring 4 kms had been constructed to avoid the landslide prone area between Norbuding and Pelela.

In the event that the ULFA and Bodo militants destroyed any bridges, provisions for the immediate construction of three 50 m bridges had been kept in Trongsa, Lingmithang and Lobesa. Furthermore, the planned road expansions had been completed to a large extent.

As there were no motor workshops in case of vehicle breakdown on the east-west highway, particularly between Bumthang and Trashigang, a new workshop was being constructed in Lingmithang.

In discussions with Dantak on the need to maintain and keep the Thimphu - Phuentsholing highway open without fail, Dantak had assured that the highway would not be closed for more than one to two days at a stretch. In order to carry out all the work that had been mentioned above, a total of Nu. 388 million over and above the budget outlay of the 8th Five Year Plan, had been put up to the Ministry of Finance for approval. Out of this, work amounting to approximately Nu. 83 million had already been carried out. The Secretary further informed the members that the Department of Roads had approached the Asian Development Bank for technical and financial assistance for the

construction of new roads and bridges, and maintenance of existing ones, for which the agreement was expected to be signed soon.

The Chimis of the Bhutan Chamber of Commerce and Industry and Haa submitted that although there was a budgetary constraint to the construction of the east-west road, work on linking the existing roads between Sipsu to Daifam should be undertaken as and when funds were available. This would ultimately lead to the achievement of the goal of having an internal road network. Thereafter, even if difficulties were to arise due to the UFLA and Bodo problem, the danger to life and property would be minimized. It would also benefit in terms of strengthening the sovereignty and security of the country and supporting development activities leading to achievement of the goal of Gross National Happiness. Although the issue had been repeatedly discussed during earlier sessions of the National Assembly, it had to be postponed due to the budgetary constraints of the government. The Chimis said that it was important to explore ways to obtain external assistance to solve the serious problem of roads.

On the issue of the construction of a road network within Bhutanese territory between Sipsu and Daifam, the Deputy Minister of the Ministry of Communications said that the problems faced by Bhutanese while traveling through another country had been discussed in detail during the 75th session of the National Assembly. Accordingly, the Department had carried out a study and invited experts from the Asian Development Bank to assist with the development of a Road Master Plan. The objective of this Master Plan was to coordinate the development of roads with urban and industrial development potential, with areas of maximum agricultural production, and to facilitate business activity. Furthermore, as there were other difficulties in the country requiring financial support, the Assembly members must carefully consider whether they should give priority to the construction of roads. The Deputy Minister submitted that even if the construction of roads is deemed to be important, this should be implemented in accordance with the Master Plan once it is completed.

The Samtse Dzungda said that the submission by the Chimi of the Bhutan Chamber of Commerce and Industry for the construction of a road in the south was a very important issue as it had both positive and negative implications for the future. For instance, what would have taken days to reach a place thirty years ago, can today, be communicated in person within a single minute. He said that gratitude for these developments were owed to His Majesty the King. The construction of the road itself would have to be considered from the point of view of the country's financial and socio-economic situation as the development path could have both positive and negative influences on the minds of the people. As its future effects on the country were unclear, there was a need to carefully

consider the proposal in terms of its security and benefits in order to avoid the problems that were visible with the Sorchen road today. The Dzongda felt that given the importance of the issue, it should not be decided upon immediately but instead, be discussed further in a special meeting.

The Mongar Dzongda and a Royal Advisory Councillor wondered whether while planning the construction of the road from Sipsu in the west to Daifam in the east, it could be called the Samtse - Daifam road. While the construction and maintenance of the proposed 400 to 500 kms of new roads would be difficult, it must take into consideration the 75 kms of road that had already been constructed between Samtse and Tendu. The construction of 58 kms of road between Samtse and Phuentsholing had also been discussed a number of times before. As submitted by the Deputy Minister of the Ministry of Communications, this issue could be discussed with the Asian Development Bank team scheduled to visit the country next year, and in accordance with the earlier resolutions of the Assembly, the construction of the Samtse to Phuentsholing road could be undertaken first which would be in the interest of the government and the people.

The Speaker referred to the submission by Chimi of the Bhutan Chamber of Commerce and Industry for the construction of a road in southern Bhutan extending from Sipsu in the west to Daifam in the east, which would be in the interest of the country's security and economic prosperity of the people. In response to this and the submissions by other members of the Assembly, the Deputy Minister and Secretary of the Ministry of Communications had, while agreeing that the construction of the road was important, outlined the constraints and difficulties associated with the proposal and in trying to arrive at a decision within one session. During the 75th Session of the National Assembly, the Samtse to Phuentsholing road had been discussed at length. Although the importance of this road was recognized, it was decided that the Royal Government would study its feasibility. Today, while the Assembly members agreed on the importance of the Sipsu - Daifam road, it should, as proposed by the Ministry of Communications, be discussed with the Asian Development Bank. The Assembly resolved that as far as possible, the submissions by the members should be included in the Road Master Plan, which should be in the short term and long-term interest of the country and people.

4. Extension of Feeder Road

The people of Chhukha Dzongkhag submitted that they derive great benefit from the feeder road from Ganglakha to Kungkha which is an essential aspect in the daily lives of the people of Dungna, Meta, Geyling, Phuentsholing and Lokchina geogs, and enables the execution of development activities in the geogs. However, in order to make the road motorable, it must be extended from Kungkha to Dungna, and to Meta through

Dungmechu. Although the road had not been included in the 8th Five Year Plan, it was submitted that the extension of the feeder road would greatly benefit the people of the five geogs mentioned above, as well as the people of Naja geog under Paro Dzongkhag.

The Paro Chimi supported this proposal saying that apart from benefiting the five geogs of Chhukha Dzongkhag, the Ganglakha to Kungkha feeder road also provides over 230 households in Naja geog of Paro Dzongkhag immense benefits not only in terms of communications, but also in the marketing of agricultural products and other activities, thereby enabling them to prosper.

In response, the Secretary of the Ministry of Communications informed that the 22 kms of road between Ganglakha and Changakha was being maintained by the Department of Roads and that a budget of Nu. 5 million had been set aside for its maintenance in the 8th Five Year Plan. Although the extension of the road from Changakha to Dungna and Meta was not included in the 8th Five Year Plan, the stability of the proposed road area, the length of the road that needs to be extended, its implications on the forest and natural environment, and the number of villages that would benefit from it, could be studied during the 8th Five Year Plan. He suggested that if the findings of the study were favourable, the proposal could be included in the country's road development plans for consideration during the 9th Five Year Plan.

A Royal Advisory Councillor pointed out that a road was one of the most important factors in the economic development of people in the rural areas and that this road could benefit almost half the people of Chhukha Dzongkhag. He, therefore, supported the idea that although the road was not included in the 8th Five Year Plan, the Royal Government should explore every possible means to continue extending the feeder road.

On the issue of extension of the feeder road, the Assembly resolved that as suggested by the Secretary of the Ministry of Communications, the proposal would be studied during the 8th Five Year Plan and based upon the findings, it would be included in the Road Master Plan and considered during the 9th Five Year Plan.

5. Installation of Telephone in Gup's Office

The Mongar Chimi submitted that as a result of the decentralisation policy, the Gups and members of the Geog Yargay Tshogchung members had been shouldering greater responsibilities of implementing the developmental programmes successfully. He, however, pointed out that geogs that were four to five days walk from the Dzongkhags faced difficulties in communicating with the Dzongkhag headquarters and the concerned officials due to lack of a telephone facility in these geogs. In addition, roadblocks during

the monsoon affected communications with the Dzongkhags, thereby hampering the implementation of planned programmes. Therefore, the installation of a telephone in the Gup's office would benefit the Gup and the members of the Geog Yargay Tshogchung in solving several of their existing problems.

The Chimis of Dagana, Trashigang, Samdrup Jongkhar, Chhukha, Lhuentse, Bumthang and Trashy Yangtse thanked the Ministry of Communications for enabling the remote geogs to communicate through wireless facilities which had spared them the difficulty of walking for days on end. They said that in keeping with the government's decentralization policy, the planning of development programmes must first come from the geog. In addition, the telephone facility would help to finalize important work quickly when the geogs had to deal with the different levels in the Dzongkhags and the various Ministries.

They thanked the Government for providing the Gups with an assistant each which had facilitated the work of the Gups in their service to the people and the government, and also for increasing the salary of the Gups which had helped to improve their situation. The installation of a telephone in the Gup's office at such a time would not only help them to carry out development programmes without delay, but would also make it easy for them in dealing with issues related to the country's security. They said that the work that used to be undertaken by a Dungkhag was now being shouldered by the Gups without any shortcomings. In order to enable the Gups to carry out their responsibilities, the Chimis requested that cordless telephones be installed without delay in the offices of the Gups of the remote geogs.

The Deputy Minister of the Ministry of Communications said that the Gups had been shouldering additional responsibilities after His Majesty the King decentralized development activities to the Geog Yargay Tshogchhungs for the welfare of the people. Considering the importance of having telephones in the rural areas, His Majesty had commanded the provision of ten telephones for each geog to serve the people within an area of 10 kilometres, or the installation of telephones within a walking distance of two and a half hours, during the Eighth Plan. He said that the plans had also been prepared accordingly.

In accordance with the Royal Command, the Department of Telecommunications had completed surveying the villages, and the rural telecommunications plans were ready for implementation. However, since the Nu. 528 million required to implement all the activities was not available, the Ministry of Finance was in the process of mobilizing the funds. He further informed that as the telephones installed in the 85 geogs had been of

great benefit to the people, the Ministry of Communications would install telephones in the remaining geogs once the funds were secured.

The Assembly did not adopt any new resolution since the request for the installation of telephones in the offices of Gups in the different Dzongkhags had been adequately addressed by the report presented by the Deputy Minister of the Ministry of Communications, namely that the telephones would be installed once the funds were obtained.

6. Health Trust Fund

The people of Punakha expressed their gratitude to His Majesty the King for his the continued provision of free health services and medical treatment in consideration of the health of the people. They were also most grateful for the Royal Command to establish a Health Trust Fund to further safeguard public health. The people also expressed their gratitude to the Minister of Health and Education for successfully mobilizing financial assistance from various countries and organizations in order to generate the substantial amount of money required to set up the Fund. As the noble objective of the Trust Fund was to benefit public health and welfare, the people of Punakha were prepared to contribute to the Fund in order to make it sustainable.

This was supported by the Chimis of Trashigang, Trongsa, Paro, Thimphu, Trashigang, Yangtse, Bhutan Chamber of Commerce and Industry, Haa, Zhemgang, Lhuentse, Sarpang, Wangdue Phodrang, Tsirang and Dagana. They said that the Health Trust Fund was initiated with the noble aspiration of ensuring the peace and happiness of the Bhutanese people by addressing suffering associated with birth, aging, illness and death. People from all parts of the country would like to express their gratitude and appreciation to His Majesty the King and to the Minister of Health and Education. Similarly, they thanked the people of Punakha for bringing up this important topic for discussion.

While medical services had been provided free of cost to the Bhutanese people from the time of the Late Kings, many hospitals and health units had been established throughout the country since His Majesty the King's ascension to the Golden Throne, resulting in the improvement of public health. In addition to providing treatment to patients within the country, the Royal Government had incurred a cost of millions of Ngultrums in providing referral arrangements for patients requiring treatment outside the country without any discrimination. At a time when millions of people in many countries around the globe are dying from famine, disease and other illnesses, His Majesty, with farsightedness and clear vision, had commanded the Department of Health to start the Health Trust Fund for the continued good health of the Bhutanese people. Accordingly, the Minister of Health and Education had proceeded to mobilize aid from outside and had been able to provide a

strong foundation for the setting up the Fund. They, therefore, expressed the gratitude of all the people. The Health Trust Fund would promote self-reliance in the provision of health and medical facilities. To benefit the Fund, health contributions by those working in the Government and public Corporations should be increased, and a similar system should be introduced in the private sector as well. As the Fund was like a treasure chest that would benefit one in the future, people who followed the tradition of making small contributions to Lhakhangs and Goendeys, would like to make a contribution, be it big or small, according to their wishes.

The representative of the Central Monastic Body, the Dorji Lopen said that as submitted by the people of Punakha, His Majesty had ensured the provision of free health services out of concern for the health of the people. In consideration of the health needs of the people in the future, His Majesty had commanded the establishment of the Health Trust Fund which was a new initiative unknown elsewhere in the world. The Dorji Lopen expressed the gratitude and appreciation of the monk body for the Fund which would benefit all the people. He said that the monk body would also like to make a contribution, however small it may be, to the Health Trust Fund which would ensure the sustainability of the provision of free health services in the future. In accordance with His Majesty's Command, the Minister of Health and Education had not only established many hospitals but had also ensured that the people did not face any difficulties when confronted with illness and death.

In response, the Secretary of the Ministry of Health and Education said that in the interest of the people's welfare, His Majesty the King had ensured the provision of free health services and medical treatment. To ensure that this was continued in the future, His Majesty commanded the establishment of the Health Trust Fund in 1997. The Secretary reported that, excluding the costs of providing free health services within the country, the cost of referring patients outside the country alone amounted to Nu. 40 million annually. The Secretary said that about USD 24 million would be required for the Health Trust Fund which would be an investment for the future. In addition to its contribution of USD 1 million to the Fund, the Royal Government had committed itself to contribute the remaining funds if USD 12 million could be mobilized from external sources. The Secretary informed that in order to raise funds from outside, the Minister of Health and Education had visited America and held discussions with a number of organizations. He had also held talks with the Ambassadors of many other countries in the Indian capital, Delhi. As of today, USD 3 million had been received and the Government of Norway had made a commitment of USD 1 million. The Summit Foundation had also pledged about USD 1 million for allocation to either the Health Trust Fund or the Youth Trust Fund.

The Secretary informed that under the leadership of the Minister of Health and Education, a loan of about USD 5 million was being negotiated with the Asian

Development Bank as a soft loan for a term of 24 years at a minimal interest rate of not more than 1.5 percent. Although the Fund had not reached the set amount, it would be capitalized at USD 5 million with the expectation that if managed well, it might be possible to obtain funds from other organizations. The Secretary further informed the Assembly that the Bhutan Chamber of Commerce and Industry had expressed its interest to support the Fund through contributions. He said that the Ministry of Health and Education was grateful for the support expressed by the people of Punakha and the other Dzongkhags for the establishment of the Fund.

The *Kalyon* and the Punakha Dzongda added that in keeping with the farsighted Command of His Majesty the King, the Minister of Health and Education had held good discussions with rich governments and private organizations, both external and internal, and had arranged for about USD 5 million for the Health Trust Fund. Therefore, the Fund could be started as it would be like an auspicious event for Bhutan and since there was no such thing as being too early or late to begin. As submitted by the people's representatives, the Fund had been proposed for the health and well being of the Bhutanese people. It was very encouraging that the people wished to contribute to the Fund and it should be made possible for them to do so. The Kalyon also expressed his appreciation to external partners who had contributed to the Fund, including the Bill Gates Foundation for its contribution of USD 1 million.

The Thimphu, Samtse, Chhukha and Bumthang Dzongdas submitted that His Majesty the King had formulated many policies in the interest of the country and the people, of which the health policy was an important one. As the greatest difficulties faced by the people were associated with the suffering of birth, aging, illness and death, the Royal Government had ensured the free provision of medical facilities during illness and life insurance at the time of death. During the deliberations on the Health Trust Fund, the Chimis had conveyed the pledge of the people to contribute to it. The Dzongdas expressed the opinion that as the Fund was a noble cause that would benefit present and future generations, it would be appropriate to contribute to it. However, if the objective was not clearly explained to the people, there was the danger that it would be misunderstood as a compulsory contribution like Government Tax once it was implemented after a decision by the Assembly. They, therefore, proposed that this matter be discussed in detail with the people in the Dzongkhag and Geog Yargay Tshogchhungs.

The Minister of Health and Education recalled that in the Address to the Nation during the Coronation Ceremony, His Majesty the King had emphasized that a small effort on the part of the people would be more fruitful and beneficial than a big effort on the part

of the Government. The Minister expressed his unbounded happiness as the essence of this statement seemed to be borne out today with all the Assembly members expressing their full-hearted support to the Health Trust Fund. As pointed out by the Thimphu, Samtse, Chhukha, and Bumthang Dzongdas, it was of utmost importance that the people understand the concept and the purpose of the Fund and that whatever contribution they make to the Fund should arise out of this understanding. Therefore, discussions on the issue of contributions should not be rushed. On behalf of the Department of Health, the Minister pledged to build up the Health Trust Fund in the best possible way.

The Trongsa Chimi said that as submitted by the people of Punakha and the Chimis of other Dzongkhags, support was being expressed for the Health Trust Fund in the full realization that it will benefit the people. As the main responsibility of the Chimis and the Gups is to serve as a bridge between the Government and the people, they must make it clear that whatever contribution the people choose to make to the Fund is essentially for their own use, and that it is not a compulsory contribution being levied on the people by the Government.

The Minister of Health and Education expressed the sincere appreciation and gratitude of the Ministry of Health and Education for the support expressed by the monk body and representatives of the 20 Dzongkhags for the Health Trust Fund. The Secretary of Health and Education had accordingly presented an update on the Health Trust Fund. The Minister said that Funds that had been initiated in Bhutan like the Health Trust Fund or the Environmental Trust Fund could serve as models for the world. The Health Trust Fund was the only one of its kind, not only within the country but also throughout the world. It had been established at the Command of His Majesty the King who wished to address the immediate and future needs of the people by ensuring that the provision of social services was sustainable. Trust Funds in other countries were mostly put into privately owned foundations. In Bhutan, the Trust Funds were set up in the long-term interest of the public, and in particular, for the poorer sections of society.

As the Department of Health spends about Nu. 40 million annually on referring patients outside the country, it had been proposed in the past that in the interest of making health services sustainable, patients should share some of the cost. However, His Majesty had commanded that health services to the people should continue to be provided free of cost. The Minister informed that the Ministry of Health and Education had been making concerted efforts to set up the Trust Fund by seeking assistance from foreign countries. While donors were willing to provide assistance to tangible and physical infrastructure development such as hospitals and schools, they were reluctant to make contributions to a Trust Fund which was not physically tangible and over which they would not have

much control. Despite this, the Ministry, respecting the Command of His Majesty, had been able to garner support and assistance from donors and was confident that the Fund would be operationalized within this year itself.

Summarizing the lengthy discussions on the Health Trust Fund, the Speaker noted that most of the people's representatives had expressed appreciation and gratitude to His Majesty the King for initiating the Health Trust Fund, which would ensure the continuation of free health services and medical treatment, both within and outside the country. In accordance with the Command to ensure the continued provision of free health services and medical treatment by the Royal Government, the Ministry of Health continues to endeavour to fulfill this instruction. With regard to contributions to the Fund, most of the members had expressed the need to collect contributions although a few had expressed differing views. Therefore, the Speaker said that more than the contributions itself, what was of utmost importance was that the concept and purpose of the Fund was fully understood by the people. If contributions were made with the conviction that the Fund was for the benefit of the people, the Assembly could resolve to allow contributions to be made by the people according to their wishes.

To this, His Majesty the King pointed out that a contribution by its very nature meant that it can neither be allowed nor disallowed. It was up to the people, civil servants, the private sector or anyone else to decide on their own whether they would like to make a contribution or not according to their wishes, be it a single ngultrum or more. Therefore, there did not seem to be any need for the Assembly to decide whether contributions should be allowed or not.

His Majesty commanded that although the targeted amount for the Health Trust Fund was about USD 24 million, the activities to be supported by the Fund could be started once an amount of about USD 5 million was obtained. The health officials had reported earlier that about USD 3 million had already been raised. His Majesty further commanded that there was no need for the Assembly to pass a resolution on the collection of contributions. Rather, it was more important for the people not only to be fully aware of the benefits of the Health Trust Fund but also to know that the Department of Health was doing its utmost to mobilize the necessary resources.

The National Assembly appreciated the offer by the people to contribute towards the Health Trust Fund. However, as per His Majesty the King's aspiration, it was not for the Assembly to decide on the issue of contributions which by their very nature were voluntary offerings made with an altruistic mind and dependant on the wishes of the

people. Therefore, deliberations on the Health Trust Fund were concluded with no specific resolution.

VI. Mechanism to Register a Vote of Confidence in the

Druk Gyalpo

The Dagana Chimi submitted that when the proceedings and resolutions of the 77th Session of the National Assembly were communicated to the people of Dagana, they were deeply shocked and disappointed to learn that the mechanism to register a vote of confidence in His Majesty the King had been decided upon. While “the command of the King is heavier than the mountains and more precious than gold”, it was the hope and prayer of the people of Dagana that this mechanism would never be used.

Similarly, the Chhukha Chimi said that when the Chimis presented the proceedings and resolutions of the 77th Session of the National Assembly to the people, they were shocked to learn about the mechanism to register a vote of confidence in the Druk Gyalpo. The people of Chhukha had pointed out that during the coronation of the First Druk Gyalpo Ugyen Wangchuck, the people of Bhutan, through their representatives, had pledged their support and allegiance to their Kings. Since then, although Bhutan was a small country it had enjoyed peace, progress and stability as a sovereign, independent country under the wise leadership of its monarchs. Furthermore, during the reign of His Majesty the present King, the country enjoyed unprecedented economic development, Bhutan’s international standing and diplomatic relations had been strengthened, and there was perfect harmony between spiritual values and material development. As His Majesty the Druk Gyalpo is the ultimate protector of the people, and the precious jewel which ensures the peace and prosperity of the country, the people requested the withdrawal of the mechanism for a vote of confidence in the King.

The Chimis of Punakha, Haa and Trashi Yangtse Dzongkhags also requested that the mechanism to register a vote of confidence in the Druk Gyalpo should be withdrawn. They said that within a short span of time, His Majesty the King’s wise leadership had brought unparalleled socio-economic development to the country and Bhutan’s image and relations with other countries in the world had been enhanced. In keeping with the aspirations of the government and people, His Majesty had, besides promoting and strengthening the political system of the country had also preserved and promoted Bhutan’s unique culture and tradition as well as its pristine natural environment. As a result, the country was not only progressing well on the path of socio-economic development but national security had also been strengthened and the Bhutanese people were enjoying peace and happiness. At such a time it was a mistake to introduce a mechanism to register a vote of confidence in His Majesty the Druk Gyalpo. When

problems arise in the country as a result of this system it would be the people who would ultimately suffer for this mistake.

Intervening in the debate, the Speaker reminded the members that the proposal for a vote of confidence had emanated from the Kasho issued by His Majesty the King during the 76th Session of the National Assembly. One of the three royal directives in the Kasho was that the National Assembly should work out a mechanism to register a vote of confidence in the Druk Gyalpo. The royal directives had been received with great shock and dismay by all the Assembly members. During intense deliberations over four days, all the members had been unanimous in submitting that such a mechanism was both inappropriate and unnecessary, for the present and the future, in a country like Bhutan which enjoyed peace and prosperity and was ruled by an enlightened and compassionate monarch for whom the people had total love and loyalty. The members had all appealed to His Majesty to withdraw the royal directive for establishing a mechanism to register a vote of confidence in the Druk Gyalpo.

The Speaker reminded the house that His Majesty had explained that the Royal Kasho had been issued in the interest of the country and for the benefit of the people. The contents of the Kasho had been given considerable thought by His Majesty over many years, and the mechanism for a confidence vote in the Druk Gyalpo was considered necessary for the long-term interest of the country and the people. His Majesty had, therefore, repeatedly called upon all the Assembly members to frame a mechanism for a confidence vote and the house had been left with no alternative but to resolve that a draft mechanism would be presented to the 77th Session of the National Assembly.

The Speaker recalled that when the Chimis communicated the resolutions of the 76th Session to their constituencies, the people of Bhutan were all shocked and dismayed and expressed very deep concern over the issue. As a result, during the 77th Session, the people of all the 20 Dzongkhags were joined by the representatives of the Monk Body and the government in appealing for the withdrawal of the royal directive to establish a mechanism for a vote of confidence in the Druk Gyalpo. However, since His Majesty would not change his decision and commanded that the draft mechanism prepared by a 37 member committee must be considered by the house it was discussed at length during the 77th Session. As the command of the King is heavier than the mountains and more precious than gold, the Assembly had ultimately endorsed the mechanism to register a vote of confidence in His Majesty the Druk Gyalpo.

The Speaker pointed out that while the submissions of the Chimis of Chhukha, Dagana and Trashigang Dzongkhags reflected the genuine wishes of the people to withdraw

the mechanism for a confidence vote in the Druk Gyalpo, it was not proper to once again raise an issue which had been deliberated at length and finalized during the 76th and 77th sessions. The National Assembly was the highest legislative body of the country and it would undermine the credibility of this important institution if a legislation passed by it was withdrawn during the very next session. If the hon'ble members have faith and confidence in His Majesty there should be no more doubts in our minds about His Majesty's proposal and no further discussion is necessary on the submissions for withdrawing the mechanism for a confidence vote in the Druk Gyalpo, said the Speaker. The Assembly concluded the issue without further deliberation or resolution.

VII. SECURITY OF HIS MAJESTY THE KING AND THE NATION

The Punakha Chimi submitted that His Majesty had been making frequent visits to high security risk areas affected by the presence of armed militants to ensure the well-being of the people and safeguard the country's security. He expressed his hope and confidence that the armed forces would be able to carry out their responsibility of ensuring proper security for His Majesty the King and protecting the country.

Similarly, the Haa Chimi said that the people of Haa had learnt from the Kuensel and the Bhutan Broadcasting Service about His Majesty's frequent visits to the high security risk areas. He submitted that the people of Haa requested His Majesty to minimize his visits to the high security risk areas. Should any urgent need arise for His Majesty to visit these areas adequate security must be provided by the three branches of the armed forces. Otherwise, he proposed that ministers and senior officials from both the civil service and the armed forces should be deputed as His Majesty's representatives for assessing the security situation in the country.

The Chief Operations Officer of the Royal Bhutan Army, Goongloen Gongma Lam Dorji said that the security forces were as concerned as the people, if not more, about the safety of His Majesty the King especially when he visited the high security risk areas in the south affected by the presence of the ULFA and Bodo militants. He reminded the members that since the 76th Session of the National Assembly, the full responsibility of solving the ULFA-Bodo problem, which gravely threatened the country's security, had been reposed in His Majesty the King. Therefore, His Majesty had been making frequent visits to the high security risk areas from Kalikhola to Daifam to review the security in these areas. As a result of His Majesty's personal instructions and supervision, the security of the entire border region and the preparedness of the troops had been greatly enhanced.

The Goongloen Gongma said that it was the responsibility of the armed forces to ensure His Majesty's safety and he pledged that the three branches of the armed forces would discharge this responsibility with unwavering loyalty and dedication even to the extent of sacrificing their lives in the line of duty. Regarding the proposal of the people to send officials of the civil service and the armed forces as representatives of His Majesty the King to the high security risk areas, he pointed out that it would not be adequate or practical as the responsibility for national security and resolving the ULFA-Bodo problem had been reposed in His Majesty the King. With His Majesty personally issuing the directives, the security situation was completely under control and the troops were more prepared than before to safeguard the security of the nation at a time when it was facing a very serious threat. Therefore, there should be no changes in the mode of assessment and supervision of security measures in the affected areas.

The Goongloen Gongma reminded the members that since the Ngolop problem in the south, the country had overcome the serious threats to its security because His Majesty had taken personal command of national security. He expressed his confidence that with the blessings of the Triple Gem, the wise leadership of His Majesty the King and the support of the people, the armed forces will successfully safeguard the security of the country.

The Chimis of Haa and Trashi Yangtse Dzongkhags and the BCCI Chimi said that no amount of gratitude expressed by the people would ever be able to repay His Majesty the King who frequently visited the areas affected by the presence of the militants, without any concern about his own safety, in order to ensure the security of the country and the well-being of the Bhutanese people. However, since His Majesty the King is the inner jewel and the outer protective wall, as well as the eyes and the heart of the people and the country, His Majesty's frequent visits to the high security risk areas was a cause for the deepest concern among the people. The people, therefore, appealed to His Majesty to avoid visiting the security risk areas completely, if at all possible, and if it became absolutely necessary to reduce the frequency to the very minimum. The Chimis pointed out that the responsibility for safeguarding the country's security falls on every Bhutanese and the risks involved must be borne by everyone. Therefore, suitable representatives of His Majesty should be deputed to assess and review the security situation in the security affected areas.

Similarly, the Dagana Chimi submitted that in the previous Assembly sessions the people had no choice but to accept His Majesty's pledge to take on the responsibility for solving the national security problems. He said that this did not mean that His Majesty had to personally visit the high security risk areas to assess the security situation. The people became deeply concerned about His Majesty's safety whenever he visited the security affected areas. He said that when the people learnt from the radio and Kuensel about His

Majesty the King's recent visits to these areas, they had repeatedly told the Chimis to request His Majesty not to visit these places. He therefore, requested His Majesty not to visit the high security risk areas.

The Paro Chimi said that ever since His Majesty's ascension to the Golden Throne at a tender age, His Majesty's relentless efforts to improve the lives of the people had enabled them to enjoy the fruits of development in a peaceful country. However, when they saw His Majesty frequently visiting the security affected areas and putting his own life at risk to assess the security situation, the people felt that there was too much burden which His Majesty was shouldering alone. The people were disappointed that there seemed to be no person who could represent His Majesty in the security affected areas to resolve the problem, either among the ministers or the officers of the armed forces.

The Chairman of the Lhengye Zhungtshog said that His Majesty was the life force of the Palden Drukpa and the wish-fulfilling gem of the people. When problems emerged in the country, His Majesty had taken upon himself the full responsibility for national security and to ensure peace in the country. He expressed his deep appreciation to His Majesty for visiting the high security risk areas like a fearless general, giving words of encouragement to the security forces and boosting their morale and inspiring them to safeguard the security of the country with even greater dedication and commitment. Although His Majesty was a source of blessing to the places he visited he was also the very life essence of the Bhutanese people. Therefore, keeping in mind the sayings, "the King should not leave the throne", and "good events can end badly", he appealed to His Majesty to visit the high security risk areas less frequently in keeping with the wishes of the people.

He said that the ministers and officers of the armed forces had been carrying out their responsibilities to the best of their abilities and were visiting different parts of the country. As Health Minister he himself had visited Nganglam, Bhangtar and Deothang and other areas. He pledged his firm commitment to discharge his responsibilities in resolving any security problem facing the country.

The Home Minister said that, in keeping with the responsibility His Majesty the King had taken upon himself regarding national security, it was sometimes necessary for His Majesty to visit the security affected areas. He said that it was evident from the series of deliberations during the past sessions that the people were deeply concerned over the presence of the ULFA and Bodo militants in the country. He said that when the various Ministries and Departments had been briefed about the resolutions of the 77th session on the issue of ULFA and Bodo militants, all civil servants were deeply concerned and had pledged to safeguard the country's security even at the cost of their own lives if

necessary. He said that all concerned officials from the ministers to all levels of the civil service visited the security risk areas in keeping with their responsibilities. During His Majesty's recent visit to Samdrup Jongkhar he had accompanied His Majesty and held a meeting with the Samdrup Jongkhar District Development Committee to discuss the ULFA- Bodo problem and the difficulties faced by the people.

The Chimis of Trongsa and Punakha Dzongkhags reminded the members that earlier also during the Ngolop problem in the south, His Majesty the King had taken upon himself the full responsibility of resolving the problem and visited all the affected areas since 1990 to restore peace in the country. Today, His Majesty had taken on the responsibility of solving the problem of the ULFA and Bodo militants from Assam which involved visiting high security risks areas. They expressed their appreciation to the three branches of the armed forces for looking after His Majesty's safety with whole-hearted dedication and expressed their hope that the armed forces would continue to look after His Majesty's security in the same manner in the future.

The Chimis pointed out that Bhutan would not be enjoying the security and stability it did today if His Majesty had not taken on the responsibility for national security when the Ngolop problem arose. It would otherwise have been difficult to even realize in time if "the enemies had entered the house, consumed food and left". As a result of the collective good fortune of the people, the country had been blessed with a monarch like His Majesty the King who was the nation's very soul and life force, its steadfast leader and father figure who places the security of the country and the well-being of the people above everything else including his own life. The Chimis, therefore, prayed that with the blessings of the Triple Gem and the protection of the Guardian Deities, His Majesty would be able to fulfill his objectives without any problems and hindrances during his visits to the high security risk areas.

The Tsirang Chimi said that the clarifications given by the Goongloen Gongma and the Minister of Health and Education on the issue of His Majesty's security which was raised by the people of Punakha was indeed very true. He said that the people were deeply concerned whenever they heard through the BBS and Kuensel that His Majesty was touring security affected areas. The minds of the people could not rest until they heard of His Majesty's return to Thimphu. He said that if anything untoward were to happen to His Majesty, it would be unimaginable to even think of the situation that the people and the country would be faced with.

Since nothing good had been heard of the militants other than their harmful activities in creating problems and conflict, the Chimi requested His Majesty to reduce his visits to the high security risk areas affected by the militants. If it is necessary for His Majesty to

visit the areas the security must be made stronger than ever through all possible means, he said.

The Speaker said that the Assembly had recorded the people's deep concern over the security of His Majesty the King, especially during his visits to places where the security risks were very high. The Assembly also accepted that, since His Majesty had taken on the full responsibility of national security and solving the problem of the militants, it may be necessary to visit the security affected areas. The Assembly, however recorded its appeal for the royal visits to the high security risk areas to be reduced and called upon the security forces to be more alert and prepared than ever to ensure the personal safety of His Majesty the King. The discussions concluded with the invocation of the blessings of the Guardian Deities and the prayers of the Bhutanese people for the long life of His Majesty the King and the fulfillment of his aspirations for the Kingdom of the Palden Dukpa.

VIII: ISSUES RELATED TO THE ULFA AND BODO PROBLEM

The representatives of the people of the 202 Geogs in the 20 Dzongkhags of Bhutan and the Bhutan Chamber of Commerce and Industry (BCCI) made many submissions that the continued presence of the armed ULFA and Bodo militants in camps inside Bhutanese territory greatly threatened the security of the country. They pointed out that if the problem could not be resolved through peaceful means and efforts it would leave no alternative but to resort to the military option. To this end, they pledged their full support in terms of manpower and material resources whenever required by the government and the armed forces. The following is a summary of the deliberation.

The Chimis of Thimphu, Wangdue Phodrang, Samtse, Haa and Tsirang Dzongkhags and the representative of the BCCI expressed their heartfelt gratitude to His Majesty the King for taking on the full responsibility of solving the ULFA and Bodo problem which posed a serious threat to Bhutan's security and sovereignty. Without any regard for his own safety, His Majesty had even visited the areas affected by the continued presence of the armed ULFA and Bodo militants.

The Chimis also expressed their appreciation to the three service forces for carrying out their duty in looking after the security of His Majesty the King who had been working tirelessly to ensure the security of the country and the well-being of the Bhutanese people. They said that the people were deeply concerned because no concrete results had emerged from the resolution passed on the ULFA-Bodo issue by the National Assembly last year.

The members also pointed out that while the ULFA and Bodo militants were a threat to Bhutan's security, they were people from the state of Assam and citizens of our close neighbour, India. Considering that India is our friend and generous development partner, it is difficult to understand and accept that people who are Indian citizens are also posing a serious threat to our security. In view of this, they submitted that the two friendly neighbours, Bhutan and India, should try to find a peaceful solution to this problem.

The Chimis reminded the house that the ULFA and Bodo insurgency was not of Bhutan's making but a result of India's own political problems, which should be resolved by the Indian government. It would not be possible for a small country like Bhutan to carry that burden. The Royal Government had tried to deal with the problem in accordance to the resolution passed by the 77th Session of the National Assembly. However, the fact that the measures taken had not reduced the supply of rations to the militants indicated strong support for the militants from outside Bhutan's borders.

They said that on the Indian side of the border the Indian security forces checked only the Bhutanese travellers. They pointed out that it was not possible for the checking carried out by the Bhutanese security forces inside Bhutan alone to effectively stop the assistance provided to the militants. It was evident that unless the security forces on both sides of the border imposed strict vigilance and checking, it would not be possible to effectively stop rations and supplies from reaching the militants through their supporters and collaborators.

The Chimis regretted that there were a few Bhutanese nationals who did not have any concern for their country or the desire to ensure a secure homeland for future Bhutanese generations. Motivated by greed, they had joined hands with people who were harming the country. Referring to the saying "if evil is not uprooted, the good will not flourish," they urged that such persons must be severely punished for their treacherous activities. The strict punishment of these persons under the National Security Act would prove beneficial for the security of the country.

They pointed out that the continued presence of the militants who had illegally established camps inside Bhutan posed a very grave threat for the security of the country. Therefore, it was important for the Royal Government to find ways of removing the militants as soon as possible from Bhutanese soil.

The BCCI Chimi submitted that, as in the past, the people and the business community were ready to come forward with their full support in terms of material resources and manpower to resolve the problem. They expressed their hope and confidence that given

the love and dedication of the Bhutanese people for their country, and with the blessings of the Guardian Deities, the wise leadership of His Majesty the King, and the good fortune of the people, the situation would not deteriorate to the extent of bringing very adverse effects on the country.

Similarly the Chimis of Pema Gatshel, Paro and Lhuentse Dzongkhags stated that the illegal infiltration of the ULFA and Bodo militants from Assam and their continued presence on Bhutanese soil was posing a grave threat to the security of the country. This was a matter of deep concern and anxiety for the people.

They pointed out that despite the constant efforts of His Majesty the King to find a peaceful solution, the militants had not agreed to leave the country, therefore, leaving no other alternative but to resort to military action. They submitted that in order to extend effective support to the security forces, militia training should be provided by the army to all able-bodied men in the different Dzongkhags. They said that the people would fully support any action taken by the Royal Government to remove the militants from Bhutan, and they were ready to contribute manpower and material resources.

The Chimis of Bumthang and Punakha Dzongkhags stated that although the people were deeply concerned over the security of the country being harmed by the ULFA and Bodo militants from Assam, due to the blessings of the Guardian Deities and His Majesty's constant attention to the problem, no major misfortune had taken place so far.

Regarding the efforts to find a peaceful solution to the problem, they requested for a briefing on the outcome of the talks between the Royal Government and the ULFA leaders, and also on the implementation of the resolution passed by the 77th Session of the National Assembly. They also submitted that any individual or organization who harmed the national security should be strictly dealt with under the National Security Act.

The Zhemgang Chimi reported that the number of ULFA and Bodo militants infiltrating inside Bhutanese territory was increasing every year. Armed with different kinds of weapons they continued to move frequently between Changnarzam, Panbang and Nganglam. The Chimi reported that because shops in Panbang were closed down whenever the militants arrived, they had warned the shopkeepers that they would one day blast their shops. The militants had told people in Changnar Zam that they faced no difficulty in getting supplies from other places but the shopkeepers in Panbang kept their shops closed whenever they came. The Chimi submitted that the people lived under constant fear on account of the militants and requested the government to consider providing adequate security for Panbang Dungkhag.

The Chimis of Sarpang, Trongsa and Dagana Dzongkhags expressed the gratitude of the people to His Majesty the King for having assumed the responsibility for resolving the ULFA-Bodo problem. They also thanked the Royal Government and the security forces for implementing the measures decided by the 77th Session of the National Assembly to resolve the problem peacefully. They stated that the most effective strategy to make the militants leave the country, without harmful repercussions on the people, would be to effectively cut off ration supplies to the camps of the militants. To this end, they pledged that the people would not provide any assistance to the militants even if it was demanded under threat and duress.

They submitted that although the Royal Government was making every effort to make the militants leave the country through peaceful means, in the event that they refused to leave the country, and the government was forced to resort to military action, the people were ready to extend their full support to the government in terms of manpower and material resources.

The Chimis of Mongar and Trashi Yangtse Dzongkhags pointed out that the problem of the ULFA and Bodo militants posed a very serious threat to the security to the country and it had also affected many development activities in the eastern Dzongkhags. They expressed their deep regret and disappointment that some individuals motivated by greed were involved in transporting rations to the camps of the militants for personal gain. While such activities were banned by the government and punishment also imposed, these measures had not been effective. Therefore, all persons found helping the militants in any way must be severely punished in strict accordance to the National Security Act.

The Chimis suggested that the army should be deployed to deal with the militants and submitted that, for their part, the people pledged their full support and were prepared to even sacrifice their lives to protect the country. As Bhutan was a Buddhist country where the Dharma flourished, the blessings of the Guardian Deities should also be invoked to protect the people and the country. Pointing out that just as “the foot would continue to hurt until the thorn is pulled out”, the militants would remain a serious threat to Bhutan’s, security until they were removed from the country. It was, therefore, necessary to find ways to remove them from the country as soon as possible.

The Trashigang Chimi submitted that the people would always remain grateful to His Majesty the King who, without any regard for his own personal safety, had repeatedly toured the security affected areas in an attempt to find a solution to the problem posed by the continued presence of the armed ULFA and Bodo militants in the country.

He reported that because of the ULFA and Bodo problem the Indian security forces searched all Bhutanese vehicles plying through Assam, between Samdrup Jongkhar and Phuentsholing, causing difficulties and problems for Bhutanese travellers. Although Indian vehicles should also be subjected to the same checks, this was never seen to be done. He submitted that in the event the Assam highway was closed down to Bhutanese vehicles on account of the ULFA and Bodo problem, it was necessary to improve and maintain the national highway linking Thimphu and the eastern districts of the country.

The Chimi reminded the Assembly that due to the ULFA-Bodo problem, the Royal Bhutan Polytechnic had to be closed and the institute shifted to Phuentsholing. He suggested that in order to effectively stop the supply of rations to the camps of the militants more forest guards should be deployed in the affected areas, and the number of check-posts should also be increased and the existing ones further strengthened.

If the militants refused to respond to His Majesty's farsighted efforts to find a peaceful solution to the problem, the militants would then have to be removed from the country through military means. Recognising the necessity for taking stronger action and resorting to other appropriate solutions according to the times, the Chimi submitted that the people of Trashigang had already pledged their full support in terms of money, material resources and manpower to achieve the objective.

The Samdrup Jonkhar Chimi submitted that when the people of Bhutan were enjoying peace and prosperity due to the wise leadership of His Majesty the King, the ULFA and Bodo militants from India had forcefully entered the country. Their presence in the country had not only affected the implementation of the development programmes under the 8th Five-Year Plan, but had disrupted the lives of the people in south-eastern Bhutan, particularly along the border areas, making their nights sleepless and rendering their food tasteless. He said that the militants must be removed from Bhutanese soil, if possible through peaceful means.

The Chimi also reported that following the dissemination of the resolutions of the 77th Session of the National Assembly, the number of people in Samdrup Jongkhar involved in assisting the militants had greatly reduced. However, there were still a few persons who behaved "like horses that kicked the hand which fed them". Evil must be always rooted out and if such persons were shown no compassion but punished severely under the National Security Act it would help to resolve this problem.

A progress report on the restructuring and deployment of the Royal Bhutan Army in the south between Kalikhola and Daifam was distributed to the Assembly members on 25th June, 2000. The Chief Operations Officer of the Royal Bhutan Army, Goongloen Gongma Lam Dorji made his presentation of the report on 29th June, 2000.

The Goongloen Gongma reported that, taking note of the security threat to the country due to the presence of the armed militants from Assam who had infiltrated and established camps inside Bhutanese territory, a restructuring plan of the Royal Bhutan Army (RBA) was drawn up in 1996 for the deployment of RBA troops along the Assam-Bhutan border from Kalikhola to Daifam.

In view of the increasing security threat posed by the continued presence of the ULFA and Bodo militants, His Majesty issued a Kasho on 2nd August 1999 highlighting the security concerns and the measures to be implemented and followed up on a priority basis to deal with emergency situations related to the ULFA and Bodo problem. His Majesty was pleased to issue further instructions on 1st November 1999, highlighting various immediate measures to be taken to strengthen security in the areas affected by the presence of the militants. A board of officers was constituted, consisting of senior officers of Headquarters Royal Bhutan Army and the concerned commanders, to examine and prepare a detailed plan of action and work out the budgetary needs.

The Goongloen Gongma said that deployment of eight Wings in the south could not be at the cost of lowered troop strength in the north. Therefore, the training of recruits was being carried out at the optimum level at the Military Training Centre in Tencholing. The facilities available with the Royal Body Guards in Dechenchholing were also being utilised to full capacity to train recruits and ease the manpower requirements. The training duration had also been reduced from nine to six months by introducing special training capsules and intensifying training. The RBA had also applied a partial freeze on retirement, with soldiers being pensioned or retired only on grounds of health and old age.

The Goongloen Gongma reported that since 1998, the Royal Bhutan Army and the Royal Body Guards had been carrying out winter training in Gelephu, covering courses on Assault Pioneering, Low Intensity Conflict and Jungle Warfare.

He reported that while the 1996 restructuring plan had proposed the deployment of five Wings with the Command Centre at Dewathang, a total of eight Wings were now being deployed between Kalikhola and Daifam, in accordance to His Majesty's command. This would involve the deployment of 4,000 officers and men. He said that a severe shortage

of accommodation was one of the main obstacles for the deployment of additional troops. There was a need to construct permanent accommodation to house the troops posted in the security affected area over an extended period.

The Goongloen Gongma reported that the Dantak complex in Dewathang was handed over to the RBA in 1997.

He further informed the Assembly that, in October 1999, His Majesty had met with the students and staff of the Royal Bhutan Polytechnic in Dewathang to explain the serious security situation Bhutan faced from the continued presence of the ULFA and Bodo militants. Being located next to the RBA camp, they would be exposed to grave security risks. If the situation deteriorated further there was increasing danger of the students and staff being kidnapped and targeted by the militants.

It was decided during the meeting that the Royal Polytechnic would shift to the Royal Technical Institute at Kharbandi by June 2000 and additional RBA troops would be accommodated at the Royal Polytechnic complex as a temporary measure. Once the security situation improved the institute would return to Dewathang and function as before. The students and staff of the Royal Polytechnic shifted to Kharbandi ahead of schedule and the institute was handed over to the army in April 2000, and Wing XI and Wing XII of the RBA were deployed at the complex.

The RBA camp at Kharbandi was handed over to the Royal Technical Institute on 1st March 2000 to help accommodate the Royal Polytechnic students and staff. The RBA camp was being relocated to Ramatey, seven kilometres above Phuntsholing. Meanwhile, troops were being accommodated in whatever accommodations were available at the RBA Supply Depot Complex in Phuentsholing and the rest were put up in tents.

The existing buildings of the RBA camp at Dewathang were temporary structures which were nearly 40 years old and beyond economic repair. His Majesty sanctioned Nu.30 million in 1998 to carry out immediate construction of accommodation.

The Goongloen Gongma reported that following His Majesty's visit to the security affected areas in October 1999, Wing XI was raised and initially deployed at Sarpang and Wing XII deployed at Gelephu until the Royal Bhutan Polytechnic was taken over by RBA. A new Wing, Wing XIII was raised and deployed in Gelephu at the old Security Force camp on 20th April 2000.

While the 1996 restructuring plan envisaged the establishment of a Wing each at Nganglam and Daifam, this could not be implemented because of lack of accommodation and funds. However, as a result of increased militant activities in the area in 1997, His Majesty commanded the deployment of a company each at the two locations and the construction of necessary accommodations on a priority basis.

One RBA company was deployed at Pinchina in Samdrup Jongkhar on 25th May 2000 to provide security to the personnel of the Revenue and Customs and the Royal Bhutan Police who checked the vehicular traffic, goods and travellers passing through the Pinchina check-post.

The Goongloen Gongma informed the Assembly that, as commanded by His Majesty the King, an army camp was being established at Bhangtar. Construction of the camp, perimeter fencing and compound wall around the RBA camp, Royal Bhutan Police camp, the Basic Health Unit and Dungkha office was underway.

The Goongloen Gongma reported that, due to the lack of accommodation, the RBA company at Kalikhola was presently occupying a part of government infrastructure. In order to meet the additional accommodation requirement, the RBA had spent a sum of Nu. 6.48 million. In Sarpang, due to lack of accommodation, only two companies had been deployed instead of one Wing. Because of the urgency of the situation, a sum of Nu. 84.70 million had been diverted for Wing IX at Lodrai, Gelephu from the housing scheme, which was primarily meant for the Wings in the north. This was used for construction of accommodation for Wing IX which was established in October 1997. Meanwhile, security posts and accommodations for troops were being constructed to guard the Bhurkhola and Dorkhala bridges on the Sarpang-Gelephu highway.

The Goongloen Gongma reported that, in order to implement His Majesty's command to strengthen security in the areas affected by the continued presence of the militants, a detailed study was carried out to formulate measures to be undertaken and to determine the overall financial implications. Up to June 2000, the Royal Government had spent Nu.660.70 million to meet the cost of RBA's immediate needs, including construction works, essential administrative requirements and purchase of equipment needed to improve and strengthen security in the areas affected by the militants. Two helipads, one at Yangmari and the other at Panbang Dungkha Headquarters, had been constructed for emergency requirements.

He reported that additional funds were required to improve and strengthen security in the south-eastern Dzongkhags and ensure the effectiveness of the RBA troops deployed in

the affected areas. He also informed the house that the Army Welfare Fund, which was established by His Majesty in 1976, had a reserve fund of Nu. 642.918 million which was being used for emergency security needs.

In accordance to the decision taken by the 77th Session of the National Assembly to stop all ration supplies to the camps of the ULFA and Bodo militants, the Gongleong Gongma reported that the RBA started implementing this measure in September 1999. He explained that this decision could not be strictly implemented because it was not possible for the army to deploy troops in adequate strength at the strategic locations as construction of army camps at Dewathang, Daifam, Bhangtar, Pinchina and Nganglam were not completed. Steps were being taken to ensure that construction of army camps and accommodations at the strategic locations were completed as soon as possible to facilitate the deployment of troops in adequate numbers. This would enable the army to strictly implement the National Assembly decision of stopping supplies to the camps of the militants.

Concluding his report, the Goongloen Gongma stated that the Royal Bhutan Army, under the personal guidance of His Majesty the King, had been carrying out training and logistic mobilisation in the event of military operations becoming necessary to remove the militants from Bhutanese soil. If His Majesty and the Royal Government decided that military operations must be launched to remove the militants, the officers and men of the Royal Bhutan Army and the Royal Body Guards pledged to carry out this important task with total commitment of Lue-Nga-Yi-Sum (body, speech and mind). The Goongloen Gongma said that the security forces were ready to lay down their lives in the service of the Tsa-Wa-Sum and faithfully discharge their sacred duty of safeguarding and ensuring the security of the country with utmost loyalty and dedication.

The Chimis of Pemagatshel and Lhuntse Dzongkhags pointed out that the eastern parts of Bhutan had been faced with the problem of the ULFA and Bodo militants for several years. The 77th Session of the National Assembly had decided on certain measures suggested by His Majesty the King to resolve the problem. One of these measures was to block the supply of rations to the camps of the militants. However, no matter how strictly the movement of goods were checked inside Bhutan, if similar measures were not taken on the Indian side of the border, it would not be possible for the Bhutanese security forces to cover the porous border and prevent supporters of the militants from crossing it with supplies for the militants. The Chimis expressed their doubt about the measures taken to stop supplies from the Indian side of the border. They also expressed their deep disappointment and regret that some Bhutanese nationals also seemed to be involved in transporting rations for the militants. They submitted that the militants had mistaken

Bhutan's desire for a peaceful solution to the problem for fear in confronting them. The time had come to let them realise their misperception. To this end, the people offered their full support in terms of manpower and material resources, and requested for militia training to be imparted to them to enable them to protect the security of the country whenever the need arose. They pointed out that it was the duty of the people to serve as soldiers, if necessary, and that soldiers were also from the people. It was of utmost importance for all Bhutanese people to be of one thought and mind and work closely together with the security forces and government servants to safeguard the security of the country at this crucial juncture.

The Chimis submitted that it was not possible for the Bhutanese army to seal the 500 kilometre border with Assam. Therefore, in order to effectively remove the militants from Bhutan it was necessary to have an agreement that India would stop the militants from crossing the border into Bhutan.

The Dagana Chimi said that the people of Dagana Dzongkhag were ready to serve and support any action decided by the National Assembly to resolve the problem of the ULFA and Bodo militants. He expressed deep appreciation to the Goongloen Gongma who had reported that the three service forces were fully prepared to protect the security of the country in accordance to His Majesty's commands. Pointing out that the time was certainly not too early to resolve the ULFA and Bodo problem, he urged the government and the people to unite in their efforts to remove the problem soon through every means possible.

The Chimi said that although the ULFA and Bodo issue was India's own problem, since the militants were camped inside Bhutanese territory, it had become a matter of grave concern for the people of Bhutan. While on the one hand there was every reason to be grateful to our friendly neighbour India for its generous assistance to us, on the other hand, the people were deeply disappointed and disturbed that militants from India had infiltrated into our small country and refused to leave. It was difficult to believe that India, which is a powerful country in the world, is not able to take care and deal with their people in one of their states. He expressed his doubt that the refusal of the militants to leave Bhutan may be part of a strategy to eventually take over the country.

Addressing the house, the Home Minister said that the security threat posed by the continued presence of the ULFA and Bodo militants inside Bhutanese territory had dominated the deliberations of the last three sessions of the National Assembly. The fact that it was being raised again reflected the people's deep concern for the security and sovereignty of the nation.

Besides the deliberations in the National Assembly, the concern over the problem of the ULFA and Bodo militants was being raised in the village Zomdus, the Geog Yargye Tshogchungs and the Dzongkhag Yargye Tshogchungs as well as in the weekly Coordination Committee Meetings of the Council of Ministers in the capital.

The Home Minister reported that, in keeping with His Majesty's concern, the Lhengye Zhungtshog met twice a month to discuss the problem and related security issues. The concerns of the public, their pledge to serve His Majesty and the Royal Government, and their willingness even to sacrifice their lives to remove the ULFA and Bodo militants from Bhutanese territory was very gratifying. After all, if we are not concerned about the security and sovereignty of our country, why should others be, he said.

The presence of the armed ULFA and Bodo militants posed the most serious threat to Bhutan in its entire history. The implications of this problem on Bhutan's sovereignty and the concern of the people had been discussed at length during the past two sessions of the National Assembly.

Therefore, there was no need to make any further submissions on the matter and the Home Ministry would only report on the outcome of the discussions held between the Royal Government and the ULFA and Bodo leaders in an attempt to find a peaceful solution for removing the militants from the country. To start with, the Home Minister said he wished to remind the hon'ble members about the report submitted to the 77th session on the meetings held with the ULFA leaders who had come twice to Thimphu for talks. The first meeting was held on November 20, 1998 with the ULFA Finance Secretary and a local military commander. The Royal Government was represented by the Home Minister himself and an Under Secretary from the Home Ministry. As the two representatives of the ULFA were middle-level leaders, they were not only clearly informed on the Royal Government's position regarding their presence inside Bhutan but also told that it was very important for talks to be held with their top leadership who would be capable of taking decisions. It would also avoid misunderstandings in the dialogue.

The second meeting was held on May 7, 1999 with two senior leaders of the ULFA including their Commander-in-Chief Paresh Baruah. The Royal Government was represented by the Home Minister and, on His Majesty's command, the Chairman of the Royal Advisory Council and three Councillors. The concerns expressed by the hon'ble members during the 76th session were communicated to the ULFA leaders. They were reminded of the tremendous problems created for Bhutan by their continued presence in the country. Their presence infringed on Bhutan's sovereignty and security, caused great concern to the people, and could harm Bhutan's close relations with India, in

particular with the neighboring state of Assam. There was also the possibility of Bhutanese territory becoming a battlefield if the Indian army entered in pursuit of the ULFA. Bhutan could also be looked upon as a country that gave asylum and harbored militants.

They were also advised against fighting the might of the Indian army and told that their objective of achieving independence for Assam was not realistic. Most important, they were asked to relocate their camps and leave Bhutanese soil at the earliest.

The Home Minister gave a summary of the ULFA's response:

1. The ULFA were fighting for the independence of Assam and they were determined to fight till they had achieved their objective.
2. They were forced to enter Bhutanese territory because of Indian army operations in 1992. They had no option but to enter Bhutanese territory as Bhutan was Assam's immediate neighbor and the jungles of Bhutan provided the safest sanctuaries for them.
3. They were aware that their presence created a difficult situation for Bhutan and had discussed the issue among themselves. However, they were in the preparatory stage of their struggle for independence and were not ready to leave the jungles of Bhutan.
4. They could not leave Bhutan because their camps in other places were not secure and convenient. It would take them a year and a half to be fully prepared and they would then leave Bhutanese territory.

As the hon'ble members would recall, the 77th Session of the National Assembly last year had found none of these proposals acceptable.

During the discussions, the ULFA leader Paresh Baruah had said that although he was the highest military commander, he did not have the authority to decide on removing their camps from Bhutanese territory. He agreed that he and the ULFA Chairman would come to Bhutan soon for the third round of talks.

However, there was no response from the ULFA for nearly eleven months and it was only in April this year that Paresh Baruah made a telephone call. It was again made clear that the Royal Government would only meet with their top leadership and, therefore, he and his Chairman should come for a meeting any time before June 15, in time for the

Home Minister to submit a report on the outcome of the talks to the forthcoming session of the National Assembly.

Paresh Baruah explained that the reason why they were not able to come to Bhutan was because the Royal Government had made public the details of the two rounds of talks, some of which were very confidential, through the presentation made in the National Assembly. The public release of the details of the talks had been covered widely in the media and had created serious security risks for him and his Chairman. He proposed that if the Royal Government accepted, they would send a delegation consisting of the senior adviser of their organisation and their Finance Secretary. This was not accepted by the Royal Government. When Paresh Baruah telephoned once again to say that their top leadership would not be able to come, it was made clear that the issue to be discussed was very important and required their top leadership. They were told to come for the talks any time before June 15 but they had not met this schedule.

The Home Minister gave a summary of the points conveyed to the ULFA leader over the telephone:

1. As the issues for discussion were very important and urgent, Paresh Baruah must come with his Chairman for the talks as agreed by him last year.
2. They could come any time before June 15 depending on their convenience.
3. During the first meeting, their Finance Secretary and the local military commander had said they did not have any authority to take decisions. During the second meeting, Paresh Baruah had also said that he did not have the authority to decide on removing their camps from Bhutanese territory as such a decision could only be taken by their Chairman Arabinda Rajkhowa. Therefore, it would serve no purpose to hold talks with their lower-level leaders. If their top leadership did not come for talks there would be nothing further to report to the Cabinet and the National Assembly. Instead, the fact that they did not come for talks would have to be reported to the National Assembly.
4. The ULFA leader was reminded of the tremendous pressure being exerted on the Royal Government by the Bhutanese people, and the government and people of India about the continued presence of armed foreign militants inside Bhutanese territory.

As reported earlier, a long time had elapsed between the last round of talks and the telephone calls. The Home Minister expressed his regret that the ULFA leaders had neither come for talks since then nor made any contact by telephone.

As the hon'ble members were aware, besides the ULFA there were also several camps of the Bodo militants inside Bhutan. While the objective of the ULFA was independence of Assam, the Bodos wanted a separate state of Bodoland within India.

The organisation of the Bodo militants inside Bhutan was called the National Democratic Front of Bodland (NDFB) and their Chairman was Ranjan Daimary. Earlier this year, the Lhengye Zhungtshog decided that talks should also be held with the Bodo leaders parallel to those with the ULFA. The Cabinet instructed the Home Minister to contact the Bodo leaders and call them to Bhutan for talks. He was also instructed to lead the Bhutanese team, comprising three members of the Royal Advisory Council, for the talks.

The Home Minister reported that, in accordance with the government decision, he spoke with the NDFB Chairman over telephone in May this year. Ranjan Daimary was told that the existence of the Bodo militant camps inside Bhutanese territory over the past many years was causing serious problems for Bhutan and he should come for talks with the Royal Government before June 15 so that a report on the talks could be submitted in time to the National Assembly.

Ranjan Daimary telephoned about a month later and said that he had explored all possibilities but would not be able to come to Bhutan for security reasons. He proposed to send their Press Secretary to represent their organization for the talks. He was told that as the matter was of great importance, the talks had to be held with their top leadership and Ranjan Daimary himself must come to Bhutan.

Following this, the Press Secretary of the NDFB telephoned to explain that his Chairman could not come to Bhutan for security reasons and asked if it would be all right if he came and represented their organization. The Press Secretary was told that the Royal Government could not hold talks with anyone but their top leadership and it was a matter of deep regret that their Chairman could not come for talks.

As the ULFA and Bodo leaders would not come to Bhutan for talks there was no progress in the dialogue with them. The Home Minister expressed his disappointment that the desire of His Majesty the King and the National Assembly to resolve the problem of the ULFA and Bodo militants peacefully through a process of dialogue could not be achieved.

Anywhere in the world, when a landlord faces problems regarding his house the tenants show due courtesy and discuss the problem. The attitude of the militants who took advantage of the porous border and entered Bhutan without permission was very different. They had not only violated the territorial integrity of a sovereign, independent

country but also seemed least concerned over the countless difficulties they were causing to Bhutan and its people. They had added insult to injury by not coming for talks, especially after having agreed to it last year. Besides, a few recent incidents of the ULFA and Bodo militants coming across government personnel and obstructing them in implementing development works in Samdrup Jongkhar District indicated that the militants were adopting more aggressive postures.

However, in keeping with the wishes of His Majesty the King and the resolution of the National Assembly, the Royal Government would not close the door to peaceful dialogue with the leaders of the militants. The Home Minister expressed his hope that the leaders of the ULFA and Bodo organisations would give the matter extra attention and, as agreed during the meeting last year, come for talks with the Royal Government in the near future.

The Home Minister reported that the Royal Government had started implementing the second and third of the three-point resolution passed by the 77th Session of the National Assembly; to cut off ration supplies to the camps of the militants and to punish those persons found helping the militants in accordance with the National Security Act. He informed the house that two persons caught helping the ULFA and Bodo militants in Samdrup Jongkhar had been tried and sentenced by the Samdrup Jongkhar District Court, one to life imprisonment and the other to five years in prison. Similarly, the Royal Civil Service Commission had terminated the services of two lower level civil servants and filed a case against them in the Thimphu District Court.

In order to effectively implement the above two strategies of the Assembly resolution, it was important to complete all the groundwork, including establishment and construction of army camps, deployment of security forces and procurement of arms. Once these groundworks were completed it would be possible to implement the Assembly resolutions much more effectively.

The Home Minister pointed out that the moment the two resolutions were fully implemented the militants may retaliate against the Bhutanese people, and there would be every possibility of clashes between them and the security forces. It is important that our security forces are fully prepared for any such eventuality, he said.

The Minister expressed his hope and confidence that, through the blessings of the Guardian Deities, the farsighted and enlightened leadership of His Majesty the King, the unity of the Bhutanese people, and the courage and dedication of the three branches of the security forces Bhutan would be able to overcome this problem.

The Chimis of Paro and Zhemgang Dzongkhags pointed out that the talks held earlier with the ULFA leaders by the Home Minister and Royal Advisory Councillors in Thimphu had produced no concrete results. Although they had given their word, the militant leaders had refused to come to Bhutan for further talks. The Chimis pointed out that not only had the ULFA and Bodo militants refused to leave the country, but they had also refused to come and hold talks with the Royal Government. It seemed that the militants had no regard for the efforts made by the Royal Government to resolve the issue peacefully and they were in fact making light of the matter. If the militants continued to stay in Bhutan it was certain to result in very grave problems for the country.

The Chimis of Chhukha and Trashigang Dzongkhags submitted that the infiltration and continued presence of the ULFA and Bodo militants inside Bhutan, at a time when the Bhutanese people were enjoying the fruits of socio-economic development, had caused tremendous problems in the country, in particular for the people of the eastern Dzongkhags. During His Majesty the King's visits for the Eighth Five-Year Plan meetings, the people had pledged their full support in terms of material resources and manpower to remove the militants from the country as soon as possible. The people had also made this pledge during the 77th Session of the National Assembly.

They submitted that the people once again reiterated this pledge during the current Assembly session. The Chimis also called for strict punishment to be imposed under the National Security Act on all persons found extending assistance to the militants. They expressed their doubts that vehicles transporting materials for the Dantak and Kurichu projects were being used for the militants. They proposed that these vehicles should be checked like all other vehicles at the check-posts.

The Goongloen Gongma noted that several members had expressed their concern about the transportation of ration supplies for the militants along the Indo-Bhutan border. He pointed out that, along the border from Khalikhola to Daifam, it was mostly the Assamese people who were transporting supplies for the militants in vehicles, bullock carts and on bicycles. The security forces had not taken action against them because His Majesty the King had issued specific instructions not to do so because arresting and punishing any Assamese would affect the friendly relations with Assam which was Bhutan's immediate neighbor. However, RBA had requested the Indian army to take check and take necessary action to stop Indian nationals from supplying rations to the militants.

The Zhemgang Dzungda stated that, as submitted by the Zhemgang Chimi, the ULFA militants had threatened to blow up the shops in Panbang town because they were always closed down whenever the militants came by. Besides Panbang, the militants were also seen on the road to Nganglan, Sonamthang, Laling, Thinleygang and Changnarzam villages. The people in these areas were greatly alarmed by these incursions during which time they often locked their houses and fled to the jungles.

Although it had never happened before, from this year there had been reports of the militants breaking into houses in the villages and cooking meals with whatever they found in the houses, killing poultry if they could not find any vegetables. The militants living in the Changarzam area had sent messages threatening to blow up the Panbang town and that they also had a score to settle with the people working in Panbang Dungkhag. This had caused a lot of concern among the people living in the area. No matter how one thought about it the militants were endangering the security of a country which had maintained its sovereignty for more than a thousands years. As the efforts to resolve the problem peacefully through every possible means had not been successful it might be better to resort to the military option, he said.

The Lhuentse Chimi reported that, during a recent trip to Samdrup Jongkhar, he had been very gratified to see that thorough checking of vehicles was being carried out at the checkpoints between Dewathang and Samdrup Jongkhar. However, he observed that the vehicles of the security forces and Dantak were not being checked at all. He said that in order to stop the entry and movement of the militants in the country more effectively the vehicles of the security forces and Dantak should also be checked like all other vehicles. All persons who were involved with the militants should also be dealt with in accordance to the National Security Act. He suggested that during difficult times like the present those who had received militia training should be inducted into the armed forces. Despite being asked to leave the country peacefully, the militants had refused and they would not even come for further talks. Therefore, there did not seem to be any other alternative to military action to deal with them.

The Goongloen Gongma noted that going by the statement of the people's representative that the vehicles of the security forces and Dantak were not being checked at the check-posts like other vehicles, it appeared that the people had some doubts on the armed forces. He pointed out that it was the practice everywhere in the world for checking of military vehicles, if required, to be carried out by the military itself. The reason why others should not check military vehicles was that military vehicles often carried restricted items like arms and ammunitions and explosives required by the security

forces. However, due to the problem of the ULFA and Bodo militants, Dantak vehicles were being checked at the check-posts on the request of the Dantak themselves.

The Trashigang Dzongda reported that, in accordance with the resolution of the 77th Session of the National Assembly, the concerned Dzongdas, Gups Chimis, and government officials had informed the people in the various Dzongkhags, Geogs, and those working in various offices, that persons caught helping the militants would be dealt with in accordance to the National Security Act. Despite this it appeared that some persons continued to help the militants. Therefore, it was important to once again make the people aware that any person helping the militants would be strictly punished. He said that if militia training were imparted it would enable the people and civil servants to also help in safeguarding the country's security. He also suggested that wherever possible, security fences should be erected and check-posts established along the border.

The Tsirang Chimi said that it was surprising that the ULFA and Bodo leaders had cited security reasons for not being able to come to Bhutan for talks with the Royal Government. It seemed like they were not even aware in whose country they were staying.

Although, the Royal Government and the people of Bhutan had no ill will or desire to create problems for the militants, they had forcefully entered Bhutanese territory. Their continued presence inside Bhutan and their unacceptable activities seriously threatened the security and sovereignty of the country. He felt that it was necessary to decide on military action to remove the militants from the country.

The Dagana Dzongda pointed out that whether peaceful measures or military action was taken to resolve the problem, it was important to hold discussions with the Indian Government. As all the hon'ble members agreed that the greatest importance must be attached to the excellent relations Bhutan had with its close neighbour India, every effort must be made to further strengthen the excellent state of Indo-Bhutan relations and ensure that it endured for centuries to come.

He pointed out that the ULFA and Bodo militants were Indian citizens, and the matter should be discussed with the Indian Government. It must be made clear that there would be no misunderstandings from the Indian Government for the actions taken by the Royal Government to resolve the problem of the ULFA and Bodo militants.

He said that safeguarding and strengthening the security of the country was the most important priority. Since development works could always be taken up at other times, he

suggested a one-year action plan. Development activities in all the Dzongkhags affected by the ULFA and Bodo militants should be postponed for one year during the fourth year of the Eighth Plan. He said that the Bhutanese people would gain in strength and determination by going through the experience of resolving a serious problem facing the nation.

He proposed that the border with India, from Diafam to Kalikhola, should be sealed by the security forces of the two countries. Import of labour should be stopped and all business outlets from Samdrup Jongkhar to Narphung and to Kalikhola should be closed. Although this would cause serious problems and difficulties there was no need to hesitate in taking this course of action for one year if it resulted in resolving the ULFA-Bodo problem. He suggested that the situation could be reviewed after six months of implementing this course of action and the armed forces could then be deployed to remove the militants.

The Trongsa Chimi submitted that, although India and Bhutan enjoyed even closer relations than ever before, the people had expressed certain doubts given the complex nature of the ULFA-Bodo problem, which defied a simple solution. He pointed out that the militants were not refugees but armed men who had entered the country and were threatening its security. A solution to the problem must be found before it spread to other parts of the country and escalated out of control.

Intervening in the debate, His Majesty the King noted that the grave threat posed by the ULFA and Bodo militants to the security of the country had caused deep concern to the government and the people. This was reflected in the extensive deliberations on the issue and the frank submissions made by both the government representatives and the people's representatives regarding a solution to the problem.

Everyone was fully aware of the serious threat to the security and sovereignty of the country if the problem of the ULFA and Bodo militants was not resolved soon. On this the government and people were of one thought and mind. His Majesty reminded the members that the government had started implementing the resolutions of the 77th session on the ULFA and Bodo problem. The Goongloen Gongma and the Home Minister had reported on the results of the measures taken so far. His Majesty advised the members that the most important point to be kept in mind during the deliberations was whether the resolution passed by the Assembly last year needed to be changed or further strengthened.

The Samdrup Jongkhar Dzongda said that the presence of the ULFA and Bodo militants fighting against the Indian Government had created a very serious security situation in

Samdrup Jongkhar, giving sleepless nights to the people and rendering their food tasteless. He expressed the appreciation of the people of Samdrup Jongkhar to all the Assembly members for their understanding and concern over this problem. Regarding the doubts raised by some of the hon'ble members over the easy movement of the militants despite the large number of Indian security forces deployed across the border, he reported that the concerned officers of the Dzongkhag kept in close touch with their Indian counterparts along the border.

It was possible for the Indian security forces to provide security only in their towns and for their larger institutions and installations. It was very difficult for them to stop the movement of the militants across the thickly forested porous border. The Dzongda said that even if thousands of soldiers were deployed along the Assam-Bhutan border, from Kalikhola in the west to Daifam in the east, it would not be possible to seal the border.

The Dzongdag submitted that the Dzongkhag staff, the army and the police had all been carrying out their responsibilities to the best of their abilities and with utmost loyalty and dedication. He pledged that they would all continue to serve the country with total loyalty and dedication.

The Tsirang Dzongda, a Royal Advisory Councillor and the Samdrup Jongkhar Chimi submitted that the responsibility for resolving the problem of the ULFA and Bodo militants must not be left for His Majesty the King to shoulder alone. The government and the people must also give every thought to resolving the problem and prepare for it accordingly.

They pointed out the government officials and people in the affected border areas had not invited the ULFA and Bodo militants to either come for meals or to live on Bhutanese territory in exchange for any kind of payment. These militants had forcefully entered Bhutan across the thickly forested porous border, creating serious problems for the people in the south-eastern parts of the country.

They said that from the day it was learnt that the militants had entered Bhutanese territory, the matter had been reported to the Dzongkhag administrations and through the Dzongkhags to the government. Initially some of the people who did not know better and others motivated by greed and personal gain were involved in helping the militants. With the resolution passed by the previous Assembly session, only a few Bhutanese nationals and some Indian shopkeepers continued to extend assistance to the militants. Such persons must be punished under the National Security Act. The main concern of the people today was the grave problem posed by the continued presence of the ULFA and

Bodo militants. A resolution must, therefore, be adopted on removing the militants soon. As the armed forces had made adequate preparations in the security affected areas, a decision on military action should be taken.

They stated that although the problem was essentially an internal matter of India, it had spilled over into Bhutan and was harming the country. The people extended their full support in terms of manpower and material resources for whatever measures were decided by His Majesty and the Royal Government to remove the militants from Bhutanese soil.

The Bumthang Dzongda and the Zhemgang Chimi submitted that more than the pledges of material resources, it was far more important for the people to pledge their genuine support in body, speech and mind to His Majesty the King who was bearing the full responsibility of resolving the problem of the ULFA and Bodo militants.

They said that a few persons, who had no feelings for the country, were involved in helping the militants. These persons must be punished under the National Security Act. Stern punitive action will deter other persons with similar inclinations from helping the ULFA and Bodo militants for selfish personal gain.

They said that it was important to deal with the militants in accordance with last year's Assembly resolution, and also continue the process of dialogue with them. It would achieve the objective of resolving the ULFA-Bodo problem and ensuring peace in the country.

Intervening in the debate, the Speaker said that despite the extensive deliberations extending over two days, the hon'ble members had come up with no new suggestions over and above the three-point resolution passed during the 77th session, except to state that if peaceful measures failed military action should be taken to remove the militants from Bhutan.

The Speaker reminded the members about the three-point the resolution passed by the 77th Session of the National Assembly last year to make the ULFA and Bodo militants leave Bhutan peacefully:

1. The Royal Government would continue the process of dialogue with the leaders of the militants;
2. Steps will be taken to stop rations and supplies from reaching the camps of the militants.

3. Any Bhutanese or Indian national found helping the ULFA and Bodo militants inside Bhutanese territory will be dealt with in strict accordance to the National Security Act.

He reminded the members that the time had come for them to consider whether any of the above three-point resolution needed to be changed or strengthened and arrive at a firm and clear decision on the issue.

Addressing the house, the Foreign Minister reiterated the utmost seriousness with which the Royal Government was tackling the problem caused by the presence of the ULFA and Bodo militants in Bhutan. He said that the ULFA-Bodo problem was a security problem for both Bhutan and India. Unless the problem was resolved, it had the potential to undermine not just the security of the two countries and Indo-Bhutan relations, but also the foundation of Bhutan's foreign and economic policies.

Going by the coverage of the ULFA-Bodo problem in the Indian media, the Foreign Minister said that some in India seemed to be suspecting the Royal Government of supporting the militants. Likewise, the discussions in the Assembly seemed to indicate that there were doubts in the minds of some Bhutanese about India as well. Creation of such doubts and misunderstanding, he said, could undermine the deep friendship between the two countries.

The minister said the fact that the ULFA and Bodo militants were using Bhutanese territory as a hideout and a base was seen by some Indians as an indication that Bhutan was supporting the militants by providing shelter to them and not doing anything about it. He said that the main reason for misunderstanding and lack of awareness among some Indians was because they did not seem to be aware of the various measures that His Majesty the King, the Royal Government and the people of Bhutan had taken to remove the militants from Bhutanese soil.

Likewise, there were many in Bhutan who felt that the ULFA-Bodo problem, which was really an internal affair of India but was endangering Bhutan's security could be resolved if a powerful country like India had the will to do so. In this regard, many Bhutanese believed that because Indian nationals crossed the border without being checked some of them were transporting goods to the militants along the border. They also believed that the baseless allegations against Bhutan in some of the Assamese media were aimed at undermining the age-old ties of friendship between the two countries.

The Foreign Minister informed the Assembly that due to his deep concern about the immediate and broader implications of the ULFA-Bodo problem, His Majesty the King had met and discussed the problem with many senior Indian leaders and also commanded the Lhengye Zhungtshog to clarify any misunderstanding and dispel doubts about Bhutan's position with the Government of India. He reported that accordingly, during his recent goodwill visit to India, he met a number of senior leaders including the President, the Prime Minister, the Foreign Minister and the Foreign Secretary, among others. He took the opportunity to reiterate Bhutan's commitment to further strengthening the age-old ties of friendship and co-operation with India and made it clear that far from supporting the militants, their presence was not welcome in Bhutan. He also informed them that Bhutan was not aware when the militants first entered the country and apprised them of the difficulties that Bhutan faced in evicting the militants from the country.

The Foreign Minister said that given the reports in the Indian media alleging that Bhutan was supporting the militants, he had reassured the Indian leadership that this was not the case. Bhutan would never shelter any anti-India elements on Bhutanese soil just as the Indian government would similarly not shelter any anti-Bhutan persons on Indian soil. He also apprised the Government of India of the various resolutions that the National Assembly had passed to deal with the militants.

He said that besides reiterating the commitment of the Royal Government and the Bhutanese people to further strengthen Indo-Bhutan friendship, he had expressed Bhutan's appreciation and gratitude for India's support to the development of Bhutan's economy and the armed forces. As a close friend and neighbour, Bhutan drew satisfaction from the great progress India had made in its economy, science, and technology and in its foreign relations and international standing. He had also conveyed the appreciation of the representatives of the National Assembly to the Government of India for its support to Bhutan.

In order to clear the doubts and suspicion that certain false media reports may have created in the minds of some Indian people, the Foreign Minister also reported that he met members of the Indian media and sections of Indian society to clarify and explain Bhutan's position and the difficulties that it faced in removing the militants from its soil. He stated that during his meeting with the Indian people, starting from the Prime Minister, he had been convinced of the highest importance the people of India attached to Indo-Bhutan friendship, and that our peoples and governments shared similar views and a great understanding of each other.

The Foreign Minister reminded the Assembly that no matter how strong a friendship is, its value and sustainability should never be taken for granted and that we should not be complacent as it can be undermined by various problems. He said that despite the deep bond between a father and a son, regular and frank interaction was required to nurture and sustain the bond. In this regard, he said that Bhutan proposed to further strengthen its ties with India by extending interactions between all sections of society.

In conclusion, the Foreign Minister expressed his hope and prayer that with the blessings of the Guardian Deities, the farsighted vision of His Majesty the King, the competence of the security forces and the complete dedication and support of the Bhutanese people, there was no reason that the ULFA and Bodo militants would not be removed from Bhutanese soil. He however cautioned that even if Bhutan managed to dislodge the militants from its soil, Bhutan would still not be able to escape from the problem if it was not resolved in Assam. As this was essentially an internal problem of India, he hoped and prayed that the people and Government of India, as well as the ULFA and Bodo militants, would find the wisdom and the means to a speedy, peaceful and lasting solution to the problem.

The Chairman of the Lhengye Zhungtshog said that the ULFA and Bodo problem had dominated the discussions during the past three Assembly sessions. After His Majesty the King assumed the responsibility of looking after national security, the Assembly members and the people had been imbued with a sense of confidence and security. However, since the ULFA-Bodo problem was a source of deep concern to the people, they had been persistently raising the issue in the National Assembly and calling for an early solution to the problem.

He said that, at a time when Bhutan was facing a grave threat to its security, all Bhutanese should rise to the call of duty and shoulder their responsibilities as loyal and dedicated citizens of the Palden Drukpa. The need of the hour was not just expressions of concern and assurances of support but a genuine commitment to even sacrifice one's life to protect the security of the country.

Stressing the importance for all citizens to be united in thought and deed, he pointed out that Bhutan's own history had proven that when the people were united the country would be able to stand up to any threat.

He said that the problem should not be treated as a remote issue which would be resolved by His Majesty alone. Every Bhutanese must confront the problem, bearing in mind the grave threat that it posed to the sovereignty and security of the country and the peace and well-being of the people.

The Chairman reminded the members that Bhutan had always been a sovereign independent country. The present Bhutanese generation must not fail in its duty and be fully prepared to tackle the problem without faltering. We must be ready to make whatever sacrifice may be necessary to protect the freedom that has been ours for centuries and for all generations to come, he said.

He also reminded the members that the soldiers of the armed forces of Bhutan were not strangers but fathers, sons and brothers who were willing to lay down their lives for the country. Do we feel pride and appreciation that they are protecting the country and do we provide them the encouragement and support that they need to carry out their noble responsibilities as true sons of the Palden Drukpa, he asked.

For his part, the Chairman gave his solemn pledge in the presence of the Guardian Deities that it would be an honour for him to even sacrifice his life, if necessary, to protect the glorious Kingdom of the Palden Drukpa.

The Royal Advisory Councillors pointed out that India and Bhutan enjoyed very close relations and the Indian state of Assam was Bhutan's immediate neighbour. Every effort had been made to find a peaceful solution to the problem such as implementation of the resolution passed by the 77th Session of the National Assembly. However, as the ULFA and Bodo militants had not responded to these efforts, it would not be possible to make them leave through peaceful means. Therefore, there was no alternative but to take a decision to resort to military action to remove the militants from Bhutanese soil.

The Finance Minister said that the frequent discussions on the ULFA-Bodo problem in the different Dzongkhags and the National Assembly confirmed the fact that the government and the people all over the country shared the same views and concerns. He said that in accordance with the resolutions of the last Assembly session, the Royal Government had continued its effort to hold talks with the leaders of the militants to find a peaceful solution to the problem.

He also said that while the responsibility for the security of the nation was entrusted to His Majesty the King during the past Assembly session, the people had also pledged their readiness to provide whatever support was required to solve the problem. He, however, cautioned the members that His Majesty should not be expected to single-handedly solve the problem. He said that given the serious nature of the problem, all the Bhutanese people should be prepared to contribute and that it was the responsibility of the National Assembly to come up with a clear-cut decision on the issue.

The Finance Minister said that from time immemorial to this day, Bhutan had never faced such a serious problem. He stressed the importance of finding a solution as the armed militants who had entered the country forcefully were refusing to leave.

He said that in keeping with the resolution of the National Assembly and the views of the people, there may be no choice but to resort to military action in the event the militants refused to leave the country. He, however, urged the National Assembly to keep open the option for a peaceful resolution of the problem through dialogue at all times. He also informed the house that in line with the repeated command of His Majesty the King that the development budget meant for the people's benefit should not be used for the armed forces, the necessary expenses of the armed forces had been met from the funds of the Army Welfare Project. Referring to the report presented by the army, the Finance Minister clarified that the expenditure of Nu. 600 million on constructions, arms and other equipment had not been at the cost of development activities. He further mentioned that additional expenditure for the armed forces, if so required, would continue to be met from the Army Welfare Fund. He assured the National Assembly that the development budget for the benefit of the general public would not be diverted, even for security requirements.

The Finance Minister informed the members that the Army Welfare Fund had been established, on the command of His Majesty the King, for the welfare of the service forces, particularly in the event that the country faced emergencies and budgetary problems. The fund generated from the Army Welfare Project was maintained by the Ministry of Finance. Although the people had submitted last year that the security of the country was more important than development activities and that development funds should be diverted for security purposes, if necessary, the Royal Government had not touched development funds at all for security requirements.

The Chhukha Dzongda expressed his appreciation for the submissions made by many of the members to continue the process of dialogue with the militants. He also expressed his appreciation for the report presented by the Gongleon Gongma that the armed forces were ready to carry out any instruction issued by His Majesty the King and the Royal Government to resolve the ULFA-Bodo problem. However, every effort must be made to further strengthen the three branches of the armed forces, he said. Although the Finance Minister had reported that there were sufficient funds today, the cost could escalate if military action was resorted to and it would be necessary to have enough funds to sustain and meet all the requirements for several years.

He said that Bhutan was a Buddhist country and, as far as possible, every effort must be made to resolve the problem peacefully. As submitted by the Home Minister, he

suggested that in order to ensure that no support was extended to the militants any person found helping the militants must be punished under the National Security Act. It was also very important for all government officials and the people to share a common perspective on the problem.

He said that for any pain to subside the wound had to heal. In this case the pain might be in Bhutan but the wound was in the Indian state of Assam. The problem must be tackled at its source, so there was a need to maintain close contact and dialogue with the Government of India and the state government of Assam.

The Chimis of Wangdue Phodrang and Punakha Dzongkhags submitted that His Majesty the King, looking at the issue with a broad vision, had made every effort to resolve the problem through a process of peaceful dialogue. However, going by the Home Minister's report it appeared that the peaceful process of resolving the problem had reached its last stage. Nevertheless, in view of the excellent state of Indo-Bhutan relations and the benefits of co-operation and trade, the process of peaceful dialogue should be continued. If peaceful dialogue did not work then it would be time to take a decision on military action to bring an early solution to the problem. They expressed the hope that the Indian government would provide the necessary support and assistance for resolving the problem.

The Samtse Dzongda stated that the continued presence of the ULFA and Bodo militants who had forcefully entered Bhutanese territory posed a grave security threat to the government and the people of Bhutan. While agreeing with the views of the hon'ble members that military action should be resorted to if peaceful means failed, he said that the matter should be considered very carefully. He cautioned that instead of resolving the problem, military action may lead to many more serious problems. He suggested that it may be better to continue implementing the resolutions passed by the National Assembly last year.

He also pointed out that Bhutan was a land of the Buddha Dharma which had been blessed by Ugyen Guru Rinpoche, Zhabdrung Ngawang Namgyel and many great saints. Therefore, it was important to perform Kurims and seek the blessings of the Guardian Deities to dissipate all the harmful forces and protect the country.

The BCCI Chimi expressed his regret that the militants showed no interest in the process of peaceful dialogue which the 77th Session of the National Assembly had decided should be pursued by the Royal Government. The efforts of the Royal Government to hold dialogue with the militants proved futile because they refused to co-operate. Since the militants refused to respond to the peaceful initiatives of the Royal Government and the

problem could grow out of control if prolonged further, the time had come to take sterner action.

The BCCI Chimi also submitted that Bhutanese travellers were subjected to frequent checks and even harassment by the Indian army while travelling through Assam. On the other hand the militants continued to infiltrate into Bhutan without any problems. The ULFA-Bodo problem could not be resolved until the Indian security forces stopped all cross-border movement of the militants. The Indian government's co-operation was, therefore, necessary to stop the militants from crossing the Assam-Bhutan border and the flow of rations from Assam to the militants.

He warned that the continued presence of the militants would endanger the country's sovereignty and independence, bring difficulties to the Bhutanese people, and seriously affect the implementation of development activities. As a country of the Buddha Dharma, Bhutan should shun violence but the time had come to choose between religious sentiments and the nation's security.

The Thimphu Dzongda said that the government and people had complete faith and trust in His Majesty the King who had taken on the full responsibility of resolving the ULFA-Bodo problem. We should all abide by His Majesty's wise decisions and offer our total commitment to following His Majesty's guidance, he said. The commitment should go beyond verbal pledges of contributing manpower and material resources. Words should be matched with deeds through full effort of body, speech and mind.

Intervening in the debate, the Speaker noted that many members had called for military action if the ULFA-Bodo problem could not be resolved through peaceful means while other members were against military action and wanted to continue efforts for a peaceful solution. Since the ULFA-Bodo problem posed a serious security threat to the country, the Assembly must discuss and arrive at a decision on resolving the problem. As most of the members had called for the continued implementation of the three-point resolution passed by the 77th session there was no need to prolong the debate on this point. The hon'ble members should instead focus on other concrete proposals in addition to the three-point resolution to bring about a solution to the problem.

The Chimis of Wangdue Phodrang, Paro and Zhemgang Dzongkhags expressed their gratitude to His Majesty the King for taking on the full responsibility of resolving the ULFA-Bodo problem. They pointed out that like "chicks under the protective wings of the hen", the people had been shielded from all problems by His Majesty the King.

They said that the difficulties faced by the Royal Government in pursuing the process of peaceful dialogue with the leaders of the ULFA and Bodo militants was a source of deep concern and doubt.

Since the militant leaders had given all sorts of excuses for not coming to hold talks despite the adequate time frame given to them, it was unlikely that peaceful dialogue would yield any fruitful results. Therefore, they did not see any point in holding further talks, and there was no other alternative left but to decide on military action to resolve the problem. To this end, they requested the security forces to take immediate steps to achieve the necessary level of preparedness.

The Deputy Minister of the National Environment Commission suggested that the process of peaceful dialogue should be continued to resolve the problem. As the saying goes “the cold must be faced if one is in the mountains and fear must be overcome if one is in the midst of demons”. For better or for worse it should be remembered that the militants are citizens of the Indian state of Assam which is an immediate neighbour of Bhutan. As the hon’ble members were aware one had to live with one’s neighbours. He pointed out that it would be very difficult for Bhutan and Assam to remain as close and friendly neighbours if military action was taken to resolve the ULFA-Bodo problem.

Since the militants seemed to feel confident enough to ignore the Royal Government’s efforts to resolve the problem through peaceful dialogue, there was reason to wonder whether the militants enjoyed strong support from the Assamese people or even from the state government of Assam. He pointed out that if the three-point resolution passed by the 77th session was implemented strictly and the militants were effectively blockaded it would naturally lead to armed conflict with them. If the militants did not want armed confrontation, he hoped that they would come forward and seize the open opportunity for resuming the process of peaceful dialogue.

The Paro Dzungda and the Chimis of Zhemgang and Thimphu Dzungkhags said that the people had been briefed about the resolution passed by the previous Assembly session to resolve the problem through peaceful means. However, peaceful measures had not produced any result. Therefore, as submitted by some of the members, it was necessary to keep in mind that if compassion was shown to the enemy because Bhutan was a land of the Dharma, it would endanger the security and sovereignty of the Kingdom of the Palden Drukpa.

The report by the Goongleong Gongma that the armed forces were ready to carry out their responsibilities was very reassuring. A decision should be taken on resorting to military action after ensuring that the operational capacity of the army was further enhanced, the security of the people in the affected areas improved and adequate funds mobilised for

dealing with the situation. They also expressed concern that the ngolops might join hands with the militants and that the strength of the militants would increase month by month making the security threat from them even more serious. The government should therefore, resort to military action soon to remove the militants from Bhutanese territory.

The Chimis of Trashigang, Wangdue Phodrang and Bumthang Dzongkhags said that following the extensive discussions on the ULFA-Bodo problem during the 76th and 77th sessions of the National Assembly, the Royal Government had made every effort to resolve the problem through peaceful dialogue. However, the effect on the militants was like pouring water over stone, with their leaders even refusing to come for talks. Since it appeared that peaceful means would not resolve the problem there was no need to talk with the militants. The time had now come to resort to military means and the people were fully prepared to sacrifice their lives, if necessary, to remove the problem.

The Dorji Lopen and a representative of the Dratshang said that when the people of a sovereign, independent country like Bhutan were enjoying peace, happiness and prosperity due to the blessings of the past luminaries, the protection of the Guardian Deities and the wise leadership of His Majesty the King, the problem of the ULFA and Bodo militants had emerged to threaten the security of the country and the well-being of the Bhutanese people. Since the efforts to resolve the problem through peaceful dialogue had proved futile, the hon'ble members had proposed resorting to military action.

The Dratshang representatives expressed their anguish that it had become necessary for a country where the Dharma flourished to take such a decision involving military action, which did not conform to religion. They recalled that, in the past, the demonic forces harming the Dharma were subdued by Lord Buddha through his compassion. Likewise, the followers of Lord Buddha should offer prayers to the Triple Gem of the Dharma to resolve all problems. For their part, the Dratshang pledged to continue performing all the regular Kurims and, in addition, also perform sacred Kurims so that the gathering negative forces which could lead to a course of action bringing grave problems and difficulties to the country and to the Assamese militants would naturally dissipate and it would not be necessary to resort to military action to resolve the problem.

The Mongar Dzongda and the Punakha Chimi pointed out that the ULFA-Bodo problem originated in the Indian state of Assam. As such, it could only be solved by a joint effort between the Indian government and the state government of Assam. While the question of the Bhutanese armed forces not being able to evict the militants did not arise, it would not be possible to stop them from entering the country again. Therefore, it was necessary to confirm beforehand whether India would be able to effectively stop the militants from re-entering Bhutan. There were also several aspects of the problem which needed to be

understood such as who was behind the ULFA and Bodo militants. If they had adequate funds and powerful backing it might take years before the problem could be resolved.

The Minister for Trade and Industry noted that there was unanimous agreement among all the members that the intrusion of the militants inside Bhutanese territory was not only undesirable but a serious threat to the security and sovereignty of the country. He said that there were several reasons why the Royal Government had been attempting to find a peaceful solution to the problem. The militants belonged to the neighbouring state of Assam with which Bhutan enjoyed age-old ties of friendship. They were also citizens of Bhutan's closest friend and generous donor country, India. The Royal Government had been reluctant to resort to military action to resolve the problem because it could undermine Bhutan's relations with the state government of Assam and the government of India. That was why it was important to make every effort to find a peaceful solution to the problem.

However, efforts to resolve the problem through the three-pronged strategy decided by the Assembly last year had proved futile. This left no other alternative but to resort to military action as a fourth strategy. Resorting to military action will bring many serious problems, he said. However, if the problem was not confronted today it would become more serious and far more difficult to resolve in the future. The Minister, therefore, supported the proposals of the representatives of the people and the government to use whatever means would be necessary to make the militants leave the country.

The Home Minister informed the members that talking with the ULFA and Bodo leaders was very different from his experience of meetings held with representatives of different countries and officials of international organisations. Although he should have mentioned this earlier he had not wanted to agitate the minds of the hon'ble members. Now that the time had come to take a decision on the issue he felt that he should mention that the resolution passed by the 77th session seemed to have convinced the militants that it was the policy of the Royal Government to resolve the problem through peaceful dialogue with them.

The Home Minister felt that this was probably the reason why they went back on their word to come to Bhutan for further talks. Going by the excuses given by them even on the telephone as to why their top leaders could not come for talks, as agreed earlier, it was difficult to assess the outcome of holding talks with them.

The Chimis of Thimphu and Wangdue Phodrang Dzongkhags said that it was the sincere hope and prayer of the people that it would not be necessary to resort to military action to resolve the ULFA-Bodo problem and that continuing the process of peaceful dialogue

would ensure that the Bhutanese people would not have to face any Kidus and the militants would also be spared from grievous difficulties.

They said that the people were very concerned over the problems created by the militants including the disruption of development activities. While they were actually India's problem, the militants were posing a serious threat to Bhutan's security which was not acceptable. Bhutan had made every effort to resolve the problem through peaceful means so that both sides would not have to face grave difficulties. However, peaceful efforts had produced no results and there was no alternative but to resort to military action. The government should, therefore, decide on the military option. For their part, the people pledged to come forward with single minded and unwavering commitment in the service of the country.

The Chimis of Gasa, Dagana and Trongsa Dzongkhags said that His Majesty the King and the Royal Government would have reason to be disappointed because the people were not able to come up with a concrete proposal to resolve the problem. They said it was difficult for the people to think of a solution since the militants creating problems for Bhutan had come from India which was Bhutan's closest friend and neighbour. Therefore, it was important to hold talks on this issue with India.

They said that out of the three-point resolution passed by the previous Assembly session, the first one involving peaceful dialogue with the militants had been found to be unworkable. The second decision of imposing punishment under the National Security Act on all persons helping the militants was being implemented. Ultimately there was only one issue to be decided. Pointing out that "the fire must be put out before it goes out of control", they said that the National Assembly, which decided all important national issues, should decide on military action to remove the problem. They also pointed out that Bhutan had remained a country where successive generations had been able to live on the land of their forefathers because of the blessings of the Guardian Deities of the Palden Drukpa, the wise leadership of His Majesty the King and the good fortune of the people. They said that the prayers and Kurims performed by the Dratshang had also contributed to the peace and well-being of the people and the country, and they requested the Dratshang to continue performing the Kurims.

The Chimis of Lhuentse and Trashigang Dzongkhags said that the refusal of the ULFA and Bodo leaders to come for talks when invited by the Royal Government was an indication of their disregard for the country they were staying in. They pointed out that the militants had threatened to blow up Panbang town, forcefully entered Bhutanese homes and cooked meals for themselves, and also killed and wounded several policemen

in Nganglam. They proposed that the Assembly should decide on military action to deal with the problem.

The Chairman of the Royal Advisory Council said that Bhutan should try to resolve the problem through peaceful means. Despite numerous false newspaper reports in the Indian media accusing the government and people of Bhutan of helping out the ULFA and Bodo militants, what was important was that India and Bhutan maintained their strong ties as close friends and neighbours.

The Mongar Chimi said that although the ULFA and Bodo militants were actually India's problem, as reported by the Chief Operations Officer and the Finance Minister, Bhutan had to incur a heavy financial expenditure on account of the problem. Therefore, it was necessary to talk to the Indian government about the financial burden involved for Bhutan in resolving this problem. He also proposed that a fixed time frame should be given for the militants to leave Bhutan peacefully.

The Chimis of Wangdue Phodrang and Trashigang Dzongkhags and the BCCI Chimi pointed out that the ULFA and Bodo militants had totally disregarded the Royal Government's call for peaceful dialogue and they had become very blatant about their activities inside Bhutanese territory. Their actions had become a serious threat to the security and sovereignty of the country and the peace and well-being of the Bhutanese people, which the people could no longer tolerate. Just as the people had come forward and undergone militia training during the Ngolop problem, they were even more ready and committed to come forward and serve the country in removing the problem faced by the nation today. They suggested that it would be better to prepare for military action to remove the problem.

A Royal Advisory Councillor and the Chimis of Trongsa and Haa Dzongkhags noted that while the National Security Act was being implemented to help resolve the problem, regarding peaceful dialogue with the militants, the process had not yielded any benefits as submitted by the hon'ble members. They pointed out that the armed forces had mobilised the necessary logistic requirements and the people were ready to confront the problem without any hesitation and pledged their full support in terms of manpower and material resources. Therefore, they proposed that the National Assembly should accordingly decide on a course of action which should be taken soon.

His Majesty the King was pleased to remind the house that while the hon'ble members had realised the urgency of removing the ULFA and Bodo militants from the country through military action in the event peaceful dialogue failed to produce any result, such a

decision would have a serious impact on the present and future well-being of the country. His Majesty advised the members to carefully consider their decision on military action and its full implications on the people and government of Bhutan.

The Chimis of Dagana and Chhukha Dzongkhags pointed out that the prolonged presence of the militants who had infiltrated into Bhutanese territory was creating a serious security problem for the country. They supported the submissions of the other members that the time had come to resort to military action to remove them from Bhutanese soil.

The Chimis of Thimphu, Wangdue Phodrang and Paro Dzongkhags and the BCCI Chimi said that, although there had been no useful outcome from the two rounds of talks with the ULFA militants, no hasty decision should be taken. They suggested that the process of peaceful dialogue should be continued and they further expressed their hope that the Indian government would extend even greater support and co-operation than before.

The Chimis of Punakha, Haa and Chhukha Dzongkhags proposed that capital punishment should be imposed on serious offenders under the law. Although capital punishment neither existed nor suited the deep Buddhist values of the country, if it helped to prevent the loss of thousands of lives, there should be no hesitation in extinguishing the lives of the few persons collaborating with the militants. They pointed out that even as people were pledging their unwavering loyalty and support to His Majesty the King and the Royal Government there were others who were involved in undermining the security of the country.

The Pema Gatshel Dzongda pointed out that while India had always supported Bhutan and the relationship between the two countries could not be closer, the militants had entered Bhutan not from the north but from the southern borders with Assam and West Bengal. He said that if India tightened security along the border the militants would not be able to enter Bhutan.

He said that His Majesty, whose vision was far greater than everyone else's, had been able to overcome all the threats which the country had faced. His Majesty, who had no hesitation in taking the greatest risks in the service of his people, had always looked after the interests of the people of Bhutan. What is important for the people, at this stage today is to serve our King with complete loyalty and trust, he said.

Noting the report by the Goongloen Gongma that the armed forces had made all the preparations to protect the security of the country, the Dzongda pointed out that the

security forces had served the nation well in the past, and expressed his full confidence that they would continue to do so in the times ahead.

The Haa Chimi said that the people and the country had been enjoying peace and happiness for a long time because of the blessings of the Guardian Deities, the wise leadership provided by Bhutan's monarchs and the unity between the government and the people. He said that the people were deeply concerned that the prolonged stay of the militants inside Bhutan would seriously endanger the country's security. In keeping with the three-point resolution passed by the 77th session on dealing with the problem, if the militants refused to respond positively to peaceful dialogue it would then be time for the Royal Government to implement whatever measures were necessary to resolve the problem.

He called for the strict implementation of the National Security Act. While His Majesty had taken on the full responsibility for national security, he said that it would not be good if the people remained complacent by thinking that His Majesty and the Royal Government will do everything by themselves. The responsibility of the country's security did not fall only on His Majesty and the Royal Government but on all the Bhutanese people.

The Gasa Dzongda and the BCCI Chimi said that the hon'ble members were calling for the strict implementation of the National Security Act because there were a few people who were knowingly helping the militants for personal gain. However, it was possible that some of the people involved might have been threatened and forced by the militants to extend their co-operation. They suggested that the cases should be investigated thoroughly and the persons found to be helping the militants should be punished in strict accordance to the law.

The Chimis of Punakha, Paro and Sarpang Dzongkhags said the ULFA and Bodo militants were like persons who entered a temple without permission and blew on the temple horns without being asked to. They had shown total disregard for the Royal Government's efforts to pursue the process of peaceful dialogue with them. Going by their attitude it was possible that there could even be some other forces controlling them. They expressed their hope that the Indian Government would help to resolve the problem by blocking the entry points for the militants along the border between Bhutan and Assam.

They suggested that if people found to be helping the militants were punished strictly under the law and security measures were tightened by both countries after holding

discussions, a solution to the problem may be possible. They pointed out that it was entirely due to His Majesty the King's wise and farsighted leadership that all problems and difficulties had been overcome and the peace and sovereignty of the country had remained unaffected. They pledged the people's unwavering loyalty and commitment to serve the country under the wise guidance of His Majesty the King.

The Chimis of Tsirang, Gasa and Wangdue Phodrang Dzongkhags said that the people of the 20 Dzongkhags were deeply concerned that the forceful entry of the ULFA and Bodo militants and their continued presence inside Bhutan would turn this sovereign country and peaceful paradise into an area of conflict.

They expressed concern that by using Bhutanese territory in their fight against the Government of India and the Assam state government, the ULFA and Bodo militants could harm the close and friendly relations between India and Bhutan and the people of the two countries. However, Bhutan had done nothing to harm India or the ULFA and Bodo militants. Since the militants from Assam were an internal problem of India, the responsibility of resolving the problem without any adverse effects on Bhutan should fall upon India.

They said that being a religious country, Bhutan had been reluctant until now to resort to military means to remove the militants. It was not because Bhutan feared the militants that military action was not resorted to but because it was against the Dharmic principles of the nation. However, if the militants refused to respond to peaceful measures and leave the country, it would leave no alternative but to resort to military action. To this end, the people of all the 20 Dzongkhags extended their full support to the Royal Government in whatever manner it may be required.

Summing up the deliberations, the Speaker said that the armed ULFA and Bodo militants had illegally entered Bhutan's sovereign territory. The continued presence of these militants inside Bhutan could not only undermine the age-old ties of friendship between Bhutan and India, but threatened the security of the Bhutanese people and nation. He said that Bhutan had not faced such a grave threat to its national security in the past 100 years.

He said that the deep concern of the government and the people over the ULFA-Bodo problem was reflected in the fact that, besides discussing the issue in the past three sessions, intensive discussions had been held over three days during the current session also to try and find a concrete solution to the problem.

The Speaker reminded the members that during the 76th Session, the people had reposed in His Majesty the King the full responsibility of resolving the ULFA-Bodo problem. With his deep concern for the security and well-being of the Bhutanese people, His Majesty had proposed, during the 77th session, a three-pronged strategy aimed at resolving the problem peacefully: to pursue a process of peaceful dialogue with the leaders of the militants; to cut off ration supplies to the militants; and to implement the National Security Act against persons helping the militants. This proposal was endorsed by the Assembly last year.

The Speaker noted that in the course of reviewing the three-pronged strategy during the current session, the members had proposed that, while every effort must be made to find a peaceful solution, it was of utmost importance to strengthen the three service forces in the event that peaceful negotiations failed and the military option became necessary. He said that the proposal stemmed from the people's deep concern for the sovereignty and security of the nation in the face of the growing security threat to the country.

The Bhutanese people had pledged their full support to the Royal Government in terms of manpower and material resources if military action became necessary. The hon'ble members had also requested for militia training for the people so that they could help the security forces to protect the nation.

As the Assembly moved to draw up the resolution on the issue, His Majesty the King intervened to advise the members to carefully re-consider their decision and its full implications because it would have a major impact on the country. An emotional debate followed His Majesty's intervention and the members submitted that if the implementation of last year's resolution and the efforts at peaceful negotiations failed, with the problem remaining unresolved for some more time, the threat to the security and sovereignty of the country would become too dangerous for them to even consider. They reiterated their firm conviction that if peaceful measures failed, military action would be necessary to remove the problem.

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.

IX: MILITIA TRAINING

The Samtse Chimi submitted that since the 1990 Ngolop problem in the south, the people of the concerned villages had been looking after the security of the development infrastructure and service facilities established by the Royal Government in Samtse Dzongkhag.

The Chimi said that, being located next to the border, Samtse Dzongkhag faced constant security problems. He, therefore, requested for militia training to be imparted to the village volunteers. If the village volunteers could receive training they would be able to contribute towards safeguarding the security and sovereignty of the country,

and in particular to deal with the security threat posed today by the ULFA and Bodo militants.

The Mongar Chimi recalled that during the Ngolop problem in 1990, the able-bodied young men of Mongar Dzongkhag volunteered for militia service and after receiving training served in the security affected areas in the south. Today, when the security of the country was again being threatened, this time by the ULFA and Bodo militants from Assam, all able-bodied men and women of Mongar wished to volunteer for militia service and protect the country as they had done before. Recalling the saying “perform the puja before problems arise, clear the drains before the rains come”, the Chimi requested for militia training to be imparted to the women volunteers also, while there was still time, so that they too would be prepared to deal with security threats which may arise in the future.

In response, the Chief Operations Officer of the Royal Bhutan Army, the Goongloen Gongma expressed his appreciation for the concern shown by the people for the security of the country. Besides the hon’ble members from Samtse and Mongar, all other Chimis had pledged both physical and material support to remove the ULFA-Bodo problem and safeguard the security of the country. Many requests were also made for militia training to be imparted to the people. However, he reminded the members that His Majesty the King had commanded the army headquarter, and also informed the people during the Dzongkhag meetings, that militia volunteers should not be mobilized.

The Goongloen Gongma submitted that such a decision was taken, not because His Majesty did not have confidence in the militia volunteers but because His Majesty felt that the limited training programme of one to two months for the militia was inadequate for imparting the necessary level of military training. As a result, they would be exposed

to serious danger if deployed in high-risk situations. The Goongleong Gongma also explained that the present situation was very different from the Ngolop problem of 1990. At that time many people volunteered for militia service and a total of 9,895 men had been given training, out of which 4,864 served with the security forces. Even at that time, bearing in mind that the militia did not have the same level of military training as the regular soldiers, His Majesty had issued strict instructions that they should not be posted in the high risk areas. Accordingly, the militia volunteers were not deployed in areas where they would face danger to their lives.

The Goongleong Gongma said that since the ULFA and Bodo militants were a very serious security problem for Bhutan, His Majesty had commanded the strength of the RBA to be increased and proper training provided and imparted to all the troops. He informed the members that in fulfillment of the royal command, the earlier strength of eight Wings in the RBA had now been increased to 14 Wings. He said that in order to increase the strength of the RBA with properly trained soldiers, it was necessary to train 800 recruits every six months. He added that the recruit training duration had been reduced from nine to six months with special training capsules to facilitate the increase in troop strength.

The Goongleong Gongma informed the members that while the Military Training Centre in Wangdue Phodrang had the capacity to train 500 recruits in a training cycle, another 300 recruits could be trained at the training facilities of the Royal Body Guards in Dechenchholing. However, presently there were only 300 soldiers being trained at Wangdue Phodrang and another 150 at Dechenchholing. While all volunteers joining the army were being trained, the RBA was facing an acute shortage of recruits. He reminded the members that during the discussions on the ULFA-Bodo problem in the past two sessions they had pledged the full support of the people in terms of both manpower and material resources to deal with the problem. He said that what the RBA needed most today was more soldiers in the army. Therefore, rather than mobilise militia volunteers, he requested the Assembly to decide that it would be better for the people to send 800 volunteers every six months to join the army as regular soldiers.

He reminded the members that if all able-bodied volunteers joined the army as regular soldiers, they would become well-trained troops fully capable of protecting the security of the country. He also informed the house that His Majesty the King, keeping in mind the welfare of the armed forces, had increased the salary of all military personnel and granted many other benefits.

The Speaker noted that, as submitted by the Goongleong Gongma, the most important requirement for strengthening the security of the country, in view of the serious threat posed of the ULFA-Bodo problem, was to increase the strength of the armed forces. As

the army was facing an acute shortage of recruits, the Assembly should discuss and decide whether the people would be able to provide 800 volunteers every six months to join the army as regular soldiers.

The Wangdue Phodrang Chimi expressed his appreciation for the clear explanation provided by the Goongleon Gongma on the difference in the training of regular soldiers and militia volunteers. He also acknowledged that the mobilisation of militia volunteers had been stopped on His Majesty the King's command. For their part, there would be no problem for the people to send recruits to increase the strength of the army in this time of need for the country. There were many able-bodied young men in the villages waiting to join the army, so the people would be able to provide the required number of recruits for the armed forces.

The Paro Chimi said that the people would definitely be able to send recruits to increase the strength of the armed forces. Besides the many able-bodied young men in all the 20 Dzongkhags who were keen to join the army there was an increasing number of students dropping out of high schools who were potential candidates. The requirement of recruits for the armed forces can be met by the people, he said.

The Trashigang Chimi submitted that there were many militia volunteers in the 16 geogs of the Dzongkhag who had received military training in 1991 and 1992. All of them were ready to come forward and serve the country wherever there was a security threat. Many of them had already served with the security forces in the affected areas during the Ngolop problem in the south. All these volunteers are ready to join the army whenever they are called upon, he said.

On the issue of militia training, the National Assembly decided that instead of providing training to the many militia volunteers, it would be much more beneficial to select the volunteers as recruits and provide them full and proper military training as regular soldiers of the army. The people and the army should accordingly implement this decision.

X. ISSUES ON NGOLOPS

1. **Bhutan-Nepal Talks**

The Punakha Chimi expressed the hope that the recent talks between the foreign ministers of Bhutan and Nepal had been fruitful and requested for a briefing on the meetings.

Similarly, the Zhemgang Chimi also requested for a briefing on the Bhutan-Nepal talks. He said that on 22nd March 2000, a group of six anti-nationals had come from Jhapa to Khen Idi via Kanamakara. However, the Forest Guards managed to catch four of them before they could do any harm to the people, while two of the anti-nationals managed to escape. The people were very concerned that Ngolops from Nepal might raid Idi as in the past. He, therefore, requested the government for a briefing on the developments during the recent talks with Nepal.

In response, the Foreign Minister reported that after the 8th Ministerial Joint Committee meeting between Bhutan and Nepal, held in Kathmandu from 13 to 16 September 1999, on the issue of people claiming to be Bhutanese refugees in the camps in eastern Nepal, the two governments had been communicating with each other regularly. In this respect, the minister reported that he had met with his Nepalese counterpart, Dr. Ram Sharan Mahat, during the 54th United Nations General Assembly in September 1999. Further talks were also held in November of the same year when Dr. Mahat visited Thimphu in his capacity as the foreign minister of the host country for the 11th SAARC Summit. The Foreign Minister reported that during these meetings, it was agreed that the officials of the two governments would meet to review and strengthen the verification mechanism agreed earlier. Accordingly, the first meeting of officials was held in Thimphu in February 2000 and the second in Kathmandu in March 2000.

The Foreign Minister further reported that he had personally met Nepal's new Foreign Minister, Mr. Chakra Prasad Bastola in Havana, Cuba, in April 2000 during the South Summit. He said that the occasion provided the opportunity to exchange views on important bilateral issues. The minister informed the members that these exchanges had brought about greater trust and understanding between the two governments.

The Foreign Minister said that the 9th Ministerial Joint Committee meeting was held in Thimphu from 22 – 25 May 2000 and the Nepalese delegation was led by their Foreign Minister, Mr. Chakra Prasad Bastola.

The minister reported that despite differences in positions between the two governments, the talks were very fruitful. He outlined the following points of agreement reached during the 9th Ministerial Joint Committee meeting.

1. Since the Bhutan-Nepal talks relate to a bilateral issue, the talks will continue, as in the past, between the two countries on a bilateral level without involving anyone else.

2. The two countries will abide by all the agreements that have been reached so far on the issue.
3. The harmonization of positions on the four agreed categories of people in the camps and the process of verification must be undertaken simultaneously.
4. Any solution to the problem of the people in the refugee camps will be undertaken on the basis of the laws of Bhutan and Nepal.
5. In accordance with the new procedures and mechanisms that have been mutually agreed, the task of verifying the people in the refugee camps will begin towards the end of July this year.

It was reported that except for one issue, there was an overall agreement on the procedures as well as the mechanism for the verification of the people in the refugee camps into the four agreed categories. Furthermore, there were fruitful discussions on other mutually important issues.

The Foreign Minister also reported that although the talks between Bhutan and Nepal had not been able to make much progress for sometime, with the establishment of a new government in Nepal, the talks were making good progress and mutual agreement had been arrived on most of the issues.

The Foreign Minister explained that the main point of disagreement between Bhutan and Nepal during the current talks, which could not be resolved, was the unit of verification. He added that the Royal Government's position on this was that all persons residing in the camps, 18 years of age and above, should be verified while the Nepalese Government insisted that verification should be done on the basis of head of family.

As the hon'ble members were aware, the census problems in southern Bhutan were created mainly because of inclusion of non-nationals as family members. The Foreign Minister pointed out that if a thorough verification was not undertaken, there was a danger that it would create unfair difficulties for Bhutan which would not be acceptable.

He stated that despite the disagreement, there was hope of arriving at a mutually acceptable solution to the issue as discussions and exchange of views between the two governments were underway through diplomatic channels. The minister informed the National Assembly that, keeping in mind the Royal Government's position and the views of the Nepalese Government, the verification would need to be conducted family-wise where each and every adult was verified.

The Foreign Minister said that the Royal Government was not able to understand whether the Nepalese concept of family was based on religious, social or ethnic considerations. He said that as the international concept of family corresponded closely to the Bhutanese position, Bhutan had proposed that this should form the basis for the verification process. He added that while it was not a big issue, it had the potential of jeopardizing the talks. Nevertheless, in keeping with the command of His Majesty the King, the resolutions of the National Assembly and the policies of the Royal Government, he pledged that all efforts would be made to ensure the progress of the Bhutan-Nepal talks as it was in the interest of the two countries to find a mutually acceptable solution.

The Foreign Minister reported that prior to the 9th Ministerial Joint Committee meeting, a delegation from the UNHCR led by Ms. Sadako Ogata, UN High Commissioner for Refugees visited Bhutan, Nepal and India for discussions and consultations on the refugee issue. He explained that the UNHCR was responsible for coordinating and providing support to refugees across the world. The minister added that Ms. Ogata was granted an audience by His Majesty the King and she had very good discussions with the Chairman of the Lhengye Zhungtshog, ministers and officials. He informed the members that Ms. Ogata had expressed satisfaction with Bhutan's desire to find a speedy and durable solution to the problem of the people in the refugee camps through the bilateral talks with Nepal. The UNHCR had offered its full support in the implementation of agreements reached during the bilateral talks.

The Foreign Minister also informed the members that the UNHCR had provided the governments of Bhutan and Nepal with a list of all people residing in the refugee camps in eastern Nepal. He said that this database would be helpful while verifying the people in the refugee camps.

The Chairman of the Lhengye Zhungtshog informed the Assembly that issues related to the Bhutan-Nepal talks were thoroughly addressed by the Lhengye Zhungtshog and thereafter, the decisions reached were implemented by the Ministry of Foreign Affairs. The outcome of the talks were reported to the Lhengye Zhungtshog which carried out in depth discussions on proposals to resolve the problems which arose during the talks. As reported by the hon'ble Foreign Minister, the talks had made good progress. The Chairman also informed the Assembly that all decisions taken by the Lhengye Zhungtshog and the Coordination Committee Meetings were reached through consensus.

The Chairman drew the attention of the members to the submissions made by the people of many Dzongkhags for the National Assembly to resolve that not a single person from those who had left for Nepal should be allowed to come back to the country. He

requested the hon'ble members to reflect on the impact that a decision on this issue would have on the Bhutan-Nepal talks particularly if it remained inflexible from the decisions taken by earlier sessions. He pointed out that the main outcome of the talks so far was that the people in the refugee camps in Nepal would be verified into the four categories which had been agreed to by both sides and that any bona-fide Bhutanese found to have been forcefully evicted from the country would be taken back in keeping the laws of Bhutan. The Chairman called on the Assembly to keep in mind the position and agreements confirmed by the Royal Government while considering a decision on the issue under deliberation.

The Punakha Chimi expressed his appreciation for the briefing given by the Foreign Minister, which had cleared the people's doubts on the Bhutan-Nepal talks. He said that members of the Lhengye Zhungtshog which enjoyed the full trust of His Majesty the King and the people had thus far performed their important tasks without any shortcomings. He expressed the hope that the Lhengye Zhungtshog and the Bhutanese delegation to the talks would ensure that past agreements reached by the two sides would not be reversed and that the Bhutan-Nepal talks would reach a successful conclusion based on proper verification of the people in the refugee camps into the four agreed categories.

The Chimi pointed out that the people who had left Bhutan had done so out of their own free will. There was neither war in the country to make them leave nor were they forcefully evicted by the government or the people of Bhutan. The fact of the matter was that these people had returned to their homeland and there were no grounds whatsoever for them to be considered as refugees.

The National Assembly noted with appreciation that the Foreign Minister's briefing on the Bhutan-Nepal talks had cleared the doubts prevailing in the minds of the people on the issue. Bhutan and Nepal were two landlocked countries of South Asia which shared historical ties of friendship with each other as close neighbours. The Assembly recognized that an early solution to the problem of the people in the refugee camps in Nepal would be to the mutual benefit of both the countries. It would also go a long way in further strengthening the close and friendly ties between the two countries. The Assembly stressed the importance of holding the Bhutan-Nepal talks on the basis of the agreements reached thus far and conducting the dialogue in a spirit of mutual trust without involving any third parties. The house noted that apart from the problem of the people in the camps in Nepal, it was important to also keep in mind issues which were of mutual interest and benefit to both sides.

The National Assembly directed the Bhutanese delegation to keep in mind the policies of the Royal Government and His Majesty the King, and the resolutions passed by the house on the issue while carrying out the talks with Nepal. Every effort should be made to achieve a successful conclusion to the Bhutan-Nepal talks so that the people in the camps can be verified into the four agreed categories and the problem resolved in keeping with the laws of the two countries.

2. Appreciation to the Government of India for not allowing Indian Territory to be used by the Ngolops.

The Punakha Chimi expressed the appreciation of the Bhutanese people to the Government of India for preventing Ngolops from using Indian territory to infiltrate into Bhutan and carry out activities harmful to our country. He added that the Ngolops and various kinds of people were residing in the camps in Jhapa, Nepal for their own vested interests. He hoped that henceforth, also, if the people in the camps tried to infiltrate Bhutan illegally, the Government of India would continue providing Bhutan with similar support.

The Trongsa Chimi said that the Ngolops who had left for Nepal and then attempted to enter Bhutan through Indian territory had been stopped from using Indian territory for activities against Bhutan. He said that the Bhutanese people greatly appreciated the actions taken by the friendly government and people of India in stopping the Ngolops from coming into Bhutan through India. Bhutan enjoyed age-old ties of friendship, trust and co-operation with India, which had always extended all possible assistance to the Kingdom. He expressed his hope and confidence that in the future also India would not allow the Ngolops to use Indian territory for carrying out activities harmful to Bhutan.

The Home Minister said that, as the hon'ble members were aware, Bhutan and India enjoyed very close bonds of friendship and co-operation. He said that the close cooperation between the two neighbours covered a wide range of areas like religion, culture, education, training, trade and commerce, power, environment and security, as well as on border related issues, for the benefit of both countries. Indo-Bhutan friendship was not confined to official contacts only but spanned the close relations between the leaders, bureaucrats, military personnel, businessmen, students and the people of the two countries. For example, at the district level, the Dzongdas, Dungpas and officials maintained close and regular contact with the commissioners, district magistrates, and other officials across the border. Police, forestry and customs officials all worked together with their counterparts across the border from Assam to West Bengal and

Sikkim. Together they had been able to tackle cross border terrorism, Ngolop activities, smuggling, common law crime, and other issues on both sides of the border.

The Home Minister said that Indo-Bhutan friendship and co-operation had gained a new depth during the past ten years when the people throughout southern Bhutan had been affected by the threats and intimidation, terrorist activities and armed robbery carried out by the people in the camps in Nepal claiming to be Bhutanese refugees. Among the disturbances created by the Ngolops was their attempt at mass infiltration from across the border into Bhutan. There were as many as 10 attempts by the Ngolops to enter Phuentsholing, calling themselves Bhutanese refugees and the forced intrusions as peace marches to attract the attention of the media, international agencies and the international community.

The Home Minister pointed out that the majority of the so-called peace-marchers were not from Bhutan and as the hon'ble members were aware these people were not Bhutanese refugees as claimed by them. The most recent attempt at infiltration under the pretext of a so-called peace-march took place in Phuentsholing on 14th April this year and the person who led the group of 96 persons was a wanted terrorist called Nandalal Katwal. The minister informed the Assembly that Nandalal Katwal had absconded from Bhutan in 1989. Among his crimes he had blown up bridges and illegally collected Nu. 400,000 from Gelephu to fund anti-national activities. In 1990 he had sent seven terrorists to kidnap four persons from Gelephu. It was only in 1992 that Nandalal Katwal went to the camps in Jhapa, Nepal and registered himself as a Bhutanese refugee.

The Home Minister informed the Assembly that other terrorists among the so-called peace marchers who were arrested in Phuentsholing during so-called peace marches included Man Bahadur Moktan, Harka Bahadur Gurung, Sri Bahadur Gurung and Dhan Bahadur Moktan. These men had been tried and convicted by the High Court for crimes ranging from extortion and robbery, theft of religious artefacts, kidnapping, planting land-mines, murder, and attacking the security forces. Among them Sri Bahadur Gurung was responsible for plundering several houses in the Mochu valley including the house of Mochu Dorji who was kidnapped after the robbery.

The Home Minister pointed out that like Nandalal Katwal, these terrorists had registered themselves as Bhutanese refugees in the camps in Jhapa, Nepal. They were office bearers with positions like secretary, finance secretary and district president of various organizations in the refugee camps. They were appointed as leaders of the recent attempts at mass infiltration into Phuentsholing under the guise of so-called peace-marches.

The Home Minister explained to the Assembly that the so-called peace marches were attempts to organize mass infiltration into the country, if successful, and if not to sneak in illegally. The main objectives of the Ngolops as reflected in their demand letters was to take over the country, change the political system, the citizenship laws, the Thrimzhung Chhenmo and other laws in order to give themselves and tens of thousands of people of Nepalese origin Bhutanese citizenship, land and employment.

Although the Ngolops had made 10 attempts at mass infiltration through Phuentsholing their plans had failed due to the blessings of the Guardian Deities of the Palden Drukpa and the wise leadership of His Majesty the King who had taken on himself the full responsibility for national security. The Home Minister also informed the members that it was due to the alertness and capability of the security forces, particularly those posted in Phuentsholing, the support and co-operation from the public and officials of Phuentsholing whenever such attempts were made, and the co-operation and support of the Indian authorities and the public of Jaigon that the Ngolops had failed in their objective of carrying out mass infiltration into Bhutan.

The Home Minister expressed his appreciation to all the Bhutanese people who rose to the occasion and took upon themselves the responsibility of thwarting the repeated attempts by the Ngolops to carry out mass infiltration into Phuentsholing. He said that, as submitted by the Punakha Chimi, the people of Bhutan deeply appreciated the co-operation and support extended by the concerned Indian authorities and the officials and authorities in West Bengal and the friendly people of Jaigon town in stopping the attempts of the Ngolops to infiltrate into Bhutan.

The National Assembly noted that the Ngolops had failed in their objective of overthrowing the established government of the Palden Drukpa through their repeated attempts to carry out mass infiltration into Phuentsholing mainly due to the support and co-operation extended by the concerned authorities and people of Bhutan's close friend and neighbour, India. The National Assembly recorded the deep appreciation of the government and people of Bhutan to the Central Government of India, the State Government of West Bengal and to the concerned officials and the people of India, for their co-operation and support in not allowing anti-Bhutan activities to be conducted from Indian soil and expressed the hope that similar support would continue to be extended in the future.

3. Ban on the return of the people who have left the country

On behalf of the people of their nine Dzongkhags, the Chimis of Samtse, Samdrup Jongkhar, Gasa, Tsirang, Dagana, Trongsa, Trashigang and Bumthang submitted that the

Ngolops who had turned against the country and left should not be allowed to return. The following is a summary of the deliberations on the issue.

The Samtse Chimi submitted that although His Majesty the King had granted one year's tax exemption to the people of Dorokha Dungkha in 1990, less than two years later the family members of 36 households decided to leave the country and came down to the Dzongkhag Headquarters in Samtse. In order to make them change their minds and to try and stop them from leaving, the Dzongda kept them waiting for ten days. The Dzongkhag Yargay Tshogchung meeting was held during which each one of them were asked to give their reasons for wanting to leave the country. They all said that they were leaving out to their own free will and they had no reasons to give for their departure. His Majesty the King and the Royal Government even gave them daily allowances in order to discourage them from leaving the country and make them change their minds. Despite all these efforts, they sold their property and left the country saying that once the waters of the Himalayan rivers have merged with the ocean they cannot flow back to the mountains. After arriving in Nepal, they made false allegations of being forcefully evicted from the country by the Royal Government and registered themselves as refugees in the camps in Nepal.

Further, before leaving the country many of these Ngolops had plundered and destroyed schools, health centres, bridges and other service facilities and infrastructure in various parts of the country. Since then, some of them had been returning from the camps in Nepal to desecrate religious sites and steal the precious artifacts. They also continued to attack and harm innocent people in the remote villages and even plant bombs in public places. At the same time, they had continued to make blatantly false allegations against the Royal Government in order to harm the friendly relations that Bhutan enjoys with other countries and international organizations.

He said that a large number of Ngolops who had been caught and convicted for their crimes had been granted amnesty by His Majesty the King. Instead of showing their gratitude for His Majesty's magnanimity through a positive change in their behaviour, they had continued to follow their path of seditious and criminal activities. Keeping all this in mind, the Royal Government must not take back any of these people, he said.

Similarly, the Chimis of Samdrup Jongkhar and Gasa Dzongkhags said that, although the people had repeatedly submitted during the past sessions that the Ngolops who had left the country should not be allowed to return, they had heard that the Ngolops in Nepal were trying to come to Bhutan. The Ngolops had caused serious problems in the country and then gone to Nepal out of their own choice. If they were allowed to return, it would not only undermine the citizenship laws of Bhutan but would also cause serious security problems for the country.

The Tsirang Chimi said that the people had heard through the news and radio that the Ngolops who had left the country, out of their own free will, had recently staged demonstrations in the Nepalese capital, Kathmandu, during which they claimed to be bonafide Bhutanese who wished to go back to Bhutan and were looking for ways to enable them to return. They had made blatantly false allegations that the Royal Government had tortured them and forcefully evicted them after making them sign blank papers. He said that the people of southern Bhutan were deeply concerned by these activities of the Ngolops and also by some reports that the Royal Government might be considering to take some of these people back.

When these people who had turned against their country had insisted on leaving Bhutan, His Majesty the King, short of begging them with folded hands, had repeatedly appealed to them to stay back. Where is the question of these people being forced to sign blank papers and forcefully evicted when all of them had insisted on leaving the country and gone to Nepal out of their own free will, he said. When many relatives and family members of the Ngolops in Nepal continued to live in Bhutan why were they also not made to sign blank papers and forced to leave the country? If fathers and other family members had really been evicted from the country, as claimed by the Ngolops, why were sons and other relatives also not made to leave, he asked.

The Chimi pointed out that there was not a grain of truth in the false allegations made by the Ngolops in Jhapa who were resorting to such malicious propaganda to create problems and harm Bhutan. He said that the international organizations should not believe the false allegations made by the Ngolops. If these people were allowed to come back to Bhutan they would seriously harm the very sovereignty and security of the country. Since they had left the country out of their own free will they must not be allowed to return under any circumstances.

The Chimis of Sarpang, Dagana, Trongsa, Trashigang, and Bumthang Dzongkhags acknowledged that the issue of banning the return of Ngolops had been deliberated in the Assembly from the 71st to the 77th sessions and decisions had also been taken by the house. However, the people wished to once again reiterate that the Ngolops who had left the country must not be allowed to return. These people had paid no heed to His Majesty the King's appeal to them not to leave the county and instead had sold their property and left for Nepal. Once they had crossed the border they claimed they had been forcefully evicted from the country and to this day they continued to make false allegations against the government and people of Bhutan in a bid to seek the sympathy and assistance of international organizations for their vested interests. Some of the Chimis noted that since the last Assembly session, Bhutan and Nepal had held several rounds of talks on the issue

of the people in the camps in eastern Nepal. The Ngolops in these camps had not only turned against the country and left on their own free will but caused great hardship and untold suffering to the people of southern Bhutan. Therefore, in the course of the Bhutan-Nepal talks it must be ensured that under no pretext whatsoever should these people be allowed to return to the country.

The BCCI Chimi said that the people who had left the country could be classified into two groups: criminals wanted for violations of the laws and people who had taken large loans and not repaid them. He reminded the house that His Majesty the King had visited even the villages in the rural areas to discourage those people who wanted to leave the country. Despite His Majesty's appeal to them not to leave the country, they had refused to stay back and departed for their motherland. Such people can never be regarded as refugees, he said.

In view of this, the repeated submissions by the hon'ble members to ban the return of people who had willfully left the country was indeed very valid and should be appreciated. The Chimi noted that Bhutan and Nepal had held many rounds of ministerial-level talks and both sides had formally agreed that the people in the camps in eastern Nepal would be verified into four categories. The Foreign Minister had also informed the house that during the recent talks between Bhutan and Nepal, both governments had reiterated that the people in the camps would be verified into the four agreed categories. Therefore, once the people in the camps were verified into the four categories, there would be some people that the Royal Government would have to take back. The Chimi said that verifications of the people into the four categories which had already been agreed to should be the basis for any solution to the problem and the Royal Government should not change its position on this issue.

The Dagana Chimi submitted that the people were deeply concerned to hear that in the course of the bilateral talks between Bhutan and Nepal it was agreed that some of the Ngolops would be allowed to return. Allowing any of these people to come back could cause serious problems for the country. He said that the people had, to this day, not forgotten the pain and suffering caused by the Ngolops on 26th September 1990 when they had entered the homes of the people and forced them to join the anti-national demonstrations. This had caused an irreparable rift between the Ngolops and their neighbours, making it impossible for them to live together, as a result of which the Ngolops had left the country. Contrary to their false allegations they were by no means forcefully evicted by the Royal Government. He recalled that when about 150 households in the Dzongkhag started to leave in 1992, His Majesty the King had issued a

Kasho calling upon the people not to leave the country. To this day a copy of the Kasho is available with the Gups and Chimis, he said.

When these Ngolops were preparing to leave the country they had come to the Gups and the Gup's assistants for help in drafting applications to the Dzongkhag Administration. The Gups had explained to them that leaving the country was not a light matter and that it would be better for them to stay in the country. However, people from ten out of the eleven geogs in Dagana Dzongkhag came up with applications to leave the country which they had written themselves. In order to give them time to reconsider and change their minds these applications were not put up to the Dzongkhag Administration for over a month. During this time, they pressed the Gups and Chimis to forward their applications to the Dzongkhag Administration and even made threats to report them if they did not do so. Therefore, these applications had to be forwarded to the Dzongkhag Administration. Copies of these applications, giving the reasons why they wanted to leave the country, were still existing in the files of the Gups and Chimis. Therefore, if at any time the Royal Government were to face any questions about the departure of the Ngolops from the country the people were ready to confirm the true reasons for their departure, the Chimi said.

When the District Development Committees in the southern Dzongkhags investigated the reasons for their wanting to leave the country, the Ngolops had said that they had decided to leave. Similarly, when His Majesty the King and the Home Minister visited even the remotest villages to find out why these people wanted to leave, they did not pay any heed and simply departed from the country.

Today, when they saw that Bhutan was enjoying peace and happiness, they wanted to return like 'a poor man's wife who goes after another man, but returns to him when he acquires wealth'. The Chimi, therefore, requested the Royal Government to ensure that those people who had left the country out of their own free will are not allowed to return.

The Chimis of Paro and Haa Dzongkhags pointed out that, at a time when Bhutan was blessed with unprecedented progress and development under His Majesty the King's farsighted leadership, the Ngolop problem in the south in 1990 had caused serious harm to the Bhutanese people and the country. The Ngolops had turned their backs on the country, made many false and malicious allegations against the Royal Government and perpetrated inexpressibly heinous crimes against the people. Therefore, when it comes to the issue of their return, the Royal Government must fully consider both the immediate and long term interests of the nation. If the Ngolops were to return to the country, the rift of suspicion and doubt between them and the people would be impossible to bridge. If

the Ngolops are allowed to leave and return as and when they wish to, Bhutan would appear to be no more than a piece of malleable dough in their hands, the Chimi said. Therefore, it was important to ensure that the Ngolops were banned from returning to the country.

The Home Minister noted that the people of the nine Dzongkhags of Samtse, Samdrup Jongkhar, Gasa, Tsirang, Sarpang, Dagana, Trongsa, Trashigang and Bumthang, and the other Chimis supporting their views, had called for a ban on the return of the Ngolops who had left the country because these people had departed out of their own free will and yet they constantly made blatantly false allegations to malign the Royal Government and harm the country.

As submitted by a number of the people's representatives, the Ngolops were still trying to create religious and communal disharmony in the country. They were also continuing their efforts to turn the people and politicians in India against the government and people of Bhutan, particularly the Duars region where they had formed 31 support groups. They were also constantly attempting to turn all friendly countries against Bhutan.

Furthermore, in the hope of getting financial assistance from international agencies, hundreds of NGOs in Nepal were supporting the Ngolops against the Royal Government. They were also assisted by the Nepalese media which misled the international community through slogans of democracy and human rights. Their objective was to win support and get as much financial assistance as possible from donor countries and international agencies. The Ngolops in the camps in Nepal had, with the help of their supporters, become experts in negative propaganda to promote their vested interests.

The minister said that there were reportedly about 100,000 people in the camps in Nepal claiming to be Bhutanese refugees. However, as everyone was aware, a large number of these people were not Bhutanese. The Ngolops in the camps were making repeated demands for a change in the Bhutanese political system into a multi-party system and that all the people in the refugee camps in Nepal must be allowed to return to Bhutan. They have also demanded for changes in the citizenship laws, the Thrimzhung Chhenpo and other laws, the composition of the National Assembly and the Lhengey Zhungtshog, and amnesty for all Ngolop criminals. The real objective of the Ngolops in making these demands was to legitimize illegal immigrants, bring in their supporters and take over political power in Bhutan.

As the hon'ble members were aware, the Royal Government's policy on the issue of the people claiming to be Bhutanese refugees in the camps in Nepal had always been very

clear. One of the agreements reached during the ministerial-level talks between Bhutan and Nepal was to verify the people in the camps into the four agreed categories.

1. Bonafide Bhutanese if they have been evicted forcefully.
2. Bhutanese who have emigrated.
3. Non-Bhutanese people.
4. Bhutanese people who have committed criminal acts.

On Category I, His Majesty the King and the Royal Government had made it clear from the very beginning that Bhutan would take full responsibility for any Bhutanese national found to have been forcefully evicted, and those found responsible for forcefully evicting any bonafide Bhutanese would be liable for punishment under the laws of the country.

With regard to Category II, Bhutanese who have emigrated, they would be dealt with in accordance with the citizenship and immigration laws of Bhutan and Nepal. This position had also been made clear by the Royal Government from the very beginning. The Royal Government had also clarified that if any Bhutanese who had emigrated is found to have been forcefully made to leave the country, he or she would be included under Category I and would be dealt with accordingly.

Those in Category III, namely non-Bhutanese, would have to return to their respective countries.

On Category IV, Bhutanese who have committed criminal acts, their repatriation would be in keeping with the laws of the two countries. They would be given full opportunity to prove their innocence in the courts of law in Bhutan.

The minister reminded the members that besides the bilateral meetings at the ministerial and official level, His Majesty the King had also held frequent meetings with the successive prime ministers of Nepal. During these meetings His Majesty had clearly conveyed Bhutan's positions on the four agreed categories of people in the camps in Nepal. The Home Minister also reminded the members that the issue of a ban on the return of Ngolops who had left the country had been discussed at length during the past sessions of the Assembly and it had been decided that the issue would be dealt with in accordance to the resolutions of the 71st and subsequent sessions and the Citizenship Acts of Bhutan. Since the Royal Government had been following these resolutions and would continue to do so, there was no need for a separate resolution on the same issue during the current session of the Assembly, he said.

The Chairman of the Lhengye Zhungtshog expressed his appreciation for the deep concern shown by all the Chimis for the national interest of the country which made them repeatedly call for a ban on the return of the people who had left the country. He said that the government and the people shared the same concerns on this issue which was discussed thoroughly in the Lhengye Zhungtshog. He informed the members that the Lhengye Zhungtshog's decisions on the issue were implemented by the Foreign Ministry, which continued to deal with the problem in keeping with the directives given to them.

The Chairman said that with regard to those who had left the country, the resolutions of the 71st and 72nd sessions of the National Assembly continued to be the basis for dealing with the issue. He reminded the members that it had been decided that the people in the camps in Nepal would be verified into the four agreed categories. As this would be done in keeping with the resolutions of the past Assembly sessions, it was his hope and prayer that the talks between Bhutan and Nepal would make good progress, and that the wishes of the Assembly would be fulfilled accordingly.

The Punakha Chimi said that, as mentioned by the Home Minister, the Ngolops in the camps in Nepal were demanding a multi-party system to be introduced in the country. Whether Bhutan should have a multi-party system or be ruled by hereditary monarchy was a matter to be decided by the King, the ministers and officials and the people of Bhutan. There was no need for the Ngolops to give this matter any thought.

As the hon'ble members were aware, Bhutan was ruled in the past by Desis and during the rule of some of the Desis the people went through a lot of strife and hardship making them realize that this system was not beneficial to the Bhutanese people. The Chimi wondered whether the Ngolops were aware that it was because of this fact that the religious institutions, the government, and the people had unanimously elected Gongsar Ugyen Wangchuck as the first hereditary monarch of Bhutan.

The Ngolops had been claiming that they left Bhutan because there was no human rights in the country and they were being discriminated against. Since they had chosen to depart for a country where human rights existed, why should they now want to leave it for a country which they claim has no respects for human rights? The Ngolops had been alleging that Bhutan was an oppressive country, so how could they even think of returning to such a place of oppression? They had also alleged that the resources earmarked for development in Bhutan had been diverted for security activities. Why then would the Ngolops want to return to a country where there was no progress or development as claimed by them?

If these people insist on returning, it should be noted that there are many criminals among them who are wanted by the law in Bhutan. It would be good if they returned to face the court of law and serve the sentences passed on them for the crimes they had committed. Otherwise their demand to return was ridiculous and ironic because they had departed on their own volition without paying any heed even to His Majesty the King's appeal to them not to leave the country. Ultimately, the main point to keep in mind regarding the issue of the people in the camps in Nepal was His Majesty the King's assurance that the Royal Government would not take a final decision on the issue without consulting the National Assembly. Therefore, it would be adequate to deal with the issue in keeping with resolutions passed by the past Assembly sessions.

The Chimi also said that according to what the people had heard, the Nepalese Government had been insisting on bringing in a third party to mediate in the dialogue between Bhutan and Nepal. As both Bhutan and Nepal were sovereign, independent nations, there was no need for a third party to be involved in the talks and it would be advisable for the Royal Government not to agree to such a proposal.

A Royal Advisory Councillor and the Chimis of Bumthang and Trashigang pointed out that although His Majesty the King looked after the welfare of all the people of Bhutan in equal measure without showing any partiality whatsoever, there was a Ngolop problem in southern Bhutan in 1990 which created serious difficulties for the country and caused great suffering for the people. Despite the many benefits provided by His Majesty the King and the Royal Government such as free schools, health services and developmental facilities, the Ngolops in the south, instead of showing any gratitude, had created serious problems and disturbances throughout the country. Following this, they sold their property and left for Nepal where they registered themselves as Bhutanese refugees by making false allegations of human rights violations in Bhutan.

Further, the Ngolops had entered Indian territory and tried to instigate the people of their own ethnicity in India to join them in their many attempts at mass infiltration into Bhutan under the guise of so-called peace-marches. However, they were not able to achieve their objective due to the support extended to the Royal Government by the friendly Government of India.

The Councillor reminded the members that the Royal Government had focussed more attention on the development and provision of free public services such as health, education and agricultural facilities in the southern Dzongkhags than in the northern parts of the country. As the Ngolops had not only destroyed these service facilities which had

been established at great cost by the Royal Government for the benefit of the people but had also murdered, tortured, kidnapped, and caused untold suffering for the people, they should not be accepted back at all. However, since the Royal Government would be conducting the bilateral talks with Nepal on the basis of the agreements already reached it should be adequate if the issue of the people who have left the country is dealt with in keeping with the resolutions of the past sessions of the Assembly, he said.

The Paro Chimi pointed out that the people in southern Bhutan are those who had come to Bhutan looking for work and to make a living. At the time they had come to the country, Bhutan had a lot of free land and a small population. Out of compassion for their plight the rulers of Bhutan had allowed these people to work and stay in the country. Since the people of northern Bhutan were fully content with the land and income they had, the people in southern Bhutan enjoyed access to lands of their choice. The Lhotsampa people also received better development facilities from the government and, as a result, they enjoyed higher incomes than the people in the northern Dzongkhags of Bhutan.

In spite of this, many people in southern Bhutan turned against the country and left for their motherland. The Royal Government should keep this in mind while holding talks with Nepal on the issue of the people in the camps in Nepal, the basis for which must be their verification into the four agreed categories. In keeping with the saying “there is always a way to figure out how to do things which have yet to be done, but what is already done cannot be changed,” we must not take any decision during the talks which will be harmful to our country, he said.

The Trongsa Chimi said that the issue of the ban on the return of those who had left the country had been discussed at great length during the past sessions of the Assembly to the extent that if it was the reciting of *mani*, it would have been chanted a 100 million times, or if it was the performing of the *kangsha* prayer, it would have been completed a hundred times. However, the reason for discussing the issue year after year was due to the deep concern of the people who had heard that under the guise of the so-called peace marches, the Ngolops had made many attempts at mass-infiltration into Phuentsholing.

The thinking of the people who had left the country was like those of a person who keeps insisting that water has more taste than wine and the ash is warmer than the fire. It was the hope and wish of the people of Bhutan that those who had left the country would not be allowed to return. At the same time, the people were aware that under the wise leadership of His Majesty the King, the able ministers and senior officials of the Royal Government continued to hold bilateral talks with Nepal on this issue, which appeared to

be progressing well. The Chimi said that the issue of the people who had left the country could be dealt with on the basis of the verification of the people in the camps into the four agreed categories, as decided during the bilateral talks with Nepal and in accordance with the resolutions of the past sessions of the National Assembly.

The National Assembly recorded that on the issue of the ban on the return of the people who had left Bhutan and gone to the refugee camps in Nepal, it would suffice if the Royal Government ensured that the verification of the people in the camps into the four agreed categories would be carried out in accordance with the agreements reached between Bhutan and Nepal and the issue is dealt with in accordance with the Citizenship Acts and other laws of the two countries, and the resolutions of the past sessions of the Assembly.

4. Ngolops to be dealt with strictly in accordance to Chathrim

The Pema Gatshel Chimi submitted that, as requested during the past sessions of the Assembly, Ngolops involved in anti-national activities against the Tsa-Wa-Sum should not be granted amnesty once they were arrested, but must be dealt with severely in accordance with the Chathrim.

He said that the people were happy to hear about the recent arrest of Khar Tobgye and his non-national accomplice. Khar Tobgye was not only a Ngolop against the Tsa-Wa-Sum but he was also involved in the desecration and robbery of Lhakhangs and Chortens. Just as cattle which are driven away from the fields will continue to come back and ravage the crops unless they are tied up by their owners, the Ngolops who are magnanimously granted amnesty by His Majesty the King are sure to continue their old habits and engage in anti-national activities against Bhutan, he said. Therefore, such people once they are arrested should not be granted amnesty but must be dealt within in strict accordance to the laws. Non-nationals who are arrested for their involvement in criminal and terrorist activities in Bhutan must also be punished under the relevant laws of the country.

The Home Minister explained that, as the hon'ble members were fully aware, the people who had broken the country's laws, embezzled and stolen public funds, and committed armed robbery and acts of terrorism had all gone to the camps in Nepal from where they were making false and baseless allegations against the Royal Government.

He said that the Ngolops continued to target Bhutan, threaten the Bhutanese people and commit acts of armed robbery, terrorism, and kidnapping which were launched from the camps in Nepal. As reported before, the bomb blast at the Changlimithang pavilion on 7th November 1998 was carried out by two members of the so-called Druk National Congress to disrupt the celebrations of His Majesty's birthday which is also Children's

Day in Bhutan. They had been tried and convicted for their crimes. One of the terrorists had been sentenced to 25 years and 3 months imprisonment and the other to 15 years and 3 months.

The Home Minister informed the house that some of the Ngolops were sent from the camps as armed robbers to rob Kuten Sungtens and other valuables from the country's Lhakhangs and Chortens to raise funds for themselves and their criminal and seditious activities. As reported in the past Assembly session, two of the three members of the Druk National Congress who had stolen the Kuten Sungtens and other valuables from the Geley Lhakang under Chhukha Dzongkhag in April last year had been caught. They were tried and sentenced to life imprisonment by the High Court.

The minister also confirmed that the Ngolop Khar Tobgye, who was wanted by the law for criminal and terrorist activities, was recently arrested by the Royal Bhutan Police on 18th May 2000. The valuable items that he had robbed from the Kadam Lhakang in Mongar and a revolver were recovered from him. Khar Tobgye who is a member of the so-called Druk National Congress had as many as 12 charges against him such as jail breaks, criminal threats against Gups and Chimis, robbery of numerous Lhakhangs and launching terrorist activities from the camps in Nepal. Khar Tobgye had confessed on most of the charges including planting of a bomb in the house of Karma Choki, the former National Assembly member of Shumar and Zobel geogs in Pema Gatshel, on the night of 11th February 1999. The bomb had been planted on the instructions of the so-called Druk National Congress because Karma Choki had been very vocal on the Ngolop issue. The explosion had damaged Karma Choki's house.

The Home Minister expressed his appreciation and commended the officers and men of the Royal Bhutan Police for apprehending Ngolops and terrorists like Khar Tobgye.

He said that such criminals could not escape forever from the justice of the Divine Deities, for heinous crimes committed by them, or from the long arms of the law. He informed the members that under the classification of the people in the camps into the four categories agreed to by the governments of Bhutan and Nepal, these people would fall under the category "Bhutanese who have committed criminal acts".

All those who had violated the laws, embezzled and stolen public funds, and committed terrorist acts in Bhutan, would fall under this category. They will have to stand trial before the court of law in Bhutan for all their heinous crimes, the Home Minister said.

The Assembly noted that regarding the issue of punishment of Ngolops as submitted by the people of Pema Gatshel, the Home Minister, on behalf of the Royal Government had

clearly explained how the Ngolops who had been arrested were being punished for their crimes in accordance with the relevant laws of the land. Further, the issue had been discussed at length in the past sessions of the Assembly and the resolutions on the issue were being implemented by the Royal Government in keeping with the wishes of the people. Therefore, there was no need to adopt a new resolution on the issue. The discussion was concluded with the house placing on record that it was adequate for the issue to be dealt with in accordance to the resolutions of the past Assembly sessions.

XI: BHUTAN - CHINA BORDER

1. Bhutan –China Border Issue

The Trashi Yangtse Chimi reported that every summer Tibetans crossed the northern border to illegally harvest Yartsa Guenbub, Gona Karpo and Putishing from Shingphel Mela. They also grazed their yaks in the pasture land at Sershing Gonyella every year. The Chimi expressed the hope that the concerns of the people would be raised during the next round of the annual boundary talks between Bhutan and China. He said that during the 77th Session last year, the Foreign Minister had informed the Assembly that relations with China were good and an Interim Agreement on Maintaining Peace and Tranquillity along the Sino-Bhutanese border had been signed. The people were, therefore, hopeful that a relatively small matter like this could be easily solved at the official level and that the border talks would also make good progress.

The Trashi Yangtse Dzungda said that a team of officials from the Survey Department and the Dzongkhag had conducted a joint investigation of the border areas and submitted a report to the Ministry of Home Affairs. The team had confirmed that Tibetans regularly entered Bhutanese territory with their yaks to pick medicinal plants from Mela and Yagrula, and they also continued to graze their yaks on the pastureland in Sershing Gonyella during the fifth and sixth months of the Bhutanese Calendar every year.

Since the Tibetans continued to enter Bhutanese territory every year to pick medicinal plants and to graze their livestock on the pasture lands, the Dzongda expressed concern that the plants may be rendered extinct through over harvesting and territorial disputes may arise over the pasture lands. He proposed that in order to avoid these problems from the very beginning, it would be beneficial to relocate the Royal Bhutan Army outpost closer to the border by shifting it from Shingphel, and to increase patrolling by the army and forestry personnel. In order to facilitate patrolling during the winter months, it was important to improve and repair the roads and bridges in the border areas where these illegal activities occurred. It was also important to properly maintain the grazing routes to encourage Bhutanese herders to graze their yaks on the pasture lands in the border

areas. Taking note of the report to the Assembly that there was good progress in the border talks, he said that it would be in Bhutan's long-term interest if the demarcation of its northern border in the eastern region was finalised.

The Haa Chimi informed the Assembly that the people of three of the five geogs of Haa Dzongkhag were dependent on their yak herds for their livelihood. Since they were facing difficulties on account of Tibetan herders grazing their livestock on pasture lands in the northern border that had traditionally been used by the people of Haa, the issue had been raised during the 77th Session of the National Assembly. Keeping in mind the welfare of the people of Haa, His Majesty the King and the Royal Government had ensured that the matter had been raised with the Chinese authorities during the boundary talks which were held in an atmosphere of good will and friendship. The Chimi reported that, since then, no problems or difficulties had arisen between the Tibetan and Bhutanese herders for which the people of Haa were deeply grateful.

Nevertheless, it was still a source of concern that, although thirteen rounds of border talks had been held with China since 1984, there were still three disputed areas along the northern boundary. He said that China being a major power of the world and Bhutan being one of the smallest countries, the people would feel much happier if the demarcation of the border was done as soon as possible.

The Dagana Chimi noted that the ongoing border talks with China should have come to an end and enquired about the state of the talks. He said that Bhutan today faced a serious problem in the south and the northern border was still undemarcated. The people were concerned that if the problem was not resolved Bhutan might eventually face a similar situation in the north. She, therefore, requested for an early demarcation of the northern border through successful negotiations during the boundary talks with China.

The Thimphu Chimi said that the three geogs of Lingzhi Dzungkhag also faced a similar problem like Trashigang Dzungkhag. The Forest Department personnel and the people of the concerned geogs were doing their best to protect the medicinal plants and pastures in the affected areas. However, the problem could only be solved at the official level and if it had not been raised in the boundary talks it was important to include it in the agenda of the border negotiations.

The Home Secretary informed the Assembly that following the request by the people of Trashigang, during the 77th Session of the Assembly, to look into the problems along the northern border in the Dzungkhag, an official dealing with border issues had been sent by the Department of Survey to assist the Dzungkhag members of the inspection team. The investigation report submitted by the team, following its inspection of the area

in September and October of 1999, confirmed that Tibetans were crossing into Bhutan every year to collect medicinal plants and graze their yaks on Bhutanese pasture lands. It had become very easy for the Tibetans to cross into Bhutan, graze their yaks and collect medicinal plants because the area was unoccupied. Neither the army nor the forestry personnel were carrying out regular patrolling in the area. Bhutanese herders did not bring their yaks to graze in the area because of the poor conditions of the grazing routes. As in other Dzongkhags, it was necessary for the Dzongkhag Administration and forestry personnel to strengthen their presence in the area with more frequent patrols to protect the medicinal plants and keep an eye on the pasture lands. Regarding the boundary talks with China, the Secretary said that the 13th round was held in Thimphu last year and the 14th round would be held in Beijing later this year. He explained that since the eastern border was in the tri-junction of Bhutan, China and India it may take a little longer to finalize the border in this area.

The Chairman of the Lhengye Zhungtshog said that the Royal Government was also concerned that Tibetans were regularly crossing the border into Trashigang and illegally harvesting medicinal plants and grazing their yaks on Bhutanese pasture lands. The government would direct the Department of Forests to conduct a thorough investigation into the matter. The Foreign Ministry would also be asked to take up the issue with the Chinese authorities during the next round of boundary talks.

The concerned Chimis thanked the Royal Government for keeping in mind the interests of the country and the people, and making all efforts to resolve the problems related to the border. The National Assembly decided that the concerned Dzongkhag and the Ministries should strengthen patrolling and border security in the affected areas, and the problems mentioned above must be discussed thoroughly during the next round of the boundary talks.

XII. MISCELLANEOUS ISSUES

1. Gratitude to His Holiness the Je Khenpo for Free Cremation Services by Dratshang

The people of Punakha expressed their gratitude to His Holiness the Je Khenpo for the rendering of free cremation services by the Dratshang (Monk Body), which was of great help particularly to the rural population and the poorer sections of society.

The Chhukha Chimi also expressed gratitude to His Holiness the Je Khenpo and the monk body, who in consideration of the welfare of the poor people, had decided that no

money or other offerings should be made during cremation rites. However, since it was the practice to make offerings at the time of cremation, an upper limit for the offerings could be set for those wanting to continue with this tradition.

Similarly, the Paro Chimi expressed gratitude to His Holiness the Je Khenpo for doing away with the tea and other offerings during cremations in view of the difficulties faced by the poorer people. As it was an age-old tradition to spend money to make offerings during cremations, it had been submitted that many people did not feel fulfilled and would be very grateful if the earlier practice of making monetary and tea offerings could be continued. However, as many people had also expressed their gratitude to His Holiness and the monk body for intervening on behalf of the welfare of the poorer people by rendering free cremation services, the Chimi requested that this practice be continued.

The Chimis of Thimphu, Bhutan Chamber of Commerce and Industry, Trashy Yangtse, Trashigang, Wangdue Phodrang, Haa and Samdrup Jongkhar also expressed their gratitude to His Holiness the Je Khenpo and the monk body for taking into consideration the welfare of the poorer people by making it possible to have cremation rites performed without much expenditure. However, in consideration of the welfare of those too poor to even pay for the cremation rites, His Majesty the King had commanded that the rural life insurance be increased from Nu.1,500 to Nu.10,000. In this way, difficulties associated with cremation rites had been properly addressed. It is said that although the Buddha has the power to reach sentient beings, sentient beings have to accumulate merit to attain Buddha-hood. For both the departed and those left behind to accumulate merit, excess wealth should be offered to the religious institutions just as excess water would flow to India. Therefore, it would be fulfilling if it were possible to make whatever offerings one could during the cremation.

Some Chimis expressed the view that the decision by His Holiness the 70th Je Khenpo and the monk body to do away with the practice of making offerings at cremations had been made in view of the difficulties faced by the poorer people. As this had greatly benefited these people in the villages, the Chimis were very grateful to all the religious institutions led by the monk body.

The Chimi of the Bhutan Chamber of Commerce and Industry and other Chimis pointed out that earlier, only those who had money or power were able to invite His Holiness the Je Khenpo and the monk body to preside over the cremations. At the cremation, there were often problems in getting enough monks to conduct the rites, and the poorer people even had difficulty in getting five to six monks. They expressed their appreciation for this initiative by the Je Khenpo as a result of which poorer people with not even a single

ngultrum in their pockets had the opportunity of His Holiness and the monk body presiding over the cremation. If a family wished to earn merit for the deceased, it was not just at the cremation but also right up to the 49th day after death that offerings could be made and rituals be conducted. In addition, it was out of compassion and the desire to help all sentient beings that the monk body and religious institutions had decided on the new initiative.. The people would like to express their gratitude to the monk body which had done away with the practice of making monetary and food offerings in the interest of all the people.

The representative of the Central Monastic Body, the Dorji Lopen responded to the expressions of gratitude by the members on the issue of free cremation services. He explained that in 1999, led by His Holiness the Je Khenpo, the Lams and Lopens of the monk body and the Netens of the twenty Dzongkhags held a meeting where it was generally agreed that the implications of death were the greatest difficulties that the people faced. Firstly, there was the loss of someone dear and as most were not well versed with the practice of non-attachment, the feeling of sorrow and suffering was overwhelming. Secondly, there was often the problem of not having enough money to conduct the cremation rites. Therefore, the monk body and the religious institutions felt that it would be of immense help if the cremation could be done free of cost with the family only having to bear the cost of wood for the cremation and the symbolic food offerings to be made for the deceased.

Furthermore, at the Religion and Health meeting, it was pointed out that all kinds of people come to the National Referral Hospital in Thimphu for medical treatment. Some of these people did not have family or belong to any particular village or place. When these people died, there was no one to perform their cremation. It was, therefore, decided that the bodies of these deceased persons would be brought to the cremation ground by the hospital and that the monk body would perform the cremation rites. The Dorji Lopen informed that this practice continues to this day. The monk body continues to hold *kurims* in the hope and prayer of preventing epidemics, strife, and famine, to promote peace and prosperity in the country, and ultimately to liberate all sentient beings from suffering.

The Chairman of the Lhengye Zhungtshog pointed out that the dual system of governance introduced by Zhabdrung Ngawang Namgyel prevailed even to this day. On behalf of the Government, he expressed gratitude to His Holiness the Je Khenpo and the monk body for removing the burden of cremation rites and rituals of the people which was most timely. Similarly, the Government was sparing no efforts in the promotion of national security and socio-economic development, the results of which can be appreciated and enjoyed today. The monk body's decision will benefit the people in times

of suffering associated with birth, age, illness and death, and even a poor cow-herder living in the remote forests can receive the blessings of His Holiness during cremation. The Lhengye Zhungtshog and all members appreciate this noble decision and would like to express their sincere gratitude to the monk body.

Similarly, a Royal Advisory Councillor and the Chimis of Paro, Thimphu, Dagana and Haa expressed the gratitude of the people to the monk body and the religious institutions for the introduction of free cremation services. In this respect, they submitted that the people would be most grateful if a procedure could be established for getting monks to preside over the cremations, and particularly to which Lam or Lopen the request should be made. Otherwise, it may sometimes be difficult to get adequate monks to perform the cremation rites. Under the leadership of His Holiness the Je Khenpo, the introduction by the monk body of the noble practice of free cremation services would truly be of benefit for all time to come.

The representative of the Central Monastic Body, the Dorji Lopen and a representative of the Monk Body submitted that in keeping with the unprecedented economic development in the country, the main responsibility of the monk body and the religious institutions in the country was to keep alive the Buddha Dharma, to promote the reign of the *Pelden Drukpa*, and to serve the country and the people. Therefore, the reason for providing free cremation services was due to the cost of cremation rites often being the biggest burden faced by the people.

The monk body genuinely appreciated the repeated submissions for acceptance of offerings during cremations which were made by the people in order to accumulate merit through devotion and heartfelt offerings to the religious body. However, accepting offerings at cremations was hardly altruistic or in the spirit of service to sentient beings. With regard to the process of requesting monks to perform the cremation rites, the Tshotshen Lam should be approached when the monk body is in residence in Thimphu, while the Guentsung Neten should be approached when the monk body moves its residence to Punakha. The other Rabdeys also have a Mishi Lam each who should be approached in such cases. Further, the Assembly must accept the changes to the cremation rites introduced by the monk body with the interest of the poorer people in mind.

The National Assembly expressed its gratitude to the monk body under the leadership of His Holiness the Je Khenpo for introducing the tradition of free cremation services which had greatly benefited all sections of the society. With regard to the process of getting monks to perform the cremation rites, the process outlined by the representatives of the

monk body should be followed. On the issue of monetary and food offerings, it had been pointed out that from the religious point of view, accepting these would not be altruistic or in the spirit of service to sentient beings. Therefore, the Assembly resolved that no changes needed to be made to the practice introduced by the monk body of not allowing monetary and food offerings to be made during cremations.

2. Appreciation to the Dratshang and religious institutes for National Kurims

The Chimis of Punakha, Trashi Yangtse, Haa and Zhemgang expressed their gratitude to the Dratshang for performing national *Kurims*. They said that led by the Central Monastic Body, the *kurims* were being performed by the Rabdeys of different Dzongkhags, Shedras, Drubdeys, Gomdeys, nunneries and other religious institutes in the country for the long prevalence and sustenance of the Buddha Dharma and to free the sentient beings of their past, present and future sufferings, and also to help them attain Buddhahood. The *kurims* were aimed particularly at ensuring the long life of His Majesty the King who is the Dharma King and *Sokshing* of the Land of Medicinal Plants. They were also aimed at ensuring the long reign of the dual system of the *Pelden Drukpa* like the waxing moon, and that Bhutan would remain a sovereign country and avoid impediments like disease, famine and conflict. They added that the *kurims* would also ensure timely rainfall and bumper crops, and that all good things would increase like a summer lake. They said that *kurims* such as *drubche*, *tongche*, *nyungney*, recitation of scriptures, *menloem chenpo*, *tshechu*, *drubchen tordog* and others were performed regularly, and expressed their immense gratitude to the Dorji Lopen for agreeing in the National Assembly to offer more *kurims* like these in the future.

The Speaker said that since the country had entered difficult times, it had become very important for the religious bodies to perform *kurims*. On behalf of the Assembly members, he expressed his heartfelt gratitude to the Central Monastic Body, including the Rabdeys, Shedras, Drubdeys, nunneries, and other religious institutes for offering *kurims* for the long life of His Majesty the King and for the interests of the country. The Speaker hoped that henceforth, *kurims* would be offered even more than in the past. With this, the agenda on national *kurims* was closed.

3. Expression of appreciation for the reconstruction of Paro Taktshang

The Paro Chimi said that of all the sacred sites in Bhutan blessed by Guru Rimpoche, the Second Buddha, the Singye Samdrup Tsuglhakhang of Paro Taktshang was the most important *nye*. Therefore, as a result of the misfortune of sentient beings, its was destroyed by a fire in 1998 which had deeply grieved the people. However, for the benefit of all sentient beings in general, and the country and people of Bhutan in

particular, His Majesty the King had commanded the reconstruction of the Tsuglhakhang of Paro Taktshang together with its *nangtens*, to its original architecture and glory. The Royal Government, in its service to the Buddha Dharma, had also allocated a large amount of Nu. 45 million for the reconstruction of Paro Taktshang, and was able to start the reconstruction after the site was blessed by the religious head of the country, His Holiness The Je Khenpo, and Gyalse Tenzin Rabgye. The Chimi expressed his immense appreciation and gratitude to His Majesty and the Royal Government for all of the above. He also informed that the Education Division, Chimis and Gups of Paro Dzongkhag had contributed Nu. 1,37,500.

The Paro Dzongda said that the destruction of the Tsuglhakhang of Paro Taktshang by a fire had not only disheartened the Bhutanese, but also the countries of the world. He said that with the Government's large financial contribution, the activities on the reconstruction of Paro Taktshang had increased, and that the construction of the Pelphu Lhakhang and Guru Sungyen Lhakhang from the ground floor to the roof, would be completed by the Tenth day of the Fifth month of the Male Iron Dragon Year. He expressed his immeasurable gratitude to the Royal Government and friendly countries for their support and contributions.

The Dzongda said that the various auspicious signs witnessed during the erection of the *Rabsel* of the Pelphu Lhakhang like the rainbow over the Pelphu meditation site and the emergence of *death tsi* (rain of nectar) from the rock face of the Pelphu cave, were an indication that the site remained as sacred as ever.

In addition to the Royal Government's large financial contribution, the Education Division, the Chimis and Gups of Paro Dzongkhag, like the saying "a flower, though tiny, is an object of offering to god", had made some contributions, and the Drugyel High School, the Royal Academy of Performing Arts and many civil servants had assisted in the construction of a mule tract from Ramgthangkha to the foot of the slope leading up to Paro Taktshang.

The Dzongda informed that in addition to the 77 traditional craftsmen, 3 masons and 166 labourers from Paro, the Home Minister had mobilized 20 masons from four eastern Dzongkhags and 11 from Wangdue Phodrang. While the work was progressing well without any disruption, he hoped that the people of all the Dzongkhags and the civil servants would support the reconstruction of Paro Taktshang.

The Trashigang Chimi said that as Paro Taktshang was the country's most important *nye*, a large amount of money had been allocated for its reconstruction and towards which the people of Paro continued to render physical support. Similarly, he said that the people pledged to provide their services, as they did earlier during the renovation of Punakha Dzong, for the reconstruction of Paro Taktshang.

The Home Minister said the destruction of the Paro Taktshang by fire on 20 April 1998 had not only shocked and saddened the Bhutanese people but also devotees all over the world. The whole world had recognized Taktshang as a religious site where Guru Rimpoche had meditated and it was also the most important and sacred of the many Lhakhangs and *nyes* in the country.

In addition to the Royal Command by His Majesty the King for the construction of the new Tsuglhakhang, the 76th Session of the National Assembly had resolved to rebuild the Lhakhang to its former beauty and glory.

The Minister explained that although the reconstruction should have started immediately as commanded by His Majesty, it had to be postponed by almost two years since the intense heat of the fire had loosened the surrounding areas and caused the overhead rocks and trees to fall. However, the available time was used to construct a four kms approach road, a Bailey bridge over the Pachhu, work sheds at Ramthangkha, and the collection and transportation of construction materials. He expressed his happiness that since the rocks had stopped falling and all the construction materials were ready, the reconstruction of the Pelphu Lhakhang had begun and was progressing well.

He informed that the reconstruction of Taktshang began on the Twelfth day of the Third month of the Bhutanese calendar with its blessing by His Holiness The Je Khenpo from Ramthangkha, the site where Guru Rimpoche had camped upon arriving in Paro. Civil servants and thousands of people from Paro gathered for the ceremony and prayers. An auspicious light shower of rain accompanied the event.

The Minister said that since the reconstruction of Taktshang had started most auspiciously, it was progressing well. He expressed his hope that the Pelphu Lhakhang and Guru Sungyen Lhakhang would be completed in time for the religious ceremonies on the Tenth day of the Fifth month of the Bhutanese calendar.

He said that the full restoration of Taktshang Monastery to its former beauty and glory was expected to be completed within two years and would fulfill His Majesty's aspiration, the wishes of the people and the Royal Government of Bhutan, and the whole world.

For the reconstruction of Taktshang Monastery, the Minister informed that the cost of the physical infrastructure alone, excluding the *kusung thuktens* and religious objects, would amount to Nu. 45 million. Out of the many contributions made by Bhutanese devotees and foreigners in terms of cash, equipment, machinery and manpower, a cash contribution of 187 lakhs had been received. He expressed his immense gratitude to His Majesty and all devotees both within Bhutan and abroad for making contributions for the reconstruction of Taktshang Monastery, one of Bhutan's principle places of refuge, and also for the benefit of the Buddha-Dharma in general.

The Chimis of Dagana, Sarpang, Trashigang, Trashigang, Haa, Tsirang, Samdrup Jongkhar, Wangdue Phodrang, Chhukha and Thimphu said that the people of their Dzongkhags were deeply shocked, worried and saddened upon hearing that the Tsuglhakhang of Paro Taktshang which housed the statue of Dorji Droley, the manifestation of Guru Rimpoche, had been burnt. They said that this had happened as a result of the sheer misfortune of the sentient beings. While thanking the Government for the reconstruction, they said that some people were worried that it would be difficult to rebuild Taktshang exactly as the original one.

They said that His Majesty as the Dharma King and protector of the Land of Medicinal Plants and sentient beings, was the human incarnation of Guru Rimpoche who had taken on the responsibility of continually ensuring protection from external forces and enemies. Besides remaining firmly attached to his subjects, His Majesty had personally investigated the site by visiting Taktshang when it caught fire. They said that His Majesty had commanded the reconstruction of Tsuglhakhang to its original shape, inner design and architectural characteristics. With the Royal Government's contribution of Nu. 45 million, His Holiness The Je Khenpo and Gyalsey Tenzin Rabgye had blessed the site and the responsibility of reconstruction had been entrusted to the Special Commission for Cultural Affairs. They said that the people from all the Dzongkhags would like to express their deep gratitude for the reconstruction of the Guru Sungyen Lhakhang and Pelphu Lhakhang which were scheduled to be completed in time for the annual Taktshang *Sungchoe*.

They said that the people of Bhutan had praise and appreciation for the friendly countries, the Government, and the people, particularly the Education Division, Gups and Chimis of Paro Dzongkhag, and the people who had served the cause of Buddhism in the past, for their valuable contributions for the reconstruction of Taktshang. The people themselves pledged their support of body, speech and mind, and also in terms of manpower and materials for the reconstruction. They expressed the hope that the *nye* of Guru Rimpoche,

the Taktshang Pelphu, would be rebuilt in greater grandeur than before as a result of His Majesty's good fortune and the faith and prayers of the people.

The Speaker said that there had been a long discussion regarding the people's appreciation for the reconstruction of the Paro Taktshang, a great *nye* visited by Guru Rimpoche. Although it had been burnt, the 76th Session of the National Assembly had passed a resolution as per His Majesty's Command to reconstruct the Paro Taktshang similar to the original one. The report of good and auspicious signs witnessed during the beginning of the reconstruction by the Special Commission for Cultural Affairs, had placated the concerns of the people. On behalf of the Assembly members, the Speaker expressed his gratitude to His Majesty the King. The discussion ended with appreciation to the faithful for providing physical and material support for the reconstruction of Taktshang Lhakhang and with the hope that henceforth, as already pledged by the people of the different Dzongkhags, they would match their thoughts with actions by providing their services as required.

4. National Dress and Driglam Namzhag

On behalf of the people of Punakha Dzongkhag, it was submitted that although Bhutan was wedged between two powerful countries, India and China, it had always maintained its sovereignty and the people had enjoyed happiness and prosperity. This was mainly due to the unique precepts of *Driglam Namzhag* which had been conceived and developed by the luminaries of the past.

The people expressed their gratitude for the circular on the national dress code circulated by the Lhengye Zhungtshog in line with the resolution of the 77th Session of the Assembly. As the circular stated that the national dress was not compulsory in the premises of one's home, private vehicles, and sporting areas, or while going on holiday and travel overseas, an increasing number of people were beginning to feel that this meant that it was not necessary to wear the national dress while travelling in public transport vehicles.

Bearing in mind the interest of the nation and the people, the Royal Advisory Councillors were supposed to thoroughly examine whatever rules and regulations were formulated. However, it seemed that the Councillors had not paid much attention to the issue of the national dress code. Therefore, it would be necessary to have a meaningful debate during the 78th Session of the Assembly on the rules and regulations on the national dress and *Driglam Namzha* to resolve all the controversial issues.

The half *ghos* and *kiras* which had recently come up, not only looked undignified and unsightly but might in the future also lead to further modifications of the national dress which could adversely affect its appearance.

There was a need to frame a Chathrim on which government organisations and departments should be allowed to wear western style uniforms and to circulate it. There was also a need to include in this Chathrim, clear-cut rules and regulations for expatriates and tourists to be properly attired in their own dress while visiting Dzongs, Lhakhangs and *Goendeys*.

Clear instructions need to be issued to the Royal Bhutan Police for effective enforcement of the rules and regulations. In the absence of such clear-cut instructions from the Government, it would be difficult for the implementing authorities to act promptly and effectively.

A Royal Advisory Councillor expressed his appreciation to the people of Punakha for their concern about the national dress and for proposing that rules and regulations be developed with regard to the national dress. He said that as the Royal Advisory Councillors were unaware of the circular that had been circulated with regard to the implementation of the national dress code, they would like to apologize for not being able to respond to the wishes of the people. As the National Assembly was the forum where Chathrim on issues of national interest were formulated and approved, he proposed that the Government, in consultation with the people, formulate a Chathrim on the national dress and submit it to the National Assembly for endorsement.

The Chimi of the Bhutan Chamber of Commerce and Industry pointed out that the strategy through which Bhutan had maintained its sovereignty and security in spite of being situated between two powerful countries of the world, was derived solely from *Driglam Namzhag*, the national dress and language, and *Leyjumdrey*. In this day and age, it had become most important to preserve these.

With regard to the circular on the enforcement of the national dress code, he suspected that the rule exempting the wearing of the national dress while in a private vehicle could mean that the wealthy and influential people could get way while the common people would not be able to do so, thereby leading to the perception that there were two sets of rules within one country. While those travelling overseas on private business need not wear the national dress, it should be worn by those travelling on official duty as a show of Bhutanese identity.

Despite the strict vigilance by the Police and the imposition of penalties on those who broke the rules on the national dress, there were immature youth who sometimes did not abide by the rules and whose parents had to pay the penalties. Therefore, he proposed that it might be necessary to come up with penalties according to age. The responsibility for the implementation of the national dress code did not fall solely on the Police and awareness should be raised about the shared responsibility of all Bhutanese on this matter.

The Trongsa, Pema Gatshel and Bumthang Chimis said that Bhutan's noble ancestors had derived the unique *Driglam Namzhag* and the national dress from Buddhism. As these had been passed on in good form to the present generation, it was most important that they were passed on intact to future generations. They expressed their sorrow that despite the emphasis given to the country's culture by the Royal Government, the changes wrought by time had meant that the national dress was being worn inappropriately, perhaps signalling the dawn of inauspicious conditions. There was a risk of the situation worsening in the future if the Government did not take preventive measures from now.

The Chimis said that some of the Assembly members had pointed out that the people in the Dzongkhags and the geogs continue to fully observe the national dress code and *Driglam Namzhag*. They expressed the hope that all Bhutanese in the capital would also do the same. As submitted earlier by the Royal Advisory Councillor, the National Assembly must endorse a Chathrim on the national dress.

The Secretary of the Royal Civil Service Commission submitted that the Royal Government had always kept in mind the country's age-old traditions and culture in the formulation of all national development policies, and would continue to do so in the future as well. While *Driglam Namzhag* and the national dress were vital and indispensable to the stability of the country, whether the individuals would be interested or rejoice in it, depended entirely on their own convictions. If the people, from the depths of their hearts, were not committed, it had to be considered what benefit good strategies would have.

The reason for having different uniforms in some of the government and private agencies was to reduce the risks associated with the kind of work that had to be carried out by these organisations. However, outside office hours, the work uniforms cannot substitute for the national dress.

In keeping with the pace of development in the country, the Bhutanese should no longer focus narrowly on their age-old traditions. Instead, taking a broader view, Bhutanese traditions and culture should be widely spread to compete with other cultures and be

recognised as being unique. This would gain the appreciation of the younger generation of Bhutanese for their traditions and culture and therefore, be in the long-term interest of the nation.

The Paro and Chhukha Chimis pointed out that Bhutan was a Buddhist country blessed by Ugyen Guru Rimpoche as a sacred hidden land, and as a land where Zhabdrung Ngawang Namgyel had developed many noble traditions. Moreover, the hereditary monarchs had preserved and promoted these wonderful and noble traditions which were indispensable as they were symbols of Bhutan's sovereignty.

However, presently, the number of people who had respect for and interest in the country's traditions was decreasing. This seemed to be arising from the people's disregard of the national interest and public good, and their self interest and pride because they do not need to depend on anyone for their sustenance. In the past, when the country's forefathers defeated their enemies, they could wear two *Ghos* together, whereas today there was reluctance in wearing even a single one. This was indeed an indication of a degenerate time.

The Home Minister submitted that to achieve His Majesty the King's noble vision of Gross National Happiness, the main source of happiness and satisfaction of society and the individual was the country's traditional values and cultural heritage. As repeatedly pointed out by His Majesty, a small country like Bhutan could never attain military or economic might for protecting its sovereignty and security which instead, had to be upheld by the national identity defined by the country's unparalleled culture and traditions.

It was, therefore, unnecessary to dwell at length on the importance of conserving and promoting the country's culture which, under the farsighted leadership of His Majesty the King, was a cornerstone principle underlining the Government's development policy and plans. The need to conserve and promote the unique Bhutanese culture had been deliberated upon a number of times during the past sessions of the National Assembly, and the resolutions that had been adopted had been beneficial and provided the basis for the formulation of related policies. Moreover, as the issue had been debated for two full days during the 77th Session of the Assembly, and as the deliberations had been recorded and documented, it was not necessary to say more on this.

The Minister pointed out that the 77th Session of the Assembly had instructed the Ministry of Home Affairs and the Special Commission for Cultural Affairs to review a few points of the national dress code and implement it. It was with satisfaction that it

could be reported that the Ministry and the Special Commission had carried out the instructions in full.

The Ministry of Home Affairs, the Special Commission for Cultural Affairs and the main implementing agencies, namely the Royal Bhutan Police and the Thimphu Dzongkhag Administration held a meeting and a report was put up to the Council of Ministers. The Council of Ministers discussed the report many times and a circular on the national dress code was circulated under the signature of the Chairman of the Lhengye Zhungtshog. The circular had outlined the reasons for considering the national dress as an important symbol of Bhutanese identity, and in keeping with the changes in the country, it also included the alterations that need to be made for the sake of convenience and security at certain work places.

The main points in the circular on the national dress code issued in January 2000 were as follows:

1. The national dress should not only be worn in the Dzong premises, Lhakhangs, Goendeys and offices, but also in the spectator stands of sports areas, during national celebrations, *Tsechus*, public gatherings, line-ups for state guests, shows and wherever people meet in groups.
2. The national dress had to be worn at meetings held in Dzongkhags, Geogs and villages.
3. The full national dress had to be worn by all who go on air on national television, the Bhutan Broadcasting Corporation.
4. On residential premises, road construction and other construction sites, mining and quarrying sites, forest harvesting areas, running, physical training and sporting areas, and while travelling abroad, other dress forms can be worn.

Although the civil servants should act as noble examples in the observance of the national dress to the general public, some civil servants had to wear trousers and shirts due to the requirements of security and convenience of their work. Therefore, the circular includes the uniforms and work dress of about thirty agencies of different Ministries and Departments. Some agreed examples are as follows:

1. In the past, some Government agencies such as the Department of Revenue and Customs, Transport and Livestock Supervisors, and Airport staff

used to wear trouser and shirt uniforms. They are now required to wear the national dress with identity badges.

2. Drivers are required to leave their trouser and shirt uniforms and wear the national dress.
3. Security personnel of the Government Ministries, Departments and projects, as well as staff of the Department of Forests are allowed to wear trouser and shirt uniforms along with identity badges.
4. Manual and menial workers performing risky work are allowed to wear full-length trouser and shirt overalls for security reasons.
5. However, these uniforms and work dress other than the national dress can only be worn at the work places and during working hours.

The Minister expressed the hope that the above would fulfil the instructions issued by the 77th Session of the Assembly and also meet the submissions made by the Punakha Chimi during the current session.

He expressed support for the submission made by the Punakha Chimi that clear rules should be formulated requiring foreign visitors and tourists to be properly attired in their own dress when visiting the Dzongs and Lhakhangs. However, he said that this issue could be addressed during the ongoing national tourism policy review.

With regard to the request for a book on *Driglam Namzhag* and Chathrim on the national dress, the Minister said that as reported to the Assembly last year, a 423-page book “Norbu Threngwa” by the Gyalzim, Dasho Dorji Gyaltshen’s and a 261-page manual on *Driglam Namzha* by the Special Commission were published coinciding with the Silver Jubilee Celebrations of His Majesty’s Coronation.

The copies of the two books were not only distributed to the members during the 77th Session of the National Assembly but also to schools and institutions throughout the country. The two weeks long *Driglam Namzhag* course conducted annually by the Special Commission for new graduates uses the two books as source materials. Similarly, all the schools use these books for their *Driglam Namzhag* teaching and training sessions.

The mask and other dances performed not only in the Dzongkhag headquarters but also in the geogs and villages during the annual *Tsechus* are regular features of Bhutanese culture. As the annual *Tsechus* are occasions for *Moelam* and religious performances,

and also an opportunity for the people in the area to dress up and watch the dances together, they are treated as an important part of the country's age-old culture.

The Royal Government had instituted annual *Tsechus* in the Dzongkhags of Tsirang, Sarpang, Chhukha, Samdrup Jongkhar and Samtse where the practice did not exist before. In some Dzongkhags, it provided stipend to a minimum of forty-four dancers and deputed teachers from the Royal Academy for Performing Arts to impart training in those Dzongkhags requiring it. With people gathering in the thousands to attend the annual *Tsechus* in the Dzongkhags where they had been newly instituted, the mask and other dances, national dress, *Kabney*, *Driglam Namzhag*, and Bhutanese cultural heritage had been promoted.

The Minister concluded by saying that, as reported to the past sessions of the Assembly, and based upon experience in Bhutan, the raising of awareness and promotion of Bhutanese culture through the participation of the people in occasions such as *Tsechus* was, if not more, then at least equally effective as regulation through legal instruments. The members were reminded of the *Kasho* issued by His Majesty the King on the 27th day of the 2nd month of the Earth Monkey Year (1989) which had been read out to the members. As per the *Kasho*, the responsibility of raising awareness about Bhutanese traditions and culture and inculcating appreciation of it in the students and children fell on all Bhutanese, including Ministers, senior officials, Assembly members, members of the Dzongkhag Yargay Tshogchhungs and Geog Yargay Tshogchhungs, Lams and Lopens, civil servants, teachers, and parents.

A Royal Advisory Councillor and the Sarpang Chimi said that the country's traditions and culture formed the basis of its sovereignty and distinct identity and were, therefore, indispensable to its security. Although the Bhutanese were different in terms of names and appearance, it was their unique traditions and culture which set them apart from those in other countries. Therefore, it was of utmost importance that these were preserved well.

Driglam Namzhag, which was an integral component of Bhutanese traditions and culture, was not only about the wearing of the *gho* and the *kira*, but also included mental attitude, and the principles of *Leyjumdrey* and *Thadamtshi*. These should also be included in the circular on the national dress code referred to by the Home Minister.

Similarly, the Thimphu Chimi said that all the Assembly members were well aware that the country's unique precepts of *Driglam Namzhag* and the national dress were not innovations developed recently. These dated back to the time when Bhutan was blessed by Ugyen Guru Rimpoche and Zhabdrung Ngawang Namgyal who made the country

called *Lhomen* into the country of the *Palden Drukpa Chogley Namgyal*. *Driglam Namzhag* and the national dress which had spread since then were important characteristics of the Bhutanese identity.

To the present day, Bhutan's past luminaries and monarchs had ensured that the country's traditions and culture were preserved intact. Henceforth, also, the monarch, ministers and the people were continuing in their efforts to preserve and promote these traditions. Moreover, teachers in the schools and parents in the villages were constantly guiding the youth and inculcating in them an appreciation and interest in *Driglam Namzhag* and the national dress.

As most of the cases of improper dressing could be attributed to the children of well-to-do parents in the central urban settlements, strong arguments arose between the children and parents of humble background when the parents talked to the children about the importance of the national dress. Therefore, all Bhutanese must have equal respect for the national dress code and related codes of conduct.

The Samtse Chimi said that an important way of promoting the country's age-old traditions and culture was through the annual *Tsechus* held in different parts of the country. For instance, until a few years ago, the people of Samtse had only heard about the age-old culture and while they wore the national dress, they were unaware of its origin and meaning. However, in keeping with the request of the people, the annual *Tsechu* had been initiated in the Dzongkhag in January 2000 during which the entire public not only enjoyed themselves, but also had a good opportunity to appreciate Bhutanese culture through the mask and other dances.

The Foreign Minister said that the unique and distinct identity of the land of *Palden Drukpa Chogley Namgyal* were its traditions and culture which had developed further over the years. He broadly outlined seven reasons for this.

Flourishing of the Buddha Dharma

It was most important that the spread of the Buddha Dharma in a Buddhist country like Bhutan was supported and promoted. Today, many more Lhakhangs, Goendeys, Chhoetens and *mani dungkhors* had come up where none existed before, in sacred places, near highways, and even in the remotest parts of the country. Not only had many *Shedras*, *Drubdras* and *Gomdeys* been built but the number of practising Lams, Lopens, Gomchens and Anims had also increased significantly. Bhutanese scholars by the hundreds and thousands were pursuing studies in many of the *Shedras* and *Drubdras* in the neighbouring countries of India and Nepal. Despite the increase in the number of religious practitioners within the country, the Assembly members had reported that there

were not enough Lams and Lopens. This, the Minister said, was a clear indication of the ever-increasing number of devotees. While the people all over the country were striving towards performing meritorious deeds, the business persons were contributing their profits to support the spread of the Buddha's teachings. As these were all clear signs of the spread of the Dharma, he said that short of being satisfied, there was no reason to be worried.

Hereditary Monarchy

The hereditary monarchy system in Bhutan and the pure bonds of respect and faith shared between the ruler and the people had reached new heights. In the past, the people were devoted to the ruler from a distance and remained in awe of him. Today, this had grown into reverence and faith in His Majesty the King who was seen as the protective outer fence, the inner precious gem and the sun and the moon overhead. In the same token, His Majesty the King was striving consistently to achieve gross national happiness for the people of Bhutan. To enable the people to participate in the decision-making process of the country, His Majesty had devolved and decentralised power right down to the village level. With the whole-hearted and total confidence of the Bhutanese people in His Majesty the King, the stainless hereditary monarchy system had been strengthened and deeply rooted for all time to come.

Tradition and Culture

The culture and traditions of the country were flourishing and its preservation and promotion was the first priority in the policies of all Government Ministries and Departments. The Dratshang, government and the people were making all efforts to further develop the three essential elements of culture. Today, Bhutanese religious music, fine arts, and performing arts had not only won the appreciation of the other countries of the world but the melodious modern Bhutanese music had spread across the country. In symmetrical art, the quality of statues and *thangkas* had developed today to the standard achieved only during the time of Gyalse Tenzin Rabgye. The *Zorig Chusum* had not only developed further but the number of people who knew the *Zorig Chusum* had also increased.

National language

The national language, which was an important aspect of the national identity, had also reached new heights. While a number of regional languages were used during the National Assembly sessions several years ago, the proceedings today were conducted in the national language. Similarly, while earlier there were few people in the remote villages who could read and write the national language, today there were hundreds. These were all indications of the development of the national language. Placing greater emphasis on the development of the national language, the Royal Government

established the Dzongkha Development Commission which had come up with many publications comprising new Dzongkha dictionaries, grammar, storybooks, and biographies. The Kuensel Corporation brought out a Dzongkha issue of the weekly newspaper and with the increasing use of Dzongkha for official and private correspondence, the national language was developing further.

At the same time, the children were being taught English in school because to only teach them Dzongkha would result in them being ignorant about and unable to keep abreast of the technological and scientific developments in the world. For instance, some of the highly knowledgeable and skilled representatives of the economically advanced and powerful countries of the world were unable to effectively participate in international fora as they could not speak English. As English was a universal language, it had developed to a great extent within the country so much so that Bhutanese officials could participate effectively in international fora.

Driglam Namzhag

Driglam Namzhag basically meant a code of values and etiquette which were underpinned by the principles of *Leyjumdrey* and *Thadamtsi* that defined relationships like respect for elders and parents, affection for friends, compassion and help to the less fortunate, and sense of gratitude. As this had also improved in the present times, it did not seem necessary for the Assembly members to be disheartened by the youth taking up a few outside customs. It was important for the children to experience both the good and the bad in their youth, otherwise they would not be able to tell the good from the bad when they grow up. As the youth of today, will in the future, be taking over the reins of Government, and become the public, Chimis and businesspersons, they should be viewed with pride and satisfaction instead of disheartenment. It was characteristic of humans to spot even a small fault in others but not recognize someone who was highly learned. Therefore, it was important not to focus solely on the passing behavioural phase of the youth but also to look at their long-term interests. Trying to put the youth on the virtuous path through legal measures would be in vain and have no benefits. Instead, if the country's culture and traditions were further developed, and awareness created among the youth, they would return to the right path like swans rushing into the lake with joy.

National dress

It was common knowledge that the national dress, the *gho* and *kira*, were not only comfortable to wear but were also beautiful and worthy of being displayed to the world at large. A decade ago, government officers, civil servants and the general public had taken to wearing foreign clothes even at public gatherings and in the offices without any

qualms. However, irrespective of whichever direction one looked in these days, people were wearing their national dress. The Minister questioned whether this did not indicate the enhancement of the national dress. He added that in accordance with the changes taking place around the world, some aspects of the national dress had been altered to cater to the three different climatic conditions in Bhutan, but, as was evident, the original form of the national dress had remained unchanged. Therefore, it was extremely important that instead of looking at the bad examples, the main responsibility for inculcating love and interest in the national dress among the children, and to give them advise had to be borne by the parents.

Although Bhutan was a sovereign nation, the current discussions in the National Assembly on a Chathrim on the national dress had to consider whether it was adequate to focus narrowly on the affairs of the country alone or, in keeping with the changes taking place in the rest of the world, to adopt a broader approach through interactions with the outside world. All the Assembly members should bear in mind that keeping abreast with the ways of the rest of the world would require unavoidable changes in one's ways. Today, the younger generation was receiving both traditional and modern education and had the opportunity to learn and experience things that their parents were completely unfamiliar with. Despite the immaturity of the youth at present, they would always excel their parents in knowledge and experience. When the time came for them to serve their country, they would do so with more dedication and loyalty. Therefore, it was not at all necessary to formulate a Chathrim that would seek to improve their attitude and behaviour.

The main aspiration of His Majesty the King had been firstly, to enhance the health and well being of all the people and increase their life span. Secondly, it was his wish to provide everyone with knowledge and skills so that the people would become empowered to realize their own dreams without Government support.

System of Governance

The present Bhutanese system of governance had changed a great deal from that of the past. In the past, the government's only concern was guarding the country's sovereignty and security, and maintaining peace in the country. It was not responsible for the welfare of the people or the development of the country. Moreover, the necessary resources for governance in those days were also collected from the people. The government these days was not the master of the people but more like their servant whereby it worked to fulfill the aspirations of the people. This was all due to the efforts of the late King Jigme

Dorji Wangchuck, and His Majesty the King who had devolved their power and authority to the people.

In keeping with the times, the national dress had undergone some improvements. If laws had to be enacted to direct what should and shouldn't be worn, it would be tantamount to going against the wishes of His Majesty and taking away the power from the people. If the government enacted a law to direct what dress should or shouldn't be worn inside private vehicles, a time would surely come when a law would be enacted directing the kind of food that people should or shouldn't eat in their own homes. He appealed for a thorough reflection on whether these were responsibilities that should be borne by the Government or by the people themselves.

The Foreign Minister said that as submitted by the Home Minister, the present crisis in the country had necessitated an increase in the number of both civilian and military personnel. At such a time, if Chathrim were enacted, there would be few who would abide by them, and even if there were those that adhered to the laws, this would not bring any additional benefit to the development of the country. Following the National Assembly's discussions on the importance of the national dress for the country's identity, the Special Commission for Cultural Affairs had published and distributed a manual on practical *Driglam Namzhag* and the national dress code. The Minister pointed out that this should adequately meet the concerns expressed by the Assembly members.

A Royal Advisory Councillor and the Chimis of Trashigang, Wangdue Phodrang, Punakha, and the Bhutan Chamber of Commerce and Industry thanked the Home and Foreign Ministers for informing the Assembly that the national dress and *Driglam Namzhag* had made great progress. A decade earlier, there was no ban on wearing clothes that were not in keeping with *Driglam Namzhag* and many Bhutanese dressed in foreigner's attire resulting in the deterioration of the country's traditions. His Majesty the King, in keeping with his aspiration of "One Nation, One People", issued a Royal *Kasho* in 1988 highlighting the importance of properly maintaining the national dress. In addition, *ghos* and *kiras* were distributed free of cost to the people of southern Bhutan. All these have resulted in greater interest and regard for the national dress amongst the people, and consequently, contributed to the increase in its usage.

Some Assembly members pointed out that if the general public respected His Majesty's Command on *Driglam Namzhag* and the national dress code, there would be no need to discuss the issue in the Assembly. Since there prevailed a situation where the majority of Bhutanese did not properly follow these traditions, the proposal for a Chathrim was being

made out of concern about the deterioration of these traditions, and to remind those who were already aware of the issue and to advise those who were ignorant about it.

Some members pointed out that the circular on the national dress code distributed by the Special Commission for Cultural Affairs under the signature of the Chairman of the Lhengye Zhungtshog, categorized places where the national dress was or was not required to be worn. This would not only create many problems for the future interests of the country but also cause much inconvenience to the general populace. Therefore, they submitted that a Chathrim needed to be formulated.

Some submitted that as in the popular saying, “While the King loves his subjects, the subjects desire happiness which can only be guaranteed by law”, unless clear-cut rules and regulations were formulated in addition to the above circular, those empowered to oversee the implementation of the national dress code would face many problems.

The Chairman of the Lhengye Zhungtshog submitted that while the Home and the Foreign Ministers had stated that *Driglam Namzhag* and national dress had made great progress, and had also submitted a strategy which would ensure their continued advancement for another century, there were good reasons for the Assembly members to be concerned about the deterioration of these traditions and for repeatedly expressing these in the National Assembly. *Driglam Namzhag* and the national dress were the main characteristics of the country and there was nothing to be said against the importance of inculcating love for and development of these traditions. The Chairman informed that following His Majesty’s *Kasho*, the above issue was deliberated during the last Assembly session and as resolved, a manual on practical *Driglam Namzhag* and the national dress code was prepared and circulated by the Special Commission for Cultural Affairs. He submitted that in his view, instead of thinking of formulating a Chathrim, it would be better for the Assembly to resolve to abide faithfully by the manual.

The Chhukha Dzongda and Trashi Yangtse Chimi said that the number of people wearing the national dress and speaking Dzongkha had substantially increased in the southern Dzongkhags. His Majesty’s *Kasho* required the national dress to be worn during all Government events and public gatherings, and in government offices, Lhakhangs and Goendeys. It was submitted that this *Kasho* along with the Special Commission’s manual would be adequate to address the issue, and if deemed necessary, there would still be time to review the matter.

The Home Minister said that in view of the importance of the national dress and *Driglam Namzhag*, His Majesty the King had issued a *Kasho* in 1998. The *Kasho* called for the

need to frame a code of conduct and etiquette befitting the changing times. Accordingly, a circular was prepared and distributed under the signature of the Chairman of the Lhengye Zhungtshog.

In accordance with the Command of His Majesty the King, and as decided unanimously by the National Assembly and the Lhengye Zhungtshog, the responsibility of overseeing and ensuring the implementation of *Driglam Namzhag* was being borne effectively not only by the Police but also by the Government Ministries and Departments, 20 Dzongkhag administrations, schools and every private office.

If somebody wore a nice *gho* but walked into a Dzong, Goendey or a school with the top half taken off, this would be considered as going against accepted etiquette. Likewise, if someone stitched the *gho* or *kira* into two halves, and walked into the premises of a Dzong or an office wearing only the lower half, it would be construed as being disrespectful. However, the Minister said that if the other half was also worn, it would become a whole dress and should be treated without any difference from any other *gho* or *kira*.

A disproportionate time had been spent by the Assembly in discussing a small matter regarding the wearing of the national dress inside private cars. However, in light of the concerns repeatedly expressed by the members about what the future would bring, and the fact that the circular had been circulated only very recently, the Minister proposed that it should be implemented on a pilot basis and an assessment be made of the experiences arising from differing climatic conditions. Any changes or improvements that would be required could be undertaken later.

The representative of the Monk Body and the Wangdue Phodrang, Gasa and Trashig Yangtse Chimis said that they were fully satisfied and grateful to the Foreign Minister for his detailed submission on the great progress made by the cherished traditional practices of *Driglam Choesum* alongside other developments in the country. On the religious front, they reported that the age-old traditions had not declined and were being maintained.

Similarly, they submitted that the prolonged discussions between the government and the people and the consensus regarding the need to promote *Driglam Namzhag* and the national dress was an auspicious sign that the sovereignty of the country will be preserved for all time to come.

The Speaker stated that Bhutan was landlocked between two powerful countries and its only defensive shield was its age-old traditions of *Driglam Namzhag* and the national dress. As was clearly evident, the importance provided to these traditions by the King, government and people, and the continued love and care with which these had been embraced had contributed towards their further development. He expressed gratitude and satisfaction for these developments. Although some aspects of the traditional *gho* and *kira* had undergone changes in keeping with the needs of the time, the Bhutanese dress still remained unique and characteristic of the Bhutanese people in the eyes of others.

Following the resolution adopted by the last Assembly session, the Special Commission for Cultural Affairs had prepared a manual on *Driglam Namzhag* and circulated it under the signature of the Head of Government. It was also concluded that the tradition of *Driglam Namzhag* and the national dress would continue to be implemented by the Police, the Government Ministries and Departments, and the Dzongkhag Administrations. It was recognized that parents should also be responsible in ensuring that their children were not influenced by bad examples and that they imbibed a love for the traditions.

The Assembly resolved that it was not necessary to enact a Chathrim on *Driglam Namzhag*. The discussions were concluded with the Assembly calling for *Driglam Namzhag* and the national dress code to be genuinely followed as per His Majesty's *Kasho*, the above circular, and on the basis of the people's reverence and interest in *Driglam Namzhag* and the national dress.

5. The improvement of Zhungkha (National Language)

The Lhuentse Chimi submitted that as a result of the various programmes that had been initiated by the Dzongkha Development Commission, much progress had been made in the development of the national language, Dzongkha. The Chimi reminded the Assembly that it had been one of the main aspirations of His Majesty the King that every meeting and workshop to be conducted in Dzongkha. From an observation of the meetings and workshops conducted over the past year, it appeared that the national language had made good progress. He said that the people would be most grateful if the national language could be further developed with the continued programmes and efforts of the Dzongkha Development Commission.

The Chairman of the Dzongkha Development Commission expressed his appreciation to the Lhuentse Chimi for commending the development of the national language and for submitting that it be further developed through the programmes of the Dzongkha Development Commission. He said that Dzongkha as the national language was very

important symbol of the national identity. In the same manner that the Assembly members were concerned about the development of the national language, the issue also remained foremost in the mind of His Majesty the King who continued to issue commands for furthering its development.

As was the common knowledge amongst the members, His Majesty had, very early on, established a Commission to develop Dzongkha. He had also issued a *Kasho* for the national language to be adopted by all Bhutanese. His Majesty also continued providing advice on the importance of the national language during his talks to the public and the students while visiting different Dzongkhags and schools in the kingdom. The Chairman informed that the discussions on Restructuring of the Government the previous year had, in keeping with His Majesty's aspiration, resolved that despite the lack of adequate human and material resources within the Government, all the Ministers would continue as members of the Commission and that all Ministries would work to strengthen the Commission office in light of the importance of the policy of promoting Dzongkha. A Dzongkha Expert Committee comprising of 16 members had also been formed to provide proposals to the Commission on developing Dzongkha.

As reported during the last Assembly Session, the Chairman said that although there were not more than a few lakhs of people in a small country like Bhutan that would use Dzongkha, the language was important as a symbol of the country's sovereignty, to facilitate interaction between the people of all Dzongkhags through one common language, and to promote the age-old religion and traditions. As Dzongkha was like the life tree for all of the above, it was most important for all Bhutanese to be conversant in and to use Dzongkha.

The Chairman reported that in order for Dzongkha to keep up with the developments in the country, the Dzongkha Development Commission needed to be engaged in research, coining new words, producing literature and their dissemination, upgrading the computerization programme for Dzongkha, providing classes to the Government and private employees, and developing human resources. Coinciding with the Silver Jubilee Celebrations of His Majesty's Coronation last year, the Dzongkha Development Commission had published 12 books which were distributed to the members. The Chairman hoped that these had met with the satisfaction of the Assembly members.

He reported that with the objective of disseminating Dzongkha, the Dzongkha Development Commission during the past year organized a Dzongkha drama competition and also established Dzongkha literacy programmes for secretarial staff of offices in the capital and the Dzongkhags. In addition, all Chathrims distributed for consideration by the present Assembly had been translated into Dzongkha. As the development of the national language, at present and in the future, would depend mainly on the school

children, the teaching of Dzongkha had been made compulsory in all schools and institutes. He reported that on its part, the Education Department was faithfully implementing its plans and programmes without any respite.

Despite its staffing shortages, the Dzongkha Development Commission under the capable and dynamic leadership of Secretary Sangay Dorji had been able to successfully carry out its responsibility of developing the national language. He expressed satisfaction and gratitude to the Commission for further developing Dzongkha. The development of Dzongkha was also made possible through the support provided to it by the National Assembly, the Royal Court of Justice and the Dzongkhag courts, the Home Ministry, the Department of Education, Kuensel Corporation, Bhutan Broadcasting Service, and various other Ministries and Departments.

He submitted that the Dzongkha Development Commission would, in accordance with His Majesty's wishes, continue working towards the further development of the national language. At a time when all policies and plans, and various strategies and means were being geared to this goal, it was essential for the government, corporations, the private sector, children and parents, and indeed the entire population, to think and act in unison. Otherwise, it would be very difficult to develop and disseminate the national language. Considering that the national language was most important for the interests of the country, there was a need for every Bhutanese to provide even greater assistance and support towards its development and dissemination.

The Mongar Chimi expressed his appreciation and gratitude to Lyonpo Sangay Ngedup, Chairman of the Dzongkha Development Commission for the report on the development of the national language. It was common knowledge that although Bhutan was a small landlocked country, its national language was an important symbol of the country's sovereignty. His Majesty had also repeatedly commanded the enhancement of the efforts being made to develop the national language. In accordance with His Majesty's aspirations, non-formal education programmes had been started in many villages which had enabled people in the remote corners to acquire knowledge and to learn how to read and write the national language. In addition, the Bhutan Broadcasting Corporation's programmes ranging from songs and dances to a variety of Dzongkha dramas had, while entertaining the villagers, also helped in the development and dissemination of Dzongkha.

The fact that most southern Bhutanese Assembly members were able to make their submissions in Dzongkha in the same manner as their counterparts from the north during the past Assembly sessions was a true indication of the development of the national

language. Nevertheless, although one of the conditions for election to the membership of the Assembly was to be conversant in Dzongkha, it was noted that some Chimis from southern Bhutan continued to make submissions in their own language rather than in Dzongkha. He submitted that from the 79th Session onwards, the language for the Assembly deliberations should be confined to Dzongkha alone.

The Chimi of the Bhutan Chamber of Commerce and Industry said that while Dzongkha was spoken in the country even before 1960, written communications were then undertaken in *Choekey*. It was the Late King Jigme Dorji Wangchuck who, after much consideration of the immediate and the future needs of the country, initiated the developmental plans in 1961. Along with this, the late King issued a *Kasho* that written communications be made in Dzongkha following which the Department of Education initiated activities towards this end. Furthermore, His Majesty, the present King, had commanded that importance be given to the development of Dzongkha, and accordingly, the Dzongkha Development Commission, Special Commission for Cultural Affairs, Department of Education and its various Divisions had been working full-heartedly towards the development of the national language with highly satisfying results.

While acknowledging the past efforts of the Dzongkha Development Commission to develop the national language, the Chimi expressed gratitude to Lyonpo Sangay Ngedup, Minister of Health and Education, who upon assuming the Chairmanship of the Commission had initiated various strategies and means for attaining an even greater level of development of the national language. It was hoped that the Dzongkha Expert Committee which had been newly established this year to carry out additional work, would greatly contribute towards the further development of Dzongkha henceforth.

It was submitted that the *Kasho* issued by His Majesty the King required that Government meetings and written correspondences of any kind be in Dzongkha. The *Kasho* also mentioned that when there was a need to communicate with foreigners, the matter should be translated from Dzongkha. He expressed his deep disappointment that contrary to His Majesty's Command, most government meetings and discussions as well as correspondences continue to be in English.

He noted that significant progress had been made in the development of Dzongkha. While it was equally important to make similar progress in its usage, he said that apart from a few correspondences within the country, most Departments continued to use English. This had led to the belief among the students that once they graduated and were employed in an office, there would be no use for Dzongkha, thereby leading to their neglect of the subject. The Chimi pointed out that there was a risk that this would lead to a decline in the number of people proficient in the national language in the future. If, on the other hand, the Ministries and Departments used the national language to the greatest

extent possible, the general populace would take greater interest in Dzongkha, thus ensuring its further development.

The representative of the Dratshang supported the submissions made by the representatives of the government and the people that there should be greater interest in the national language. He said that he had observed Bhutanese using the phrase, *Kuzu Zangpo* to greet foreigners, and *Good Morning* to greet their fellow Bhutanese. This was like nearing a state where, while trying unsuccessfully to learn the language of others, one loses one's own language. Although a separate organization called the Dzongkha Development Commission had been established which continued to develop the national language through various programmes, he had observed from his participation in a number of meetings and workshops within the country that all the discussions and the papers circulated were not in the national language, but in English. While acknowledging that knowledge of English was important in light of the country's dependence on foreign aid, he felt that it would be best if any kind of communication within the country could be in the national language.

With utmost consideration for propagating the teaching of the Buddha Dharma, His Majesty the King had established many *Shedras* and *Drubdras* in different parts of the country. These had not only helped to serve the Buddha Dharma but had also led to the development of the national language. A pledge was made on behalf of the monk body that it would be ready to provide its services if any of the institutes required teachers.

The Punakha Chimi submitted that in order to develop the national language, books in *Choekey* had been translated and published in Dzongkha by the Dzongkha Development Commission. This was an indication of the high level of development of the national language for which the people were not only pleased but also very appreciative.

The Chimi recalled that the Chairman of the Dzongkha Development Commission had issued a *Kasho* much earlier requiring government accounts and correspondences to be made in Dzongkha. Another *Kasho* was issued by the Royal Government in the year of the Iron Bird which called for greater emphasis to be placed on the national language. Despite much effort and resources expended by the Government to develop Dzongkha, very few people were using Dzongkha. For example, although the Lhengye Zhungtshog had circulated an order last year that all nameplates and signboards of government and private offices and shops should be written in Dzongkha, most shops had not yet changed their nameplates to Dzongkha.

He added that the developmental imperatives of the country necessitated interaction with other countries. This required that importance also be given to foreign languages. Competency in both Dzongkha and English could be compared to the right and left wings of a bird, without which it cannot soar into the sky. However, it was disappointing to note that many of the Bhutanese youth were neglecting the national language in favour of English. At this rate, the Bhutanese script and language would not even benefit the Bhutanese.

The Chimi was hopeful that the above situation would never arise given the many plans and programmes outlined for to develop Dzongkha in the future. The main goal lay not in monitoring or enforcing the use of Dzongkha but instead devising a strategy that would enable the national language to develop and acquire the same strength currently assumed by the English language.

A Royal Advisory Councillor pointed out that in accordance with a circular on the need to develop Dzongkha issued by the Dzongkha Development Commission in 1985, all government and public affairs under Gups and Chimis in the rural areas were being conducted in Dzongkha. However, since the central government offices continued using English for correspondences and while conducting meetings, this had led to misinterpretation among some rural people who expressed their futility about their own efforts to use Dzongkha.

The Deputy Minister of the National Environment Commission reminded the Assembly that when the Late King Jigme Dorji Wangchuck launched the first Five Year Plan, he recognized the importance of the national language, Dzongkha and appointed late Lopen Nado and Lopen Pemala in the Department of Education to write Dzongkha books, which were then duly initiated by the two.

The Deputy Minister recalled that while serving in the Education Department from 1973-1986, many students at the time studied in schools in Kalimpong and Darjeeling due to the limited number of high schools in Bhutan. Concerned that these students would face difficulty while serving the country in the future if they did not know Dzongkha, His Majesty, the present King, commanded that a means be found to teach Dzongkha to these students. Accordingly, the late Lam Nado and the Deputy Minister visited the schools in Kalimpong and Darjeeling where Bhutanese students were studying and upon requests to the Principals, introduced a Dzongkha curriculum for these students.

While due importance was placed on the national language ever since then, the lack of adequate Dzongkha experts meant that it was not possible to write books in accordance to

the curriculum requirements. The Deputy Minister also informed that the problems associated with the lack of adequate Dzongkha teachers were deliberated in the National Assembly, and that the Department of Education at times, had to resort to the recruitment of Gomchens from the Goendeys as Dzongkha teachers.

At present, there were many writers who had published different titles, and many more Dzongkha teachers were available. Considering also the publication of many Chathrims and books by the Dzongkha Development Commission since its establishment, the Deputy Minister said that much progress had been made in the development of the national language for which appreciation needed to be expressed.

With the present pace of development in the country, there were many new words appearing in the country for the first time requiring new formulations in Dzongkha which was a difficult task. Although the Chairman of the Dzongkha Development Commission had reported that it faced human and financial resource constraints, the Commission continued to work towards the development of the national language and had plans to develop it even further. Therefore, there was no reason for the Assembly members to be disappointed.

On the issue of meetings and correspondences being conducted in English, the Deputy Minister said that while meeting with the donors, it was necessary to use English as they were not able to communicate in Dzongkha. However, it was clarified that these days, a brief summary in Dzongkha was also provided. In addition, the Government Departments were putting much effort into using Dzongkha during their internal meetings.

As the Assembly members were already aware, when India attained her independence from the British, a committee was formed by the Indian Government to translate books, Laws, Sciences, Religion and school textbooks from English to Hindi. Despite considerable time having elapsed since the launching of the project, the objectives had still not been achieved. For example, a simple English word like 'tie' is the longer word, *Kanth Langoth* in Hindi. In addition to such translation problems, there were difficulties in getting the general populace, with the exception of experts, to comprehend and adopt the translations.

Because of the above, it would be a difficult task for the Dzongkha Development Commission to translate all the new words. The members of the Assembly should appreciate that in order to develop the language, a lot of research needs to be carried out. He reminded the members that in the past, many languages were used during the

deliberations of the National Assembly which required many translators. These days, the deliberations could be conducted in one main language. He submitted that this was an indication of the development of the national language which deserved appreciation from the members of the Assembly.

The Trashy Yangtse Chimi said that in the past, people in the rural areas of the country did not understand Dzongkha at all. However, pursuant to the Dzongkha Development Commission implementing programmes to develop Dzongkha in line with government policy, Dzongkha was now understood even by people in the remote areas of the country. The time had now come when the people would chose Dzongkha as the language to be used by visiting government officials in their talks to the people. As there were many words that were spelt in more ways than one, he requested the Dzongkha Development Commission to standardize and disseminate these spellings.

The Sarpang Chimi said that as Dzongkha literacy programmes had not been propagated in the southern Dzongkhags, the village elders, Gups and Chimis did not know Dzongkha and were therefore, faced with difficulties while communicating with the Dzongkhag officials. He said that it would be much appreciated if non-formal education programmes were initiated in the southern geogs and villages to enable the people to learn the national language.

The Chairman of the Dzongkha Development Commission said that as already mentioned by other members of the Assembly, Dzongkha had prevailed in the country in spoken form from the earliest time, but it was only a short while ago that it came to be used in written form. Therefore, the national language was still relatively new. While many words were being borrowed from *Choekey*, the pace of the country's development required many new scientific, religious, commercial and economic terms and phrases to be coined. It was most important for the Assembly members to appreciate the complexity of the task of coining appropriate Dzongkha terms and to also be aware of the fact that the number of Dzongkha experts within Bhutan could be counted on one's finger tips.

Nevertheless, in order to fulfill His Majesty's aspirations, the Dzongkha Development Commission and the Department of Education were increasing their efforts to develop the national language. Semtokha School had been upgraded to the status of a college while Honours courses in Dzongkha had been introduced in Sherubtse College. He hoped that these would convince the Assembly members that the number of Dzongkha experts was increasing year by year.

Referring to the submission made by the Sarpang Chimi about the problems faced by the Lhotsampas in communicating in Dzongkha, the Chairman said that the request for beginning non-formal education programmes in the southern Dzongkhags was a very good proposal. Saying that the Department of Education would bear this in mind, he pledged to establish as many non-formal education centres as possible in the southern Dzongkhags. He informed the members that in order to enhance the people's knowledge of English and Dzongkha, the Department of Education had, within a few years, established 149 non-formal education centres in the villages with an enrollment of 5,372 people of which 4,049 were women.

As submitted by several members, it was certainly true that the Government Departments carried out most of their work in English. While it was important to place emphasis on the national language, the different Departments already had a tradition of using English. The Chairman said that since there would be problems in trying to bring about changes, these should be brought about through strategic means. Therefore, in keeping with His Majesty's wishes, the Dzongkha Development Commission continued to issue circulars and notices calling for greater emphasis to be placed on Dzongkha. In addition, it also continued to provide Dzongkha classes to secretarial and office staff. He added that the foundation stone was being laid for the phase wise implementation of the national language.

The Minister recalled that when he himself joined Government Service about twenty six years ago, not one paper in Dzongkha script could be seen on the table. The fact that more papers in Dzongkha script were now visible in the offices was indicative of the fact that more correspondences were being conducted in Dzongkha. Similarly, compared to the earlier days when only English was used during meetings, these days, except in the presence of foreign guests or when the agenda included scientific discussions, meetings were always conducted in Dzongkha. As the Dzongkha Development Commission was already working on formulating and disseminating words related to scientific terms, he hoped that before long, meetings on scientific and technological subjects could also be conducted in Dzongkha.

Although there were many difficulties at present in using the national language, there were also strategies to solve these difficulties. The Chairman pledged that the Dzongkha Development Commission would, within its resources, conduct a thorough study and work towards the further development of the national language to make it very convenient and easy for Bhutanese to use.

The Paro Chimi said that the national language was one of the main characteristics of the country which was given further importance when His Majesty established the Dzongkha Development Commission. The Commission was carrying out its task of developing Dzongkha and had composed many books. It was evident on reading the books that were distributed to the Assembly members that it is possible to develop the national language in whatever way that is necessary. The Chimi said that while it was important to use the publications of the Commission to improve one's knowledge of Dzongkha, there was no need to look for other strategies.

The Trongsa Chimi said that the most benevolent late King Jigme Dorji Wangchuck had laid the foundation for the development of the national language. In addition, His Majesty, the present king, had been endeavouring to develop the national language to even greater heights. Tremendous developments had been made in the national language due to the various programmes being implemented by the Dzongkha Development Commission under the able guidance of Lyonpo Sangay Ngedup. The non-formal education programmes being established in the villages by the Department of Education was making it possible for the people in the rural areas to read and write the national language. This had also made it possible for the Geog Yargay Tshochhungs and Village Zomdues to conduct their deliberations in Dzongkha rather than in each other's local languages. The Chimi said that all these were due to the successful outcome of the Government's far-sighted policies and programmes.

The Chhukha Chimi submitted that the various programmes formulated by the Dzongkha Development Commission to develop the national language, as well as their implementation together with the Education Department, had enhanced the language by about 80% from its previous state. He added that since English was a world language, it was important to be fully conversant in both Dzongkha and English.

The National Assembly recognized that the national language, Dzongkha was one main characteristic of the *Pelden Drukpa* and that His Majesty and the Late King Jigme Dorji Wangchuck had given priority to its development. It was noted that the Dzongkha Development Commission was continuously engaged in the task of developing the national language. In addition, other concerned government Departments were also placing emphasis on the national language to the greatest extent possible. People in the rural villages were now able to study to read and write Dzongkha through the non-formal education programme. All these indicated that the national language was making progress as never before. The Assembly resolved that it would suffice if all concerned organizations led by the Dzongkha Development Commission continued to implement in full measure, the Commands of His Majesty the King and the related resolutions of the earlier Assembly sessions. Therefore, no new resolution on the development of

Dzongkha was seen to be required and the discussions on the agenda were thus concluded.

6. Religious point

The Samtse Chimi said that although the people of Bhutan were faithful followers of Buddhism and Hinduism, the number of people converting to Christianity was increasing every year. The people of the 16 geogs of Samtse Dzongkhag were deeply concerned over this development. While he had no intention of criticizing any religion he said that the propagators of Christianity went out of their way to condemn Buddhism and Hinduism and denigrate their places of worship. As a result of the conversions, social co-operation in the villages and geogs had been undermined and there were discords even within families. The people were deeply concerned that this trend would undermine peace and unity in the country and even threaten its security and sovereignty. He, therefore, called for the practice of Christianity to be banned in the country.

The Tsirang Chimi said that propagators of Christianity had come to the villages of Tsirang Dzongkhag and the people had raised the matter in the National Assembly in 1993. He said that while the followers of Buddhism and Hinduism intermingled and cooperated closely with each other without any bias or prejudice, the Christians remained aloof and denounced the Buddhists and Hindus as demons for performing their own religious rites and rituals. He said that if a religion like this, which denounced other faiths and destroyed social and family relations, was allowed to spread on a large scale, it would endanger the peace of the country. As submitted by the Samtse Chimi, he said that it was very important for the Royal Government to stop proselytization of Christianity.

The BCCI Chimi and the Chimis of Samdrup Jongkhar and Trashigang Dzongkhags said that, from the earliest times, religion had led to frequent conflict between societies in countries all over the world. Even today, there was frequent news of continuing local, national or regional religious conflicts affecting social harmony and peace.

They said that in order to ensure that such a situation never arises in Bhutan, the possibilities of religious discord being created should be prevented from the very beginning. Bhutan, they said, was known as a hidden paradise blessed by Guru Rimpoche who introduced the sacred Vajrayana tradition in the country. It is also the land where Zhabdrung Ngawang Namgyal fulfilled his destiny as a great ruler and teacher and introduced the sacred teaching of the Mahamudra which brings enlightenment within a lifetime. Bhutan is a land where the Dharma of Lord Buddha has truly flourished.

The people of Bhutan had been faithfully following the path of the past luminaries and their noble deeds. There was complete Thadamsti and Leyjumdrey between the King and

the people, and between all members of society. As a result of this and other positive actions which avoided evil deeds and accumulated merit, the people of Bhutan had enjoyed peace and prosperity, free from strife or epidemics. If Christianity, which did not exist in Bhutan before, was allowed to spread, there was a grave danger of Buddhism disappearing from the country within twenty to thirty years.

They pointed out that in Buddhist tradition, people wanting to practice the Dharma always go and seek out a Lam as their teacher. In Christianity, teachers went out to seek disciples and used all sorts of inducements and other methods to make them practice the Christian faith. For instance if a Christian were to marry into a household soon all the members would be converted to Christianity and they would also be required to propagate their new religion to others. If proselytization by Christians were allowed to take place, Bhutan would soon have to face religious discord like in other countries. It was normal practice for those who propagated Christianity to criticize and condemn Buddhist culture and traditions and denigrate its rituals and Kusung Thuktens to make people give up their age-old religion and convert to Christianity. As an example of the problems that Bhutan could face they pointed out the religious conflicts taking place in the countries of the region and the world at large. The Royal Government must, therefore, take the necessary steps from the very beginning to ensure that such a situation never arises in Bhutan.

Speaking on the issue, the Home Minister said that Buddhism was the state religion of Bhutan and that the Lhotshampa people were either Hindus or Buddhists. He reminded the house that Buddhism and Hinduism were two major religions of the world which shared very close bonds of affinity. In fact, the pantheon of gods and deities in Hinduism was also common to the gods and protective deities recognized by the Mahayana Buddhism practiced in Bhutan.

He said that differences in religions had been one of the main divisive factors in many societies throughout the ages, and world history abounded with numerous conflicts and crises arising from the clash of religions. Even in the same religion conflicts took place between different sects such as the Catholics and the Protestants in Christianity. In the present day also one of the main causes for war and conflicts was due to differences in religion.

Although Bhutan was a very small country with a small population, its people came from the same roots and enjoyed strong bonds of family ties. Therefore, the country cannot afford the spread of religions which did not exist in the past since different religions would divide families and communities and eventually lead to conflict at the national level.

Having been informed of the growing attempts at proselytisation by Christian practitioners the Council of Ministers had directed the Centre for Bhutan Studies to do a research on the causes and effects of proselytization in Bhutan. The findings of the study were discussed twice by the Council of Ministers.

The Home Minister also clarified that the existing laws of the country did not bar the practice of Christianity within one's homes. However, proselytisation among the Bhutanese people, who were either Buddhists or Hindus, was prohibited because it involved a lot of condemning and criticizing of the Buddhist and Hindu religions as well as cultural principles and heritage which would deeply hurt the sentiments of the people. As a small country, Bhutan could ill afford the spread of Christianity, as it would undermine the bonds of family unity among the people and the peace and social harmony that existed in the country today.

He informed the house that proselytisation took place mainly among the poor, illiterate, the sick and other vulnerable groups. Therefore, it was neither effective nor desirable to only rely on the laws to curb proselytisation in the country. He pointed out that Bhutan's achievements in socio-economic development and the promotion and preservation of its rich religious and cultural heritage in the past 40 years had been a major deterrent to proselytisation. Therefore, pursuing His Majesty's concept of Gross National Happiness for all our people should continue to be a major strategy policy so that the people are socially and spiritually contented and happy with what they have. This would greatly neutralize the threats of proselytization, the Home Minister said.

Similarly, the Chimis of Thimphu and Trongsa Dzongkhags said that the number of people propagating and converting to Christianity was increasing rapidly. In Thimphu alone, they were congregating at several different locations every Sunday to preach to the poorer sections of the population. The Chimis said that they were mainly concerned over the unscrupulous methods resorted to by the proselytizers which basically amounted to condemning Buddhism and Hinduism and using cash and monetary inducements to convert the poor and illiterate people.

The Chimis pointed out that proselytization, which was increasing every year, would lead to serious problems in the future. The National Assembly should, therefore, pass a resolution banning proselytization so that the country would not encounter religious problems in the present and the future.

The Punakha Chimi observed that the cause of religious conflicts in different countries usually had more to do with the followers of a religion than with the religion itself. In essence these were no major differences between religions, so he could not think of any

reason why a religion that did not exist in the country before had to be practiced now. Those who abandoned the true and age-old religion of the country and converted to Christianity were people who could neither practice their own faith nor understand other religions. Such people would create religious discord and disrupt social harmony.

As explained by the Home Minister, there were existing laws which allowed the practice of any faith in the private homes but prohibited proselytization as it involved condemning and criticizing Buddhism and Hinduism. However, if steps were not taken in time just because these laws existed, the influence of the propagators of Christianity would easily increase. Once the number of people practicing a new religion in the country increase the religious problems that arise would have to be faced by the government and the people while the law would only remain on paper. As already submitted by the other members, we must all implement the existing laws and stop the proselytization of religions which had never before existed in the country, he said. It is very important for all of us to keep in mind that this is the only way to prevent religious and communal discord from arising in Bhutan like in other countries of the world.

The Chhukha Dzongda said that, from ancient times to the present day, Bhutan had been a country where the Buddha Dharma was practiced in name and in spirit, and all the people believed strongly in the religious and temporal institutions and the high values of Leyjumdrey and Thadamtshi, as a result of which there was peace and prosperity in the country.

In keeping with the changes in time, His Majesty the King and the Royal Government had promoted the socio-economic development of the country and established education, health and agricultural facilities free of cost all over the country for the benefit of the people. However, instead of showing appreciation and loyalty to the government, there were people in the country who were converting to foreign religions. It is necessary for the Royal Government to take note of this undesirable trend, he said.

Reporting on his experiences during his tour of the villages of Chhukha Dzongkhag he said that in Chadokha village under Lockchina geog, 13 out of the 26 Lhotsampa households had converted to Christianity, and they were resorting to all sorts of methods ranging from deception to persuasion to convert the other people in their village. As a result, their village was facing problems due to religious conflict between the people which was even affecting co-operation in implementing development programmes.

He pointed out that if such conflicts could arise even in the remote villages, the proselytisation of Christianity would, in future, endanger the security and sovereignty of the country and cause the decline of the Buddha Dharma which has been the source of

peace and happiness in the Kingdom. He added that it was time for the Royal Government and the people to give special consideration to this matter.

The representative of the Dratshang expressed his appreciation to the Samtse Chimi for raising the problems related to proselytisation of Christianity which he said was an indication of deep loyalty to the country and pure faith in the Dharma.

He said that the spread of Christianity which did not exist before in the land of the Dharma was causing alarm among the people of Bhutan. He said that while the criticism of other religions was forbidden by Buddhism, some Bhutanese nationals, without understanding the Buddha Dharma properly, were converting to Christianity and criticizing the Dharma which had existed in Bhutan for ages in order to undermine it. Regardless of what the propagators of other faiths may say or do they will not be able to harm the Buddha-Dharma so long as its followers remain true to the teachings of Lord Buddha. The Buddha Dharma was flourishing in the country because successive Bhutanese generations cherished and followed the religion practiced by their parents. Therefore, it was very important for the present and future generations to cherish one's own religion and the values of Thadamtshi and Leyjumdrey.

The Chimis of Thimphu and Lhuntse Dzongkhags said that earlier the peace of a small country like Bhutan had been disturbed by the Ngolop problem while today it was faced with the ULFA-Bodo problem. The spreading of a religion which never existed in the country before could pose a serious problem to its peace and stability in the future. Referring to the Home Minister's clarification that there was no law prohibiting the practice of Christianity in private homes, they pointed out that when the number of people practising this faith in private begins to increase it would lead to open propagation and result in serious problems. They called upon the Assembly to consider this matter very carefully and pass a resolution to ban the practice of Christianity.

The Chairman of the Lhengye Zhungtshog said that, as submitted by the hon'ble members, Bhutan was a land where the Buddha-Dharma flourished as a result of which there was a deep bond of love and fidelity between the King and the people as well as between parents and children, with everyone committed to promoting mutual rather than individual benefit. Buddhism and Hinduism which were both practiced in Bhutan were like two trees nursed by the same root. The protective gods and deities of the two faiths, although portrayed in different forms, were in essence the same. His Majesty the King had personally emphasized the close affinity between Buddhism and Hinduism. During his tours of the southern Dzongkhags His Majesty had presented images of Shiva (Lhachen Wangchuk) and Ganesh (Tshogda Lam) to the Hindu temples.

In view of the recent trend of Christianity being propagated in the country, he said that there was indeed a need to discuss the concerns raised by the hon'ble members over the proselytisation of religions which did not exist in the country before. However, he said that religion cannot be stopped or propagated by decrees and laws. This should be done through education and awareness programmes which he hoped would successfully fulfil the wishes of the government and the people. For instance, everyone was aware that Buddhism had spread to the highly educated societies of some industrialized countries in the west because the true essence of the Buddha-Dharma appealed to the educated people in these countries and made sense to them. Earlier in this century, the renowned scientist Albert Einstein had praised Buddhism as an unparalleled religion which was unique in the world.

The Chairman said that by creating awareness through education the people would be able to distinguish the good from the bad, and embrace what was good and reject what was bad. In order to prevent the spread of other religions he felt that the monk body and other knowledgeable members of Bhutanese society must educate and create greater awareness and understanding of the true values and essence of the Buddha Dharma.

The Chimis of Bumthang, Wangdue Phodrang and Zhemgang Dzongkhags said that while they had not even heard about Christianity less than a generation ago, the spreading of this faith in Bhutan could become a source of serious problems for the nation in future.

The eminent luminaries of the past had blessed the country to ensure that the sun of the Buddha-Dharma would never set in the country under the watchful protection of the Guardian Deities of the Palden Drukpa. As such, with the enlightened monarchs of the Kingdom reigning in accordance with the precepts of the Buddha Dharma, and with the blessings of the Guardian Deities, even nature had been kind with good seasons and bountiful harvests as a result of which the country had been enjoying the benefits of peace and prosperity.

In this context, they wondered whether the problems faced by the country today could be due to the negative impact of some Bhutanese nationals converting to a different religion from the Buddha Dharma which had been entrusted to the protective care of the Guardian Deities for the benefit of the country. Some of the Assembly members pointed out that the propagators of the Christian faith used money and material inducement to convert the poorer sections of society. The aggressive use of material inducements to convert people violated the rights of all human beings to follow the religion in which they had most faith and respect. They said that it was necessary to stop the spread of Christianity in Bhutan

from the very beginning, either through implementation of the laws or through other means.

A Royal Advisory Councillor said that the proselytisation of Christianity would be a source of serious problems, both for the present and the future, in a country like Bhutan which followed the Buddha-Dharma. The people were concerned that, regardless of the economic progress in the country, if the Buddha-Dharma was to decline it would seriously affect the peace and stability of the Bhutanese nation. While development assistance could always be sought from outside it would not be feasible to look for external assistance to revive the Buddha-Dharma if it was allowed to decline in the country, he said.

Since Buddhism was a way of life in Bhutan, it was important for the Dratshang to make efforts to explain and communicate the true essence of the Buddha-Dharma to the people and point out the high values of Leyjumdrey and accumulation of merits through good deeds. If the parents also imparted proper guidance to their children and the people were mindful of the true values of the Dharma there would be no need for separate laws to stop the spread of other religions in the country.

The Chimis of Haa, Sarpang and Chhukha Dzongkhags and a Royal Advisory Councillor pointed out that the eminent luminaries of the past and our forefathers had established many Lhakhangs, Goendays and Chortens with sacred Kusung Thuktens for the spiritual and temporal benefit of the people and the country. As a result, the Dharma had flourished in the country. They expressed their appreciation for the restoration and maintenance of these sacred religious heritages of the country.

They also praised the decision of His Holiness the Je Khenpo and the Central Monastic Body to perform free funeral rites so that families would not have to incur any expenses in their time of bereavement. This noble gesture had touched the minds of the people and reinforced their faith in the Buddha-Dharma.

Likewise, other Lams and religious practitioners must extend all possible help to the poorer sections of society in all religious matters. They should explain why attachment to material wealth is not compatible with practicing the Dharma and give guidance on carrying out virtuous deeds, avoiding sinful acts and striving for attaining the virtues of a compassionate Boddhisattva. They said that some of the people who did not understand the Dharma properly and younger persons who had little knowledge of our religion were influenced into converting to Christianity. As pointed out by some of the hon'ble members, the main targets of the proselytizers were the poorer sections of the people whom they tried to convert to Christianity through monetary and material inducements.

They pointed out that attempts at conversion through material inducements were not the selfless acts of compassion of true religious practitioners but the heartless exploitation of problems faced by the poorer and more unfortunate people.

The Speaker noted that the people were deeply concerned that if Christianity were to spread and displace the existing religions in the country, and change the thinking and way of life of the people, it would affect the peace and stability of a small country with a very small population like Bhutan. Therefore, an extensive debate had taken place on the issue.

He also noted that, as submitted by the Home Minister and the hon'ble members, the main problem with proselytisation of Christianity was that it involved condemnation of Buddhism and Hinduism, the two religions practised in Bhutan. Proselytisation also created discord within families by undermining the values of Thadamtsi and Leyjumdrey between parents and children, and disrupting social harmony. Furthermore, the main method of conversion was to target the poorer sections of society with cash and material inducements. The people were, therefore, concerned that if nothing was done to stop the spread of a religion which never existed before in Bhutan, it could lead to the decline of age-old religious values and traditions, and affect the peace and social unity of the country.

The National Assembly noted that the propagators of Christianity were indeed attempting to turn the people against Buddhism and Hinduism, the two religions practised in Bhutan, and disrupt social harmony in the country. The issue had, therefore, been discussed at length in past Assembly sessions also. The house decided that the matter should be dealt with in keeping with the existing laws on proselytisation and the resolutions of the 30th, 51st and 72nd sessions.

7. Issues related to the Druk Scout Movement

The Chimi of Dagana said that four years had passed since the successful beginning of the Youth Guidance and Career Counselling programme. Judging from the little interaction with those youth that had participated in the programme, it appeared that they had greatly benefited from the programme which had been highly effective in enhancing their wholesome education. Noting that the programme not only provided for the balanced development of the youth but also helped in turning them into good citizens, the Chimi said that it would be greatly appreciated if the programme were expanded as soon as possible to cover all schools right from the community school to the college level. The Chimi hoped and prayed that the Youth Guidance and Career Counselling programme, which was a very progressive programme, would help in the development of fully

responsible citizens who will serve the *Tsa-Wa-Sum*, follow *Thadamtsi* and *Leyjumdrey*, and safeguard the sovereignty and security of the country in the future.

The Secretary of the Ministry of Health and Education said that the objective of establishing the Youth Guidance and Scouts programme in accordance with the wish of His Majesty was to enable the youth to acquire a wholesome education and become responsible and competent citizens. He added that the 1998 Annual Education Conference had resolved that in order to expand the programme to the different schools, the management of the Scouts programme would be decentralized to the Dzongkhags and the schools.

He reported that the programme had been instituted in 117 schools with about 3,880 participants and that Bhutan's Scouts Association had become a member of the World Scout Movement in July 1999. The remarkable progress of the programme within such a short span of time was principally due to the patronage provided by His Royal Highness the Crown Prince, Dasho Jigme Khesar Namgyal Wangchuck.

The Secretary further elaborated that with the objective of expanding the Scouts programme and establishing Scout Associations in the Dzongkhags, the Department of Education had trained the Dzongkhag Education Officers. Scout training would also be introduced soon at the National Institute of Education in Samtse and at the Teacher Training College in Paro. Work was underway to establish a system whereby the best students would be selected and provided scouts training by the Dzongkhag Administration.

While the Scouts programme would be expanded to all the schools in Bhutan, the Secretary said that this would be undertaken after an in-depth study on the availability of teachers in order to avoid the risk of the quality of the programme being compromised. He informed that the regulations of the World Scouts Movement did not permit more than 45 students under a Scouts master. He called upon the schools and the Dzongkhag Administrations to provide their full support to the youth development programme by training the required number of teachers as Scouts masters.

The Punakha Dzongda said that the Scouts programme was considered to be an important one in the world and was first introduced in Bhutan in 1968. The first thing the participants had to do was to take an oath to be faithful to the country, to have faith in the Triple Gem, to respect elders, and to maintain good relationships with friends. He added that if implemented well, this programme alone could help mould the minds of the youth in the right and progressive direction. Furthermore, the rules of the World Scouts Movement were similar to the ten virtuous acts and sixteen noble deeds. Since the Scouts training programme was seen to be very important for the youth living in a religious

country like Bhutan, full support would continue to be extended to the expansion of the programme.

The Paro Chimi said that the new Youth Guidance and Career Counselling programme established by the Department of Education to benefit the country must continue to be expanded as it provided wholesome education to the youth.

The Speaker pointed out that as submitted by the Dagana Chimi, the Youth Guidance and Scouts programme would have great benefits since it would help in shaping the minds of the future youth to be aware of *Thadamtshi* and *Leyjumdrey* and also meet the objective of the Department of Education to provide the youth with wholesome education and make them into good and competent Bhutanese citizens prepared to serve the country. Considering the present circumstances, the efforts being made by the Department of Education to expand the programme had become very important. The Speaker reminded the Assembly that Bhutan had been able to become a member of the World Organization of the Scout Movement due to the patronage and guidance of His Royal Highness the Crown Prince, Dasho Jigme Khesar Namgyal Wangchuck to the Youth programme. On behalf of all the members of the Assembly, the Speaker expressed gratitude to His Royal Highness for providing leadership to the programme. This concluded the discussion on the agenda on the Youth Guidance and Scouts programme.

8. Insurance of Lhakhangs

The Thimphu Chimi said that the people would be grateful if the Lhakhangs were insured against the risk of fire and flood.

He recalled that the past luminaries, eminent learned Lama and Lopens, and the noble ancestors had constructed many Lhakhangs and Goendeys in the land of medicinal plants for the benefit of all sentient beings, to subdue evil spirits, and as a refuge for both the present and future lives. The Chimi reasoned that Lhakhangs need to be insured so that they can be easily reconstructed whenever they are destroyed by natural disasters.

Quoting the Paro Taktshang as an example, he said that large contributions had been received both from within Bhutan and outside for its reconstruction since the second Buddha, Guru Rimpoche, had blessed it. However, as it would not be possible to get such contributions for the reconstruction of other Lhakhangs and Goendeys in the event they were destroyed by natural calamities, it would be in the interest of the country if they were insured from now itself.

The Trashy Yangtse and Trashigang Chimis said that when natural disasters damaged the community and private Lhakhangs in the villages of different Dzongkhags, not only did the people face difficulties in carrying out their renovation, but there was a greater risk of the *nangtens* being destroyed. Therefore, they also proposed that the Lhakhangs and Goendeys be insured similar to the insurance of rural houses.

The Minister for Home Affairs expressed the appreciation of the Ministry of Home Affairs for the submission made by the Thimphu Chimi on the need to insure Lhakhangs against the risk of fire and flood. He said that the submission was being made out of genuine concern over the risk of losing Lhakhangs and their *kuten sungtens*, not only through robbery but also through fire and flood.

He explained that there was a serious risk of fire in the Dzongs and Lhakhangs whose structures consist mostly of timber components. The usual sources of fire accidents were from the kitchen, butter lamps and incense, as well as from the forest fires since many of the Lhakhangs were located on the fringes of the forests. Additionally, in keeping with the times, many of the Lhakhangs had electricity and cooking was done on gas cylinders, thereby further contributing to the fire hazard.

The Minister informed that based upon the different types of ownership, the country's 2,002 Lhakhangs could be classified as 568 privately owned, 870 owned by the community, 127 owned by Lams and Trulkus, and 437 owned by the Royal Government.

The Lhakhangs owned by the Government constitute only 22 % while the remaining Lhakhangs constituting 78 % were either owned privately or by the community. Besides this, most of the major 29 Dzongs in different parts of the country housed the Dzongkhag Rabdeys, offices of the Dzongkhag Administration and Thrimkhang, as well as many Lhakhangs.

As proposed by the Thimphu Chimi, the Home Ministry had studied in-depth the possibility of insuring the country's Lhakhangs and Dzongs against the risk of fire and flood. Although the Royal Insurance Corporation of Bhutan would be happy to insure Lhakhangs and Dzongs given the benefits of additional business for the Corporation, a large amount of money would be required to pay the annual insurance premium. As an example, the Minister said that the premium of insuring the physical structure of an average-sized Lhakhang against fire and flood for a minimum compensation of Nu. 10 million would be Nu. 45,000 per year, thereby requiring a total annual budget of over Nu. 90 million for the insurance of the 2,002 Lhakhangs. In addition, the annual insurance premium for the 29 Dzongs would amount to at least a few hundred thousand.

He pointed out that the above insurance would only cover the physical structure of the Dzongs and Lhakhangs and not the *kusung thuktens*. The Royal Insurance Corporation of Bhutan would not insure *kusung thuktens* since their value could never be determined. While the physical infrastructure of the Lhakhangs and Dzongs could be reconstructed through the joint effort of the Government and the people, the *kusung thukten* lost through fire or robbery would be irreplaceable.

The Minister said that despite the huge cost of the insurance premiums, the benefits of insuring only the physical structure of the Lhakhangs were very limited. However, it was up to the owners of the 1,565 private and community Lhakhangs to decide whether they wanted to insure or not.

He said that in order to reduce the risk of fire to the Lhakhangs, Dzongs and their *kusung thuktens*, the Royal Government continued to undertake various appropriate measures, some of which are outlined below:

1. Repeated reminders had been sent to all concerned through circulars on the need for training to be provided to the *koenyers* on the necessary precautionary measures to be taken by them against fire risks.
2. Construction of kitchens inside or close to the Lhakhangs was not permitted.
3. Deeply concerned about the need to protect the country's cultural heritage, and the increasing cases of theft, arson and desecration of Lhakhangs and Goendeys, His Majesty had issued a *Kasho* to the Ministry of Home Affairs and the Special Commission of Cultural Affairs last year to install fireproof and theft proof safes in all the Lhakhangs and Goendeys. The Special Commission had recently completed and successfully tested an appropriate model of the safe.
4. The drawings and detailed specifications of the fireproof safes which could be made by local artisans would be presented to the Dzungda during the current Assembly session. The safes would be installed soon in those Lhakhangs and Goendeys with important artefacts and gradually to all the other Lhakhangs and Goendeys in the country. If the locally made safes were not feasible due to poor load bearing capacity in some Lhakhangs and Goendeys, ready-made steel safes would be provided as substitutes.
5. Concerned over the fire risk from the large numbers of gas cylinders in Lhakhangs and Dzongs, His Majesty had commanded that ways be found to

remove gas cylinders from inside the Dzongs. In coordination with the Central Monastic Body, the Special Commission and the Ministry of Home Affairs were working on the construction of common kitchens outside the Dzongs and reduction of the number of cylinders. A letter received recently from the Dratshang informed that in a kitchen with the facility of only one gas cylinder, it was planned to provide a common kitchen to each group of monks under the *Totshang Lopen* system, which was being revived in the Dzongs and Rabdeys.

6. All efforts were being made to improve the existing electrical connections in all the Dzongs and Lhakhangs.

Finally, more than fires and floods, there was a much greater risk of *ngolops* robbing and desecrating the Lhakhangs and Dzongs and selling the *kusung thuktens* and important artefacts outside the country. The Minister said that the various preventive and security measures undertaken by the Royal Government to protect the *kuten sungtens* in the Lhakhangs and Dzongs from theft and desecration as well as fire, would be submitted while discussing the agenda item on the need to punish criminals robbing Lhakhangs and Chhoetens.

The Paro and Haa Chimis said that the assistance that the Government had been providing to the country's Lhakhangs and Goendeys was of paramount importance. The reasons behind the request for Lhakhang insurance were to ensure peace and avoid epidemic, famine and war. Moreover, if the Lhakhangs could be properly renovated, it would be beneficial for the country's security. They said that the people were most grateful to the Home Minister for clearly explaining the measures taken to prevent the loss of valuable *nangtens* through fire, robbery, desecration and arson. They further submitted that these measures be implemented without delay by the Government.

The Speaker said that the Special Commission had summarized the various means of protection of Lhakhangs and Dzongs from fire and other hazards, namely, that the people living in these structures should be very wary about the fire hazard, further training would be given to the *koenyers* on the fire risks, kitchens in the Dzongs and Lhakhangs would be shifted outside, and that work had already begun on the plan to install fireproof safes in every Lhakhang and Goendey with important *nangtens*, as per the Royal Command of His Majesty the King, which would not only protect the Lhakhangs from fire, but also from robbery. Therefore, the Assembly resolved that it would suffice if the work continued in accordance with the Royal Command of His Majesty the King.

9. Non-national Workers

The Chhukha Chimi submitted that with the establishment of the Tala Hydro-electric Project Authority (THPA), in Gedu, the large recruitment of non-national workers by the contractors might lead to an influx of illegal workers like in the past and cause security problems for the country. Although the Regional Immigration Office had been doing its best to monitor the situation, Bhutan's long and open borders made it easy for non-national workers to illegally enter the country. Therefore, in order to curb the influx of illegal immigrants, contractors and people employing non-national workers illegally must be dealt with strictly.

The Chhukha Chimi was joined by the Haa Chimi in conveying the appreciation of the people to the Royal Government for launching the Tala Hydro-electric Project to further enhance socio-economic development in the country. Regarding the work force for the project they expressed doubts that the contractors may be employing illegal non-national workers along with registered non-nationals and that people involved in anti-national activities might also be among the workers. Although the regional immigration authorities were doing their best in checking out illegal workers, the country's open borders with many points of entry allowed non-nationals to illegally enter the country in search of job opportunities. As such people could threaten the country's security, they requested the Royal Government to strengthen the rules for the recruitment of non-national workers.

They proposed that all contractors, whether nationals or non-nationals, who illegally employed outside workers must be strictly punished and their licenses must also be revoked. They also submitted that every effort must be made to reduce the number of non-national workers in order to provide job opportunities for the Bhutanese people. They said that in their discussion with the people they found that there were many who were keen to join the work force but were deterred because the wages for the national work force were not adequate to meet the rising cost of living. If the wages were increased there would be thousands of people joining the national work force.

The BCCI Chimi said that since the Royal Government had given approval for the recruitment of as many workers as needed for the Tala Hydro-electric Project, he did not see any reason why workers had to be employed illegally. The influx of illegal non-national workers may not be due to the contractors but mainly a result of the open border in the south. However, if there were cases of illegal employment of non-national workers who were involved in harming the country's security, the concerned contractors, whether nationals or non-nationals, must be strictly penalized and their licenses also revoked.

Regarding the request to reduce the number of non-national workers and increase the recruitment of workers from within the country, he said that this would be the ideal solution for both the Royal Government and the business sector. However, he said that the required manpower for mega projects could not be mobilized from the national work force. Under His Majesty the King's wise leadership, the people of Bhutan had become self-sufficient and did not need to earn their living by working for others, and as such there were not enough people joining the national work force.

The Home Minister informed the house that there were currently 37,587 non-national workers in Bhutan with regular work permits. He added that permits were given to 1,900 temporary non-national workers who would work during the dry winter season in mining and other works in southern Bhutan. In addition to this, there were 10,000 to 20,000 non-national daily wage workers along the southern borders who worked during the day in Bhutan and returned to their homes across the border every evening.

He said that the concern expressed by the people of Chhukha was not unfounded since there was about 50,000 to 60,000 non-national workers in Bhutan, amounting to about 10 percent of the country's total population.

He said that the main reason for the recent rise in the number of non-national workers in Bhutan was the commencement of the three mega hydro-electric projects at Tala, Kurichhu and Basochhu which were presently at the peak construction period and employed about 50 percent of the non-national workers on regular permits. On completion of these projects in a few years time, the number of non-national workers was expected to drop to about 30,000.

The Home Minister said that large numbers of non-national workers in the country should indeed be a source of concern for all Bhutanese. It should not be forgotten that, in 1987-1988, the number of legal and illegal non-national workers had reached 113,000. One of the main causes for the Ngolop problem in the south was the repatriation of non-national workers following the completion of the Chhukha Hydel Project, the Penden Cement Project, and roads and other construction works in the country. The presence of a large non-national work force in a small country like Bhutan, he said, would pose a threat to the peace and security of the country and the well-being of the people.

The Home Minister pointed out that having a large number of non-national workers in the country could cause problems like increasing crime rates, drain on free social services like health and education and reduced job opportunities for Bhutanese nationals. He

informed the house that there was an increasing rural-urban migration of young people seeking employment and, within the next five years, about 50,000 school leavers were expected to join the work force. It was, therefore, necessary to create additional job opportunities for the Bhutanese youth by employing them in jobs currently held by non-nationals.

In view of its importance, the issue of non-national workers had been discussed about fourteen times in the National Assembly since 1966 and resolutions had also been passed. The issue had also been discussed many times in the Lhengye Zhungtshog. The Chathrim on the Recruitment of Non-National Work Force endorsed by the 144th Session of the Lhengye Zhungtshog was tabled in the 72nd Session of National Assembly and duly enacted. Furthermore, the issue of non-national workers was also discussed in the Coordination Committee Meetings of the Council of Ministers and in the Planning Commission Meetings.

The Home Minister reported that the officials and personnel of the Department of Census and Immigration had been performing their duties with full dedication in accordance with the resolutions of the National Assembly and the directives of the Lhengye Zhungtshog and other authorities. Regarding the increase of wages for the national work force, he said that the Royal Government was reviewing the matter.

The Secretary of the Ministry of Trade and Industry submitted that in light of the security problems faced by the country due to the large number of non-national workers recruited for the implementation of development projects in the past, the Ministry of Trade and Industry had carefully monitored the recruitment of workers for the Tala Hydro-electric Project Authority. Although the recruitment of non-national workers was easy, the Home Ministry had approved the recruitment of only 18,000 workers out of the estimated 40,000 needed for the project, as it would be difficult to send back these workers.

In an effort to reduce the non-national work force, the contractors had been advised to make the maximum use of machinery in place of workers. Therefore, till date, only 9,194 workers had been recruited.

The Secretary also informed the house that whenever the contractors at Tala required non-national workers, their lists would be put up to the Home Ministry for approval only after the lists were properly investigated by the Tala Project offices at Phuentsholing and Gedu. The Project Authority was also regularly checking to see whether the contractors were following the lists while recruiting non-nationals workers.

The Paro Chimi expressed his satisfaction with the Royal Government's policy on the employment of non-national workers. He said that the main reason why the size of the non-national work force could not be reduced was because there was no one from within the country willing to work at the daily wage rate of Nu. 50-60 paid by the contractors to the non-national workers.

As everyone was aware, it would be difficult to meet the required number of workers for all the projects from within the country. However, if adequate wages were paid by the contractors to national workers it would not be necessary to recruit so many non-national workers. He said that some of the contractors did not even pay the existing wages to the workers who had difficulty in finding the contractors and collecting their wages even after completing the works. This was the main reason why there were so few nationals willing to join the work force.

Summing up the debate, the Speaker noted that the recruitment of a large non-national work force could pose a danger to the peace and security of the country. He also noted that, as reported by the Ministry of Home Affairs and the Ministry of Trade and Industry, the Royal Government had been aware of this problem from the very beginning. The Lhengye Zhungtshog and the National Assembly had, after a series of deliberations framed and enacted a Chathrim on the Recruitment of Non-National Work Force, and action was also being taken against those who violated the law. Although it was not in the agenda, some Chimis had raised the issue of increasing the wages for the national work force and the Home Minister had reported that the Royal Government was reviewing the matter.

The National Assembly decided that the Chathrim on the Recruitment of Non-National Work Force must be implemented and followed by all concerned.

10. Inspection of all vehicles at checkpoints

The Mongar Chimi reported that the regular inspection of vehicles at the checkpoints by the Royal Bhutan Police had reduced the transport of rations to the ULFA and Bodo militants in private vehicles. However, the GREF (Dantak) and military trucks passed through the checkpoints without being checked. As a result it was possible for some of these vehicles to carry rations for the militants. Therefore, the Royal Government should introduce a system of checking the Dantak and army vehicles, particularly in the areas affected by the ULFA and Bodo militants.

Similarly, the Trashy Yangtse Chimi said that the people had some doubts that since there was no system for checking army and Dantak vehicles, some of these vehicles may be

transporting rations to the militants. While such cases had not been heard of due to regular checking by the Royal Bhutan Police, he said that it was important for all vehicles to be inspected at the checkpoints in order to prevent such things from occurring.

In response, the Goongloen Gongma of the Royal Bhutan Army explained that according to international practice, military vehicles were checked only by military personnel. He informed the house that, out of concern over the problems posed by the militants, Dantak officials had already requested His Majesty the King and the Royal Government for their vehicles to be inspected at the checkpoints. Accordingly, on His Majesty's command, their vehicles were regularly checked at Pinchina in Samdrup Jongkhar and Alabari in Nganglam.

Since the rise in the militancy problem in 1996, Dantak had been very cooperative and helpful. They had reduced their strength of men and vehicles in the areas affected by the militants and, in accordance with His Majesty's wishes to provide accommodation for RBA troops, had evacuated their camp at Deothang. They also gave up some of their compound in Samdrup Jongkhar to make room for the Royal Bhutan Police and agreed to make additional space if more police personnel had to be deployed in view of the security situation.

The Mongar Dzungda pointed out that just as the National Assembly had taken a decision to remove the ULFA and Bodo militants who posed a serious threat to the security and sovereignty of the country, the Government of India and the State Government of Assam had also been repeatedly calling for the removal of the militants from Bhutanese territory. However, if the Dantak vehicles were transporting food supplies to the militants, it would be very difficult to make them leave Bhutan. The decision by His Majesty the King and the Royal Government to have the military and Dantak vehicles inspected would greatly contribute towards solving the problem. The procedure for inspection at the checkpoints, whether it should be done by the army or the police, could be decided by the government.

A Royal Advisory Councillor said that the proposal to have army and Dantak vehicles inspected at the checkpoints like all other vehicles was a very important one. He expressed his appreciation that while military vehicles would be the responsibility of the army, the Dantak officials had themselves reported to His Majesty the King for their vehicles to be inspected at the checkpoints. This clearly indicated the close and abiding friendship and cooperation between Dantak and the Royal Government. He clarified that the proposal for all vehicles to be inspected had not been made out of any doubts in the Dantak officers but because of some concern that their drivers and assistants could be tempted to transport supplies to the militants for personal gain.

The Chukha Dzongda expressed his appreciation to Dantak for their unfailing support and cooperation which had been very beneficial to Bhutan. However, non-nationals were known to travel in Dantak vehicles and there was a tendency for illegal workers to go to the Dantak camps whenever immigration officials came to check work sites, thereby posing difficulties for the Registration Division. He proposed that, even if all military and Dantak vehicles were not to be checked, the authorized personnel at the checkpoints should be allowed to check those vehicles suspected of carrying illegal goods.

The Speaker reminded the members that Dantak was an important organization sent by Bhutan's friend and neighbour, India to help construct roads in the country and that its support and assistance had been very beneficial. However, in view of the security problem in the country today, doubts had been expressed that some of their vehicles may be transporting ration supplies for the ULFA and Bodo militants. The issue of inspecting army and Dantak vehicles at the checkpoints just like all other vehicles was, therefore, debated at length. The Speaker pointed out that, as clarified by the Goongleong Gongma, Dantak vehicles were already being checked in keeping with the requests made by the Dantak themselves to His Majesty the King, and regarding army vehicles it would suffice if vehicles belonging to the armed forces were checked in keeping with military procedures. The debate on this issue was accordingly concluded.

11. Withdrawal of Trade Licences

The Chhukha Chimi submitted that the Royal Government had liberalized the issuing of trade licences for the benefit of the people, particularly for those in the private sector, and the people had been applying for trade licenses in accordance with their financial capabilities. However, it had been observed that some contractors and business people were hiring out their licenses to non-nationals. While the Bhutanese proprietors only received a commission, most of the profits were taken by the non-nationals entrepreneurs who had no hesitation in bringing illegal workers into the country. Further, in order to secure more contracts to maximize their profits, the non-nationals were introducing a culture of bribery which could have a corrupting influence on the Bhutanese business community and the government officials and employees. Moreover, as the non-nationals were able to obtain all the major business contracts, the transfer of technology and know-how to the Bhutanese would never take place as desired by the Royal Government. The Chimi proposed that, keeping in mind the negative impact of this practice, Bhutanese entrepreneurs found to be fronting for non-nationals must be penalized and their licenses revoked.

The BCCI Chimi said that, as Bhutan was a small country, everyone was aware of the problems that it would have to face in the future if non-nationals were to come and take over economic activity in the country. He cited the example of Sri Lanka, among other foreign countries, which continues to be plagued by internal conflict today because the free flow of non-nationals into their country was not checked in the past. He acknowledged that, in order to provide all Bhutanese with equal business opportunities in the country, the Royal Government had, without any partiality, been issuing licenses, as a result of which it had been possible for some business people to hire licenses to non-nationals.

He reported that in order to address this problem, the Ministry of Trade and Industry, the Ministry of Home Affairs, and the Bhutan Chamber of Commerce and Industry, had jointly come up with a number of measures which had been implemented since the past few years. These measures had addressed the problems of fronting and, today, the Bhutanese were conducting their own businesses in the capital city as well as in the Dzongkhags. He said that the practice of fronting not only posed a problem to the country in general, but it also undermined healthy competition and the growth of the private sector. Recently, the President and Vice President of the Bhutan Chamber of Commerce and Industry visited the southern Dzongkhags to meet with the business community and the District Administrators. Fruitful discussions were held during the meetings, and it was reiterated that the Bhutan Chamber of Commerce and Industry would extend all possible support to the respective committees established in the Dzongkhags to address the problem of fronting. Similarly, the Ministry of Trade and Industry and the Bhutan Chamber of Commerce and Industry had jointly formed a special task force to study and investigate the hiring out of licenses to non-nationals and the team had recently been sent to southern Bhutan. The Bhutan Chamber of Commerce and Industry looked forward to working with the Ministry of Trade and Industry and the Royal Government in completely eradicating the abuse of trade licenses and its related problems for the country, in the immediate future.

The Minister of Trade and Industry said that the Ministry fully shared the concerns of the people of Chhukha Dzongkhag over the practice of hiring out trade licenses to non-nationals and the problems associated with it. He said that the practice of fronting was detrimental to the Royal Government's policy of establishing a strong, reliable and capable private sector.

Therefore, in order to discourage the business community from engaging in such undesirable practices, the following measures had been adopted:

- a. Stop the issuance of licences in areas where the practice was highly prevalent.
- b. If there was a suspicion that a trade license has been hired out to a non-national, the transfer of name and change in business activity will not be allowed.
- c. All traders have been told that they must run their own businesses.
- d. If there is evidence to prove that a trade license has been hired out to a non-national, that license is revoked.
- e. The employment of non-nationals in shops in Thimphu was being gradually phased out.
- f. Continue a regular dialogue with the business community and the Bhutan Chamber of Commerce and Industry on the need for Bhutanese nationals to run their own businesses.

Keeping in mind the above-mentioned strategies, the Ministry of Trade and Industry was making every effort to remove such undesirable practices like fronting.

The Haa Chimi said that issuing trade licenses to promote economic development was very important for a small country like Bhutan. He also said that, as everyone was aware, some of the youth in the country today were facing problems in finding suitable work. He wondered whether some of the businessmen in the country who had capital and influence, and several business licenses to their name, were in fact hiring out their licenses to non-nationals. He called on the Royal Government to thoroughly investigate the use of trade licenses and requested for equal business opportunities to be given to the poorer people in the country and the Bhutanese youth who could not find suitable work.

Summing up the discussion, the Speaker noted that the submission by the people of Chhukha Dzongkhag to stop the practice of fronting by Bhutanese trade license holders had been made out of genuine concern that it would harm the security and stability of the country. As clarified by the Minister for Trade and Industry, the Royal Government had been making every effort to address the problem. He pointed out that apart from the penalty imposed on those found breaking the law, it was of utmost importance for all Bhutanese to be of one mind in dealing with the problem.

The National Assembly decided that the problem of fronting would be adequately addressed if all the concerned government departments, the business community and the general public adhered to the existing laws, and the rules and regulations on the issuing and utilization of trade licenses.

12. Capital Punishment for criminals robbing Lhakhangs and Choetens

The Mongar Chimi submitted that disastrous natural calamities were very rare in Bhutan. He said that the country did not suffer any serious plagues, severe floods or fire that occurred year after year in other countries, and attributed this to the blessings of the sacred Chhoetens and Lhakhangs built by the ancestors. However, in recent years, many sacred monuments had been robbed by criminals and *ngolops*, and within the last four years, sixty-eight Chhoetens were robbed in Mongar alone.

He informed that the theft of sacred monuments and artefacts were still going on despite the punishment of life sentence for such crimes. Since the life sentence was not enough to curb such crimes, he proposed that capital punishment be given to such criminals in order to reduce the problem.

Similarly, the Samdrup Jongkhar Chimi said that the ancestors and hereditary monarchs had built Lhakhangs, Goendeys and Dzongs throughout the country enriched with *kusung thuktens* to ensure peace and happiness in Bhutan for a long time.

He said that it was due to the blessings of the Lhakhangs and Chhoetens that Bhutan had enjoyed peace and happiness. However, the robbery and desecration of the *kusung thuktens* and artefacts by a few evil-minded people, which began many years ago, were still being continued. Keeping in mind the present and future interest of the country, strict punishment had been meted out by the Royal Government for these crimes, as a result of which the number of such crimes was decreasing. He added that severe punishment of such criminals would be of immense help in protecting the *kusung thuktens*.

Although Bhutan was a small land-locked country between India and China, it was full of valuable treasures like Dzongs, Lhakhangs, Chhoetens and *kusung thuktens*. The Chimi reported that the cases of robbery and desecration of the Lhakhangs and Chhoetens by immoral people influenced by materialism were increasing in spite of the security provided by the Government to such places. As Bhutan was a Buddhist country, His Majesty had shown compassion by not awarding the death sentence to such criminals. The Chimi wondered whether this was one of the main reasons for the continued robbery and desecration of Chhoetens and Lhakhangs. The people responsible for such crimes were not only from the country but also comprised *ngolops* who had left the country but came back to commit such crimes. He, therefore, stressed the importance of the Government giving the death sentence rather than being compassionate, and said that even if the death sentence were not given, one of the five senses of the criminals could be incapacitated so that everybody could see the signs of their crimes.

The Minister of Home Affairs said that the concerns repeatedly expressed by the people's representative on the theft and desecration of the *kuten sungtens* were all genuine. He said that the list of desecration, theft and arson of Lhakhangs, Goendeys and other

religious monuments was endless, and so far, totaled 144 Lhakhangs and 1,217 Chhoetens.

He cited the following reasons for the increase in cases of theft, arson and desecration of Lhakhangs and Goendeys:

1. Commensurate with the socio-economic development and modern education during the past several decades, most Bhutanese had become more religiously inclined and the number of religious ceremonies had also increased. However, similar to the saying, “where religion prevails, evil also accompanies”, there were also many others who had either become less religious or whose greed for material wealth had driven them to such heinous crimes as theft, arson and desecration of Lhakhangs, Goendeys and religious monuments. The greed of some of these people was such that nothing, including their knowledge that those involved in the theft and desecration of artefacts were liable for life imprisonment while alive or Vajra hell after death, would prevent them from committing such heinous crimes.
2. Buddhism was growing in popularity in North America and Europe and also being revived in Taiwan, Hong Kong and some Asian countries. While this deserved appreciation, the Assembly members needed to be aware that the wealthy people of these countries had created a commercial demand for *kusung thuktens* from Bhutan and other Buddhist countries.
3. It had been known for sometime that the *ngolops* based in Nepal had resorted to sending armed militants to vandalize and rob Bhutanese Lhakhangs and Goendeys of their *nangtens* to generate money through the sale of these valuable artefacts to maintain themselves and to finance their unlawful and subversive activities.
4. Sangla and his five *ngolop* accomplices who had robbed five heads of *nangtens* from the Lhakhang of Gele Goemba under Chhukha Dzongkhag in April 1999, were recognized as members of the *ngolop*, Rongthong Kuenley Dorji’s Druk National Congress.

The Minister informed about the recent arrest of Khar Tobgye, also a member of the Druk National Congress, who was responsible for the robbery of several Lhakhangs in different parts of the kingdom and involved in other criminal acts. Khar Tobgye’s

confession to all of these provided further evidence about the involvement of the *ngolops* in the refugee camps in Nepal in the robbery of Bhutan's *kusung thuktens*.

The Assembly members were aware that the noble ancestors had built more than 2,002 Lhakhangs and 13,000 Chhoetens in spite of the difficulties and the costs. As most of the Lhakhangs and Chhoetens dotted hillsides all over the country and were isolated in dense forests, it was very easy for the criminals to rob and destroy them. Therefore, it had become very difficult to stop the theft, arson and desecration of such a large number of Lhakhangs and Chhoetens.

The Minister informed that since its 72nd Session, the Assembly had repeatedly discussed the laws pertaining to the security of the *kusung thuktens* and the need to enforce capital punishment on those responsible for theft, arson and desecration of the *kusung thuktens*. A decision was taken to the effect that existing laws, particularly *Tha* 1.9 to *Tha* 1.13 of the *Thrimzhung Chhenmo* were not only adequate but that capital punishment would not be enforced on such criminals. He said that the requests by the Assembly members that capital punishment be given to such criminals arose out of the fear that their numbers might increase by the hundreds. Although they had committed such heinous crimes, it must be carefully considered whether the lives of hundreds of Bhutanese people can or cannot be taken. Even if they deserved execution, as repeatedly advocated by many members during the present and past sessions of the Assembly, executing hundreds of Bhutanese would be simply unimaginable in a Buddhist country.

The members had made repeated submissions during the past Assembly sessions that those accused of theft, arson and desecration of the *kusung thuktens* and other serious crimes should, at the very least, not be released on bail. This provision, which already exists in the *Thrimzhung Chhenmo*, was reiterated in the draft of the Civil and Criminal Procedure Code that would be circulated later for endorsement by the Assembly.

The Minister informed that while laws and their enforcement are important to prevent the destruction of *kusung thuktens* through theft and arson, other preventive measures were equally important. The Royal Government had drawn up various measures to prevent the desecration, arson and theft of *kusung thuktens* taking into account the seriousness of the threat to the Lhakhangs and Goendeys. Since His Majesty the King remained deeply concerned over the preservation and promotion of the country's cultural heritage in general, and the increasing cases of desecration and theft, as well as fire accidents in the Lhakhangs, Goendeys and Chhoetens along with their *kusung thuktens*, His Majesty had issued a series of Royal *Kashos* to address the problems properly.

The Minister said that all of the above were reported in detail to the Assembly during its 77th Session and were recorded in detail amongst the related resolutions. Since the Chairman of Lhengye Zhungtshog had also reported on some of the security measures for Lhakhangs and Goendeys in his report to the current Assembly session on the performance of the Royal Government during the past one year, there was no need to discuss the issue again in the Assembly.

He pledged that the Special Commission for Cultural Affairs, the concerned Government Ministries and Departments, and people working in the Dzongkhag Administrations would continue to endeavour to fulfill the commands of His Majesty the King and the wishes of the people in the preservation and promotion of the country's rich cultural heritage.

The Mongar Dzongda said that the need to give life sentence to Lhakhang and Chhoeten robbers and desecrators had not only been repeatedly discussed during the past Assembly sessions, but His Majesty the King had also issued a Royal *Kasho* on the care of Lhakhangs and Goendeys. The 72nd Session of the Assembly had thoroughly discussed the submission made by the Paro Chimi, and on the basis of the Royal *Kasho*, passed a resolution containing nine points.

The main reason for the submission by the people of Mongar was the eighth point in the resolution, which stated that capital punishment for criminals would be discussed further in subsequent sessions of the Assembly if the existing law were inadequate to control the robbery of Lhakhangs and Chhoetens. In 1993, the Home Minister had reported the destruction of 76 Lhakhangs and 272 Chhoetens to the 72nd Session of the Assembly. Going by the Minister's current report on the destruction of 144 Lhakhangs and 1,217 Chhoetens, the Dzongda said that within seven to eight years, there had been an increase of 68 Lhakhangs and 949 Chhoetens that had been destroyed.

While Bhutan was a Buddhist country, if compassion and mercy were given pre-eminence, all the *nangtens* would disappear one day and Bhutan would be a Buddhist country only in name. If capital punishment was not given, criminals must be immediately punished according to the severity of their crimes.

He said that although 68 Lhakhangs were destroyed in Mongar alone during the past four to five years, only two to three criminals had been apprehended and produced before the court. Due to the different trial procedures, the court had been facing problems in giving proper punishment to the criminals. He, therefore, proposed the establishment of a special court to give speedy judgement to criminals who rob the *kuten sungtens*.

The Punakha Chimi said that the debate in the Assembly on severely punishing robbers of *kuten sungtens*, which had been going on since the past sessions of the Assembly, and the crimes of evil people that had also continued, seemed to be competing with each other. While he appreciated the spread of Buddhism among the world's rich countries, he wondered whether the country's valuable *nangtens* were also spreading to these countries.

He said that in keeping with the times, it was important for the monk body to conduct religious discourse to the people and in the schools. On the issue of capital punishment, the Government view was that there was no need for it since *Tha 1.9* of the *Thrimzhung Chhenmo* was adequate to deal with criminals robbing and desecrating Lhakhangs and Chhoetens. However, he expressed his doubts on the success of activities implemented in accordance with the many resolutions endorsed during the past sessions of the Assembly to strictly punish such criminals.

The Haa and Paro Chimis said that since the Royal Government punished criminals who robbed the *kusung thuktens* by making them work in Dzong constructions and other religious activities, these people might instigate others as well. He said that other people would also not hesitate to commit such crimes as these criminals could engage in private business, learn many new skills like carpentry and sewing, and earn personal income without having to worry about tax and *woola*, besides the provision of rations by the Royal Government.

They suggested that even if criminals who robbed the *kusung thuktens* were not given the death sentence, they must be ostracized from society and punished severely with shackles on their legs and circular wood blocks around their necks.

The Speaker said that it would suffice if the Royal Court of Justice and the Royal Bhutan Police handled their work strictly in accordance with the resolutions of the 77th Session of the Assembly and His Majesty's Royal *Kasho* on the issue of capital punishment to robbers and desecrators of the *kusung thuktens*. Therefore, the Assembly decided that there was no need for a separate resolution on the issue.

13. Rural-Urban migration

The Chimi of the Bhutan Chamber of Commerce and Industry submitted that under the visionary guidance of His Majesty the King, schools had been established even in the remotest corners of the country to provide education to the youth. He said that when the students graduated from the schools, they moved to the urban areas in search of job

opportunities, and gradually their parents came to stay with them. As a result of this situation, the villages in the future might be left with only a few aged people who would not be able to do agricultural work, thereby leading to a very low yield of crops. He, therefore, urged the Assembly members to discuss this matter thoroughly and formulate strategies to prevent such an undesirable situation from the very beginning itself.

Similarly, the Chimis of Haa and Zhemgang said that the Royal Government had generously established schools all over the country and provided free education, both western and Bhutanese, to make every Bhutanese equally educated. Since most of the children went to the urban areas in search of jobs commensurate with their level of education, the Chimis expressed their concern that only old people would be left behind in the villages. They added that this would not only lead to the decline in the number of people capable of working on rural development activities, but also pose the danger of reducing agricultural production and emptying of villages. They pointed out that one difficulty in preventing rural-urban migration was in the case of parents with only one child, where the parents would have to follow the child when he/she moved to the urban areas after receiving a position from the Government. Since this was a situation characteristic of human life, they said that it was important for the Government to carefully consider the matter and accordingly prepare strategies to prevent rural-urban migration.

The Secretary of Agriculture informed that as everyone was aware, His Majesty the King had been providing full support to the goal of making the country self-sufficient in food and increasing the income of the people. Efforts continued to be made to effectively promote the economic development and environment of about 85 % of the people working on the farms. Consequently, the living standard of the rural people had almost doubled with the improvement of their food production, income from cash crops, and nutrition. He said that it was important to focus on the goal of developing the villages in order to retain the people in their own villages as far as possible.

He reported that there was an increasing trend of rural people and school leavers migrating to the urban areas. To mitigate this rural-urban migration, the Ministry of Agriculture had been implementing many programmes which were as follows:

1. In consultation with the Department of Education, the students were given training during their winter holidays to generate interest among them in agricultural activities and to make them aware of the revenue generating potential of such activities. Agriculture had also been incorporated into the school curriculum.

2. As per the Royal Command of His Majesty the King, training on agriculture was started at the Natural Resources Training Institute (NRTI) for school leavers. In addition to the loans provided by the Bhutan Development Finance Corporation (BDFC) to help the trainees start their own enterprises after the completion of their training, the Ministry of Agriculture helped them develop a management strategy of their project proposal.
3. The Ministry of Agriculture trained the rural people in the management of small enterprises in their own villages and helped them in obtaining loans from the BDFC.
4. Since Bhutan's altitude and climate were favourable for cash crop production and the income generated from it was great, cash crop activities were considered an important source of income for the people. Therefore, financial assistance was secured from outside during the 8th Five Year Plan for the promotion of cash crop activities.
5. Since the marketplace for cash crops was very far from the villages, the Ministry of Agriculture had prepared guidelines for the construction of farm roads after the Government entrusted it with the mandate to develop and construct farm roads, which would connect the production areas to the markets. In accordance with the guidelines, the public would be consulted while deciding on the construction of a road.
6. Research offices had been established in different parts of the country to conduct research on the villages' production and climate with the aim to enable the people to receive lasting benefits from agricultural and related activities.
7. In accordance with research results, the distribution of new seeds and training programmes on related work skills were being undertaken in the 202 geogs.
5. As decided during the review of the 7th Five Year Plan, a marketing division was set up in the Ministry of Agriculture to assist the people in marketing their cash crops. The main role of the division was to conduct market research and disseminate business information in close collaboration with the Bhutan Chamber of Commerce and Industry, the Ministry of Trade and Industry, and the Food Corporation of Bhutan (FCB).

In conclusion, the Secretary submitted that since the responsibility of fulfilling His Majesty's aspiration of providing peace and happiness to all the people, and mitigating rural-urban migration fell on the Ministry of Agriculture, it had been serving the people

to the best of its ability. The Secretary said that the migration of rural people adversely affected not only the Ministry of Agriculture but also the other Ministries and the people. Therefore, if everyone shouldered their responsibilities with one mind and implemented the above programmes, the time would come when the people in the urban areas would return to their own villages.

The Chimis of Punakha, Wangdue Phodrang and Bumthang said that the Royal Government had been looking after the welfare of the people as best as it could until now. However, the formulation of legislation that did not exist in the past to stop rural people from migrating to the towns might actually worsen the problems of the people. Although the present workload of the Royal Government was heavy enough, they said that if the Government were to provide facilities such as marketplaces and electricity for business transactions in as many villages within one to two years, there would be no need to formulate a separate Chathrim on rural-urban-migration.

As a result of the benevolence of the Government, children living in the urban areas got jobs commensurate with their qualifications in the towns, and their parents from the villages moved in with them. This caused inconveniences during the collection of land and other taxes in the villages.

On the issue of rural-urban migration, they said that besides the past resolutions of the Assembly, if the submission made by the Secretary of the Ministry of Agriculture was agreed to, it would encourage the people to take up agricultural activities and fulfill His Majesty the King's aspiration and policy of making the country self-sufficient.

The Thimphu Chimi pointed out that the children were leaving behind their parental homes and land without any regret and were instead more interested in roaming about the towns. While some of the children had left the rural areas due to the lack of electricity and road facilities, others did so because they had no manpower and land, while others were not interested to work even if they had land. The Royal Government, out of great concern, had initiated the policy of providing new lands, and the Gups and Chimis had visited areas in the south to study the feasibility of new settlements.

He suggested that if new settlements were started in the southern areas where the land was broad and open, it would solve the problem of landless people besides helping safeguard the country's security and reducing the number of rural people migrating to the urban areas.

The Secretary of the Ministry of Health and Education said that with the changing times, the number of rural people migrating to the urban areas had been increasing each year

which was of great concern to the Ministry. He said that firstly, the basic facilities in the towns would not be sufficient and the health and education services would not be provided adequately, thereby leading to the problem of outbreak of many diseases from unhygienic situations. Secondly, he informed that all types of health units and schools that were built with great expenditure in the various villages by the Government would not be properly utilized and face the risk of going to waste. Thirdly, he expressed his concern that when many people flocked to the towns, there would be inadequate job opportunities which would lead to various youth-related problems. He explained that the Ministry of Health and Education had prepared many additional strategies as mentioned below:

1. As service infrastructure such as hospitals and schools had been set up more in remote villages than in urban areas, over 90 % health coverage and 72 % education coverage had been achieved so far. Moreover, everyone was aware that the colleges, teacher institutes and polytechnic institutes were not established in the capital or the big towns, but in the distant Dzongkhags.
2. New schools would henceforth be constructed in the remote areas after studying the needs. Based on the population of the community, the community schools were being upgraded to primary schools, and primary schools to junior high schools, thereby making the villages better learning places than the towns.
3. Besides providing proper training to school teachers, the plan was underway to increase the teaching allowance given as *soelra*, from 15 % of the monthly pay to 30 % in order to mitigate the problem of the shortage of teachers.
4. The reason why students who came from outside the urban areas and were relatives of civil servants were not admitted into the schools in the urban areas, was not to deny them learning opportunities but rather a strategy to make them utilize the facilities in the villages.
5. Plans and programmes were made to further improve the health facilities and treatment in the villages by using communication facilities and equipment to the best extent possible. The Secretary also submitted to the Assembly the following proposals for alleviating rural-urban migration:
 - i. Improve communications and revenue generating strategies of the villages through the combined efforts of the Ministries and

Departments, private sector and business people, lamas and the general public.

ii. Emphasize the building of colleges and technical institutes, and conducting training programmes in the rural areas even more than at present.

iii. Develop the model villages properly in the different villages of the various Dzongkhags so that there would be no difference in facilities in the rural and urban areas, thereby making the youth content with staying in the villages.

iv. Finally, since the problem of rural-urban migration would be incessant, it was necessary to work out strategies to develop the private sector, commerce and industry to provide jobs to the youth according to their education and capability.

The Samdrup Jongkhar Dzongda said that like any country in the world, where the people moved from the rural to urban areas for the benefit of jobs, medical treatment, education and visits, there had also been similar movements in Bhutan since a long time ago.

Although the Royal Government had been consistently looking after the welfare of the people, he said that as submitted by the Ministry of Health and Education, if the people were provided with better facilities and roads than before, the movement of the rural people to urban areas would be reduced.

On the submission by the Assembly members for stopping rural-urban migration by expanding the rural facilities, the Secretary of the Ministry of Communications informed that the Department of Urban Development and Housing had proposed to establish 31 satellite towns in the country during the 8th Five Year Plan. He said that with the assistance of US\$ 13 million from the World Bank, the facilities of the towns in the country would be further improved.

Since the areas for the above satellite towns had already been studied by the Department of Urban Development and Housing, he said that after discussions in the Dzongkhag Yargay Tshogchhungs, the 31 satellite towns would be established during the 8th Five Year Plan itself. He expressed his hope this might help in stopping people migrating from the rural to urban areas.

The Chimis of Trashigang and Thimphu mentioned that one of the problems faced by both the Government and the private sector was the rural people migrating to the urban areas. Once the people moved into the towns, they found it difficult to earn their livelihood and being unable to provide learning opportunities for their children, they allowed their children to loiter about the town. These children influenced each other and became involved in many illegal activities. Since such people illegally constructed huts on vacant government land in the urban areas and adversely affected the environment and sanitation, the Chimis submitted that it was important for the Government to come up with ways to stop rural-urban migration from the very beginning itself.

A Royal Advisory Councillor and the Paro Chimi expressed their happiness with the reports submitted by the various Ministries on the approaches being adopted by the Royal Government to stop the rural people migrating to the urban areas. They said that of the many programmes initiated by the Government, the establishment of the National Technical Training Authority (NTTA) and the National Employment Board, the introduction of a curriculum in all types of schools to get students interested in agricultural activities, and programmes for the development of rural facilities would help achieve the objective of stopping rural-urban migration. They submitted that the above goals would be achieved if the Government worked on the basis of His Majesty's visionary policies of balanced rural and urban socio-economic development, and Gross National Happiness.

The Deputy Minister of the Ministry of Communications said that the first reason for the rural people moving to the urban areas could be attributed to the population increase each year in both the rural and urban areas. As the lands in the rural areas were limited, the people were unable to meet their expenditure from their share of land holdings, thereby compelling them to move to the towns. Secondly, due to the good education coverage in the country, the youth got the opportunity to enroll in schools and after receiving proper education had to flock to the urban areas in search of job opportunities, as there were none in the rural areas. Thirdly, since the migration of people from the rural to urban areas had become a common problem all over the world, experts had estimated that about 50 % of the total rural populace would move to the urban areas within 25 years. Therefore, unless the migration problem could be reduced through brilliant measures, it could never be stopped completely through legislation.

The Deputy Minister said that it would be more important to devise ways to increase the rural incomes and strengthen efforts to develop the rural areas with each passing year.

As the policies and plans for developing towns during the 8th Five Year Plan had been clearly submitted by the Secretary of the Ministry of Communications, the Deputy

Minister explained that 10 towns in the country would be developed first, followed by other small towns successively. He underlined the importance of developing both the rural and urban areas in order to make the country's populace self-sufficient.

The Finance Minister said that although the movement of youth from the rural to urban areas had become the norm all over the world, the many problems associated with it had necessitated thorough discussions in the National Assembly. As anywhere else in the world, rural-urban migration was compelled by the increase in the population and consequent dwindling of rural land holdings whereby the people were unable to meet their expenditures from the income of rural land holdings. It also occurred when the people received good education and proper sanitation as a result of the health and education facilities, but did not have the jobs, houses and food of their choice.

He reported that with His Majesty's grace, 90 % of the people from all parts of the country had easy access to health facilities and 70 % to education facilities. The reason why more and more youth moved to the towns was because they felt that they would have the benefit of better jobs and living standards in the urban areas.

Although the Government had been aware from the very beginning of the problems that could arise from rural-urban migration and the importance of devising ways to stop such movement, it had not been able to frame laws to stop the rural people moving to the urban areas due to its unfeasibility. The Minister said that it was a known fact that the true purpose of the Royal Government's policies and development plans was to ensure the happiness, comfort and peace of all Bhutanese. Since the majority of the people in Bhutan lived in the rural areas, the plan budget had been spent in developing the rural and not the urban areas. This had earned the praise and admiration of donor countries for Bhutan for spending its budget on activities that would directly benefit the people.

The Minister informed that any policy framed by the Government was eventually for the welfare of the people. All the members were aware of the activities continued to the present day by the Government to provide development facilities throughout the country. He said that given the fact that 85 % of the population in Bhutan lived in the villages as opposed to 20 % in other countries, it would be impossible to stop the Bhutanese youth from migrating to the towns. However, in order to prevent rural-urban migration in large numbers, it was important not only to make rural facilities highly beneficial, but also make income generating schemes and opportunities widely accessible. He informed that in keeping with the rural development programmes, the Ministries and Departments had expanded hospitals and schools in the rural areas, besides continuing their efforts in cash crop activities, electricity supply, agriculture-related activities and construction of feeder roads.

As rural-urban migration could not be stopped completely, he underlined the importance of developing the towns in the different Dzongkhags so that the population in the two biggest towns, Phuentsholing and Thimphu, increased only marginally. This was the reason why the Government had secured funds from outside and placed emphasis on the provision of easy access to the necessary facilities in many Dzongkhag towns.

The Minister said that keeping in mind that the population migrating to the urban areas in the next five to six years was estimated at 50,000, it was important for the Government to come up with good policies to provide employment to the Bhutanese youth. However, as everyone was aware, the salaried civil service was limited. Therefore, it would be impossible for the Government to provide jobs immediately to all the youth. The solution to this issue lay in the expansion of commerce and industry that was presently underway. He said that if the private sector were strengthened, ten to hundred thousand people could be provided with jobs. Since Bhutan had an unlimited source of income from natural resources such as rivers, forests and minerals, the Government had been properly implementing the sound national policies. The Minister said that as efforts were being made to provide jobs to the youth, there was no need for the Assembly members to be worried about the matter.

All the economically powerful countries were dependent on their commercial and industrial sector. A country like the United States of America, which was powerful in every sense of the word, had only 20 % of its population living in the rural areas, of which no more than 5 % worked on the farms. In spite of this, it had been able to provide material, food and any kind of assistance to any country in the world where there was a need or a problem. This had all been possible because it had developed its commercial and industrial sector.

The Minister said that as the issue of rural-urban migration was important, it must be discussed thoroughly. In order to resolve the issue, it was also important to properly implement the population policy and programmes by balancing the country's resources and its population growth through a manageable population that does not adversely affect development.

With the increasing population growth rate of Bhutan, it was important for the master plan for town development to be prepared judiciously by incorporating the future needs. He said that the infrastructure and their location must be reviewed properly and be included, at all cost, in the master plan.

The Speaker reminded the Assembly members to consider that with regard to the people living and earning their livelihood in the various Dzongkhags, a resolution had been

passed during the 73rd Session of the National Assembly that allowed the rural people to live in any town of the 20 Dzongkhags.

Regarding the restriction of rural people migrating to the towns, the Speaker said that in view of the past resolution, there was no need to devise stronger measures. However, since the people had started migrating to the towns in large numbers, it had been generally agreed that it was important to concentrate on various means to reduce this migration. If the people were to totally vacate the rural areas and come to the towns, it would adversely affect the agricultural activities in the villages besides resulting in the shortage of housing, health, education and other facilities in the towns. In addition to all these problems, the Government was also aware of the possibility of some people engaging in activities against the *Tsa-Wa-Sum*.

The Speaker submitted that the equal and impartial development of social service infrastructure such as hospitals, schools, agriculture and animal husbandry, drinking water, roads, satellite towns, electricity and telecommunications in the various regions, Dzongkhags and villages had been the main goal of the Government. Therefore, the Government had accorded highest priority to the policies of improving the living standard and socio-economic development of the people, and programmes aimed at controlling the population growth rate. The Speaker said that the main subject of discussion was on providing development facilities to the people and increasing their incomes. This had been repeatedly commanded by His Majesty the King in the past and had accordingly been faithfully implemented by the Government to the present day. To fully realize the goal of Gross National Happiness envisioned by His Majesty, and to address the concerns raised by all the members of the Assembly, the National Assembly decided that it would suffice if the activities reported by the Government representatives were continued henceforth.

14. Resettlement

The Chimis of Umling, Doban, Kalikhola, Senge, Deorali, Hiley and Ninchula geogs under Sarpang Dzongkhag expressed their gratitude to the Royal Government for resettling landless people in their Dzongkhags. They also requested the Royal Government to continue the resettlement programme on vacant lands in the other geogs under Sarpang Dzongkhag. They reported that the resettlement programme had given the people of Sarpang Dzongkhag a sense of security from Ngolop terrorists and the militants.

The Chimis said that the resettlement programme, which was initiated by the Royal Government out of its concern for the landless people had greatly benefited the people and resulted in an improvement in their socio-economic well-being. They were keen to request for the resettlement programme to be continued in Sarpang Dzongkhag after having seen poor people under the earlier resettlement programmes become self-sufficient and observing how their presence in the Dzongkhag had also reduced the risk of terrorist attacks by the Ngolops, and destruction of crops by wild animals.

Similarly, the Dagana Chimi said that in order to grant land to the poor and landless people, His Majesty had initiated the resettlement programme in the southern Dzongkhags which had been of immense benefit to the landless people of all Dzongkhags. Not only had many new villages been established in the southern Dzongkhags, but the landless people in the resettlement areas were working very hard on the lands granted to them, as a result of which they were able to meet their basic necessities without any difficulty and enjoy many benefits.

He said that before the resettlement programme was implemented, the people living near the vacant lands in the southern Dzongkhags faced many problems from the Ngolops and wild animals. The implementation of the resettlement programme had not only benefited the landless people but it had also greatly strengthened the nation's security. The people in the resettlement areas had a greater sense of security from the Ngolops, the problem of crops damaged by wild animals had also reduced and development programmes were being implemented more effectively. The people, therefore, requested for the resettlement programme to be continued wherever there was suitable land in the southern Dzongkhags.

The Samtse Chimi expressed his gratitude to His Majesty the King for the resettlement programme in the geogs of Samtse, Ghumaoney, Nainital, and Chargarey in Samtse Dzongkhag. He said that besides benefiting the landless people, the resettlement programme had also brought about peace and security in the border areas.

The BCCI Chimi and the Paro Chimi pointed out that since Bhutan had very limited arable land and the nation's population was increasing every year, fragmentation of agriculture land was taking place and rendering more people landless. The resettlement programmes had greatly benefited the landless people and Tseri cultivators of all Dzongkhags for which the Chimis expressed their deep gratitude to the Royal Government. Noting that the ULFA and Bodo militants were hiding in the forests inside Bhutan they suggested that clearing the forests for resettlement of landless people would deprive the militants of their hideouts.

The Samdrup Jongkhar Chimi said that, as everyone was aware, the security of the Dzongkhag had suffered because people had emigrated and left the country for their own motives during the Ngolop problem in 1990-1992. This had allowed the ULFA and Bodo militants to set up camps in the Dzongkhag. He said that the implementation of resettlement programmes for Tseri cultivators and landless people would enhance national security and greatly benefit the country and the people. He requested the Royal Government to start the resettlement programme as soon as possible in Samdrup Jongkhar.

The Haa Chimi expressed his appreciation to the Royal Government for resettling the landless people living in the remote and rugged inaccessible terrain. While the hon'ble members had pointed out the benefits for national security in implementing resettlement programmes in the security affected areas, he cautioned that the concerned Dzongkhag Administrations would face problems if incapable people were resettled in their areas, even if the land given to them was suitable for cultivation. He suggested that a proper study of the people to be resettled should be carried out to ensure that they will benefit from the resettlement programmes.

The Home Secretary said that land was very important in Bhutan since 85 percent of the population was dependent on agriculture for their livelihood. He reminded the house that His Majesty the King had been continuously granting land to landless people ever since his ascension to the Golden Throne. His Majesty had started the resettlement programme in 1974 with the first phase in the southern Dzongkhags under the Sukumbasis programme with the grant of land to landless people. Since then there had been as many as 78 resettlement schemes in different parts of the Kingdom. Because of the repeated requests made by the Chimis from the southern Dzongkhags, since the 72nd Session of the National Assembly, the government had decided to continue resettling landless people on suitable land in the south through the resettlement programmes. The Chimis had submitted that fallow government land surrounding their villages had turned to forest and left them vulnerable to Ngolop attacks and their crops were being damaged by wild animals. As per the Assembly resolution on resettlement, His Majesty the King had formed the National Resettlement Committee chaired by the Home Minister. He expressed his appreciation to the Assembly members for their support for the resettlement programme.

Summing up the debate, the Speaker noted that, as submitted by the Sarpang Chimi, many Chimis from other Dzongkhags had also expressed their appreciation for the resettlement programme and requested for the programme to be continued since it had reduced the damage caused to crops by wild animals and provided security for the

villages from the Ngolops and the militants. He also noted the Home Secretary's report that the Royal Government had been implementing the resettlement programme in keeping with the resolutions of the National Assembly since its 72nd Session.

The National Assembly decided that the Kidu of the landless Bhutanese people and those dependent on Tseri cultivation must be solved without undue delay through the implementation of the resettlement programmes in keeping with the policies of the Royal Government and the resolutions of the past Assembly sessions.

XIII. THE PESTICIDES ACT OF BHUTAN, 2000

The draft of the Pesticides Act of Bhutan, 2000, was distributed to the Assembly members on 25 June 2000. Discussions on the endorsement of the Act began on 13 July 2000 as follows:

The Secretary of the Ministry of Agriculture informed that while the preparation of the draft of the Pesticides Act of Bhutan had begun from 1990, there had been no need to implement it since the country did not have to buy large amounts of pesticides and as the Government had been distributing pesticides to the people at subsidized prices. However, in keeping with the changes made in the country's policy and the developments in the country within the last ten years, the Pesticides Act had become important with the increasing number of people requiring and using pesticides. The Secretary informed that the draft of the Act had been prepared by the Ministry of Agriculture after discussions with officials of the concerned Ministries and outside experts.

In light of the policy of preserving the country's environment, the Pesticides Act was also important to stop the risk of the harmful effects that the widespread use of pesticides can have on the environment. As the private sector would henceforth be involved in the sale of pesticides, the Act was intended to provide rules and regulations for this.

The Secretary informed that the legislation of other countries prevented the sale of pesticides to a country that did not have a Pesticides Act. He said that the Pesticides Act had been prepared in order to prevent such a situation from arising, to ensure the proper care of pesticides without any harmful effects, to make it convenient to manufacture pesticides within the country, and to enable the private sector to differentiate between good and bad pesticides while distributing pesticides bought from outside within the country.

The Secretary said that the Pesticides Act had been prepared in accordance with the Ministry of Agriculture's policy of Integrated Pest Management. The objective of this policy was to prevent the damage caused by pests to the cultivation of horticultural and other crops by using the least amount of pesticides possible so that the country's development could be sustained.

The Speaker said that since the Acts were in draft form, the Acts would not be sent for printing until the few spelling and typographical errors in these drafts were thoroughly studied by the concerned Ministries. Therefore, it was not necessary for the members to discuss the suggested changes to these errors. He urged the members to keep in mind the interest of the nation and the welfare of the people while expressing their views and seeking clarifications on the draft of the Act, page-by-page and article-by-article.

On Article 18.1, the Bumthang Chimi said that he could not understand what the phrase **“or the Rules”** meant, as there were many rules in the country. He also said that there could be the risk of differences in interpretation of the word **“imprisonment”**. This was followed by submissions by many of the members who said that imprisonment was the highest penalty in the country. A lengthy debate ensued on whether it was proper to include this penalty in the Pesticides Act.

The Thimphu Dzongda said that although the word **“imprisonment”** had been discussed at length between some of the members, they had not been able to arrive at an agreement. Based upon his experience in law, he said that he had doubts about the provision for imprisonment. He added that the Ministry only had the power to impose fines, while imprisonment was a sentence that could only be passed by the courts. He said that depending upon the offence, the provisions for imprisonment were clearly outlined in the *Thrimzhung Chhenmo*.

In support of this, some members said that the manner in which the Pesticides Act was implemented could pose serious problems. They said that in the event a few people engage in harmful activities against the people and animals, the provision of imprisonment alone would not suffice. In general law, there were three different types of punishment, namely fines, compoundable and non-compoundable imprisonment. They said that there was a huge difference between compoundable and non-compoundable imprisonment. Therefore, they said that it was important to include the provision, **“compulsory imprisonment”** in the Act.

The Minister of Trade and Industry said that the different Ministries and Departments had prepared many Acts and submitted these to the Lhengye Zhungtshog. With the aim of studying the Acts, the Lhengye Zhungtshog had set up a Committee under the

Chairmanship of the Chief Justice comprising Royal Advisory Councillors from the Lhengye Zhungtshog and legal experts, which had held lengthy discussions. The Minister said that no reference to a specific Act was made in this Act because in keeping with the developments in the country, many Acts would come up and may also need to be amended from time to time. The process of amendment might lead to differences between the Acts of the different Ministries and Departments that would pose difficulties for the people. Therefore, the provision of **“imprisonment in accordance with the Law of the Land”** had been included in the Pesticides Act without a specific reference to any Act.

The Speaker suggested that Article 18.1 be re-phrased to read, **“A person, who commits an offence against this Act or the Rules, could be liable, on conviction, to imprisonment in accordance with the Law of the Land”**. This change was approved by the Assembly.

The Pesticides Act of Bhutan, 2000, was endorsed by the National Assembly on the Thirteenth Day of the Fifth Bhutanese Month of the Male Iron Dragon Year corresponding to 14 July 2000.

XIV. ENVIRONMENTAL ASSESSMENT ACT, 2000

The draft of the Environmental Assessment Act, 2000 was distributed by the National Environment Commission to the Assembly members on 25 June 2000. Discussions on the endorsement of the Act began on 14 July 2000 as follows:

While explaining the aims and importance of the Environmental Assessment Act, 2000, the Deputy Minister of the National Environment Commission informed that the good tradition of concern and respect for the environment continued to be followed. He informed about the age-old belief that epidemic would break out if the local deities of the clean snow-capped mountains, soil, rivers, and rocky hills were desecrated. While the environment had been protected through the religious belief of *Leyjumdrey* in the past, the scientists were now doing it through various effective methods. He said that since the ascension of His Majesty the King to the Golden Throne, His Majesty had repeatedly commanded that development should not be viewed only in terms of present comfort and earning revenue. Rather, the adverse effects of development on the environment of the country must be reduced as much as possible for the benefit of future generations. Since the peace and happiness of the country in the future was dependent on the way the

environment was protected, His Majesty had stressed the importance of protecting the environment, the implementation of which all the members were aware.

The Deputy Minister submitted that with the dawn of the new millennium, many countries had come to appreciate Bhutan's pristine environment and its traditions. He added that Bhutan was considered as a model and received praise during any meeting that she participated in. He reported that while the percentage of forest cover in many countries of the world was diminishing year after year, Bhutan's percentage of forest cover had risen from 60 % to 72 % within twenty-six years. Therefore, it had become necessary for the Government while regularly carrying out development activities, to shoulder the added responsibility of preserving the environment. In view of the importance of protecting the flora and fauna that existed in the fragile mountains of Bhutan, the Royal Government had been stressing and implementing the policy of sustainable development. The Deputy Minister informed that the eastern fragile mountains referred to by the scientists of other countries included the mountains in Bhutan and Nepal, and a few in India. Since the land had been blessed by the imminent luminaries of the past, different species of animals and plants inhabited it. Greatly impressed and appreciative of this, experts around the world considered Bhutan as one of the ten hotspots of the world which needed to be preserved. Therefore, the draft Act was an indispensable tool in achieving sustainable development by balancing environmental concerns with development.

As the framing of the Environmental Assessment Act was the first of its kind in the country, the Deputy Minister said that it was important for all the people to understand it properly. Therefore, taking into account the need to keep the Act simple and clear, it had been prepared in consultation with experienced experts from outside and two legal officers from the Royal Court of Justice.

The Deputy Minister informed that since the beginning of preparation of the draft Act in 1997, many workshops were conducted with the concerned Ministries and representatives of the private sector. It had also been thoroughly discussed during the National Environment Commission meeting in December 1999, and was, thereafter, presented to the Lhengye Zhungtshog on 1 May 2000. He informed that under 10 Chapters and 67 Articles of the Act, the procedures for giving environmental clearance, offenses and penalties, resolving environmental related disputes, and the power to use the Act in accordance with economic development, were clearly mentioned. He said that as mentioned in Article 1 of the Act, its main purpose was to assess the impact of plan approaches, programmes, and projects on the environment, to prepare policies and strategies to reduce these effects, and to maximize the benefits from the environment. The Deputy Minister reported that if the Act could be endorsed and implemented,

developmental activities would continue to proceed smoothly with the environment besides helping to achieve His Majesty's aspiration of Gross National Happiness.

He said that some members of the Assembly might be worried that if such an environment act were endorsed, it would completely obstruct development work. The people of all the twenty Dzongkhags had been repeatedly expressing their appreciation to His Majesty the King during past Assembly sessions for the development progress made so. He explained that the process of securing financial assistance and loans from other countries was made difficult by the donors' inclusion of environment aspects in the agreement. However, due to its pristine environment and good policies, Bhutan received assistance from the rich countries, and had received assistance for the Bhutan Trust Fund for Environmental Conservation, which had more than US \$ 30 million.

The Deputy Minister submitted that a key point that would come up during the discussions on the 9th Five Year Plan was the essence of the Environmental Assessment Act, namely environmental conservation or sustainable development, which was a new phrase coined by scientists. He said that the Act was aimed at promoting Bhutan's environment like the saying, "it is better to milk the brown cow than to kill and eat it".

The Speaker then started the discussions to endorse the Act page by page.

On Article 3, the Punakha Chimi suggested including the words **"...Day of the...Month of the...Year"**. As the members agreed to this, the Assembly resolved to rephrase the Article as **"It shall enter into force on theDay of theMonth of theYear"**.

On Article 29, the Paro Dzongda said that the expression **"on file"** was not necessary. As everyone agreed to this suggestion, the expression was removed and the article was rephrased to read **"Documents related to environmental clearances shall be kept at the office of the Secretariat or the competent authority and made available to the public upon request, as per established practice"**.

On Article 52, a Royal Advisory Councillor said that there was no need for the inclusion of this article in the Act. He said that the amount of fines could be fixed later while preparing the rules and regulations of the Fines Committee. If the National Assembly were to approve the amount of fines, it would be difficult to make changes. If the right of fixing the amount of fines were left to the Commission, it would be convenient to increase and decrease the penalties. He, therefore, suggested the deletion of Article 52, and rewording of Article 33.3 as **"Review and revise the amount of fines"** by deleting

the phrase “**under Article 52**” from it. As there were no objections, the Assembly resolved to delete Article 52 and rephrase Article 33.3 as suggested by the Councillor.

The Environmental Assessment Act, 2000, was endorsed by the National Assembly on the Thirteenth Day of the Fifth Bhutanese Month of the Male Iron Dragon Year corresponding to 14 July 2000.

XV. THE CIVIL AVIATION ACT OF THE KINGDOM OF BHUTAN,
2000

The draft of the Civil Aviation Act of the Kingdom of Bhutan, 2000, was distributed to the Assembly members by the Ministry of Communications on 25 June 2000. Discussions on the endorsement of the Act began on 14 July 2000 as follows:

The Minister of the Ministry of Communications informed that the Civil Aviation Act was prepared mainly because it was important to have aviation security in place. He reported that the Act had been implemented from 1990 after having been approved by the Lhengye Zhungtshog.

Since Bhutan’s aeroplanes had to fly to other countries, it was important to prepare an Act in view of the danger that it could have on these countries and in accordance with the requirements of the International Civil Aviation Organization. He reported that since the previous Act had missed a few points that had caused inconveniences during its implementation, he reported that the Act had been changed and submitted to the current session of the National Assembly for approval.

The Deputy Minister said that the main reason why the Civil Aviation Act of the Kingdom of Bhutan, 2000 needed to be approved was because there was an urgent need for regulations to be prepared to carry out and monitor aircraft work within the country.

He informed that while preparing the Act, the danger to other countries and all the issues that were important when operating within the country were emphasized. According to the Act, the authority to prepare regulations for operating aeroplanes had been given to the Ministry of Communications and the Department of Civil Aviation. Since the importance of civil aviation security and other important issues had been included in the Act, he requested the Assembly members to thoroughly discuss and approve it.

On the title of Article 3, the Punakha Chimi suggested that it be changed from “**Application**” to “**Power**”, it would convey a clearer meaning. As there were no objections, this change was approved by the Assembly.

On the titles of the different topics in the Act, the Chimi of the Bhutan Chamber of Commerce and Industry suggested changing the term “**Part**” to “**Section**”. This change was approved by the Assembly.

The Civil Aviation Act of the Kingdom of Bhutan, 2000, was endorsed by the National Assembly on the Thirteenth Day of the Fifth Bhutanese Month of the Male Iron Dragon Year corresponding to 14 July 2000.

XVI. THE SEEDS ACT OF BHUTAN, 2000

The draft of the Seeds Act of Bhutan, 2000 was distributed to the Assembly members by the Ministry of Agriculture on 25 June 2000. Discussion on the endorsement of the Act began on 17 July 2000 as follows:

The Secretary of the Ministry of Agriculture informed that the preparation of the draft Seeds Act had begun in 1998 in line with the seed policy of the Royal Government that was implemented in 1997. Earlier, since the seeds had been managed by the Government and distributed at subsidized rates with only a few people requiring these seeds, there had never been the need for an Act. However, the Seeds Act was now necessary as a result of the increase in the demand for seeds within two to three years.

After the establishment of the Druk Seeds Corporation, other countries such as Japan, Europe, New Zealand and Australia had started buying seeds from Bhutan. Since the quality of Bhutanese seeds was good, the export of seeds had provided a great opportunity to generate revenue for the country. As a member of the United Nations, it was also important for Bhutan to maintain the quality of its seeds at par with other countries. Having an Act would provide the country with the benefit of buying and selling quality seeds.

The Secretary reported that under the guidance of the Ministry of Agriculture, the draft Seeds Act had been prepared through discussions with the concerned Ministries and seeds experts. Having incorporated the suggestions and comments of the Council of Ministers and upon receiving their approval, the draft Act was submitted to the current session of the Assembly for endorsement. According to the policy of the Ministry of Agriculture, seeds which were not available in the country would be bought from outside and given to private individuals for increasing the production of these seeds and distributing them to the people. He informed that the Act clearly contained rules for the sale of seeds, procedures for certification, seed inspection, imposition of penalties, and enforcement of the rules. He, therefore, submitted that if the Assembly thoroughly discussed and endorsed the Act, it would help in improving the quality of Bhutanese seeds besides further increasing the productivity of the farms of the people.

On Article 15.2, the Punakha Chimi suggested that the phrase “**under this Act**” be changed to “**in violation of this Act**”. The Assembly approved this change.

The Seeds Act of Bhutan, 2000, was endorsed by the National Assembly on the Sixteenth Day of the Fifth Bhutanese Month of the Male Iron Dragon Year corresponding to 17 July 2000.

XVII. THE NEGOTIABLE INSTRUMENTS ACT OF THE KINGDOM OF BHUTAN, 2000

The draft of the Negotiable Instruments Act of the Kingdom of Bhutan, 2000 was distributed to the Assembly members by the Ministry of Finance on 25 June 2000. Discussions on the endorsement of the Act began on 17 July 2000 as follows:

The Finance Minister informed that as per the present international practice, financial transactions in written form had become more popular than financial transactions in cash. He added that Bhutan could face difficulties later on if it did not have a separate Act on this. He explained that financial transactions in written form between the bank and the receiver were done in three ways, namely promissory note, bill of exchange and cheque.

He reported that detailed procedures on monetary transactions had to be outlined in the Act because dealing with finance was a risky responsibility. The present situation in the country and Bhutan’s increasing trade with neighbouring and distant countries, year after year, urgently called for a comprehensive Act. Therefore, it might pose inconveniences for Bhutan if it did not have its own Act but instead relied on Indian legislation.

The Minister said that trade and commerce between countries anywhere in the world arose out of their mutual relations with each other. Therefore, trade regulations in many countries were almost similar. Except for a few articles, most of the articles in the Act were similar to those of other countries. In order to avoid difficulty in the future when Bhutan had trade relations and financial transactions with other South Asian countries, the Negotiable Instruments Act was prepared by basing it mainly on the legislation of India, Bangladesh and other South Asian countries. Although most of the Assembly members did not have to deal with the Act and would have difficulty in understanding some of its articles, the Minister informed that there would not be any problem for the

concerned organizations to comprehend it. He, therefore, submitted that if the Assembly approved the Act, the procedures for internal and external financial operations could be properly applied.

As was the practice, the Speaker asked the Assembly members to bear in mind the welfare of the people and the interest of the nation while expressing their views and seeking clarifications on each page and article of the draft Negotiable Instruments Act of the Kingdom of Bhutan, 2000.

On Article 4, the Finance Minister explained that the section “**Illustrations**” was included only as an explanation point for the members. He added that there would be no need for it once the draft Act was approved and its final version printed. The Assembly resolved to proceed as submitted by the Minister.

The Negotiable Instruments Act of the Kingdom of Bhutan, 2000, was endorsed on the Sixteenth Day of the Fifth Bhutanese Month of the Male Iron Dragon Year corresponding to 17 July 2000.

XVIII. THE COMPANIES ACT OF THE KINGDOM OF BHUTAN, 2000

The draft of the Companies Act of the Kingdom of Bhutan, 2000 was distributed to the Assembly members by the Ministry of Trade and Industry on 25 June 2000. Discussion on the endorsement of the Act began on 18 July 2000 as follows:

The Minister of Trade and Industry said that since commerce and industry were important for the socio-economic development of the country, the Companies Act of the Kingdom of Bhutan, 2000 had been prepared as an Act that was very essential and on which the commercial and industrial sectors could rely upon.

He explained that big businesses and industries in the country could only be set up by obtaining huge capital through the sale of shares to as many people as possible. He added that the capital of one or two persons could only set up small businesses and industries.

The Minister submitted that if many people invested in the business and industry, participated directly in business work, and enjoyed the benefits of the business, the country’s trade and economic benefits could be equally distributed to all the people and not just to a few. Since the Companies Act was prepared mainly to protect the interests of the company and the shareholders, he informed that the main points of the Act included the procedures to start a company, the requirements for starting a company, the procedures to run a company, and ways to solve the problems of the company.

The Minister said that as developing legislation for starting a company was very important for the promotion of business and industry, the Lhengye Zhungtshog had approved company regulations during its 102nd meeting in 1989. At that time, there were few companies, and the stock exchange system and the buying and selling of shares had not developed. He explained that the concerned agencies had prepared only a brief legislation so that it could be easily understood.

Within the past ten years, there had been a huge development in the economy and commerce of the country, and there were presently 119 registered companies in the country. With the further increase in buying and selling of shares, the Royal Government established the Royal Securities Exchange of Bhutan Limited in 1993.

After having deliberated on the objectives and the purpose of the Companies Act of the Kingdom of Bhutan, 2000, he reported that the company regulations of 1989 that had been used for the last eleven years, was revised by the drafting committee of the Ministry of Trade and Industry through exhaustive discussions with experts from outside, the concerned Ministries, and representatives of the private sector. As the country's businesses and industries would greatly benefit from the Act, the Minister informed that the Act had been reviewed by the Lhengye Zhungtshog and submitted to the Assembly for approval. He, therefore, urged the Assembly members to approve the Act after a thorough discussion on it.

The Speaker asked the Assembly members to bear in mind the welfare of the people and the interest of the nation while expressing their views and seeking clarifications on each page and article of the draft Companies Act of the Kingdom of Bhutan, 2000.

The Companies Act of the Kingdom of Bhutan, 2000, was endorsed by the National Assembly on the Seventeenth Day of the Fifth Bhutanese Month of the Male Iron Dragon Year corresponding to 18 July 2000.

XIX. SALES TAX, CUSTOMS AND EXCISE ACT OF THE KINGDOM OF BHUTAN, 2000

The draft of the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan, 2000 was distributed to the Assembly members by the Ministry of Finance on 25 June 2000. Discussions on the endorsement of the Act began on 19 July 2000 as follows:

The Finance Minister said that as everyone was aware, all the people were very grateful to His Majesty the King for developing Bhutan much more than before so that the people could enjoy peace and happiness. Since the domestic revenue generated amounted to less

than half the overall expenditure and could only cover the recurrent costs of the country, more than 60 % of Bhutan's plan budget was dependent on outside countries. The entire expenditure for major projects that did not fall under the Plan such as the Tala, Kurichhu and Basochhu Power Projects, were managed with external financial assistance. Although the domestic revenue was not enough to cover the plan budget and provide capital for the projects, many developmental activities continued to be financed from it. In addition, the planned programmes for the establishment of infrastructure such as the construction of roads, supply of electricity, construction of hospitals, schools and community projects would entail much more expenditure than before.

The Minister mentioned that the main source of domestic revenue for the country was the Chhukha Hydro Power Corporation. Stressing the importance of generating domestic revenue from multiple sources and not just from a single source, he added that it was very important for the people to pay as much taxes as they could. He explained that Bhutan's developmental expenditure had been met from the external assistance received so far, which, in fact, came from the taxes paid by the people to their own governments. He, therefore, submitted that if the taxes paid by the people of foreign countries were able to benefit the people of Bhutan, the Bhutanese people themselves should make an effort to pay even small amounts of taxes for their own peace and happiness. Although the overall revenue of Bhutan for the fiscal year 2000-2001 was projected as Nu. 4,210 million, the revenue from excise was not even 50 % of this amount. Going by the present trends in the world, the Minister said that the revenue from internal taxes amounted to almost 30 % of the national revenue whereas, in Bhutan, the revenue from internal taxes was less than 10 % of the national revenue. However, no matter how much taxes were paid in the other countries, there was no country like Bhutan that provided free and beneficial services to the people.

The Minister said that it was important for everyone to know how significant it is to pay taxes. Although many years had passed from the time that taxes were introduced in the country, and since there existed a proper tax system, the earlier Acts related to taxes had been approved by the Lhengye Zhungtshog and not by the National Assembly. As Bhutan's system had to conform to the systems of other countries, and since taxes were very important for the country, the Minister said that it had become imperative for the Assembly to approve the Act that had been prepared very clearly.

He reported that the Act had been prepared in discussion with the concerned Ministries, experienced legal persons, the Bhutan Chamber of Commerce and Industry, the private sector and various Departments, as well as by consulting outside experts. The earlier

procedures were also reviewed and three chapters on sales tax, customs and excise were included in the Act. As His Majesty the King had suspended the income tax, it was not included in the Act. He informed that the Act clearly mentions the rights of legislation, the working procedures, procedures for exempting the taxpayer, and the responsibilities of the taxpayer and the tax collector. Relevant clauses on penalties had been included in the Act. The highest penalty of imprisonment was not included in the Act as it would have to be dealt with in accordance to the civil and criminal codes. One new clause included in the Act was the setting up of Appeal Committees at the regional offices and head office of the Department of Revenue and Customs, and an Appeal Board at the Ministry of Finance to resolve related problems. He explained that the Appeal Board at the Ministry would comprise of five members, namely two from the Ministry, one from the Ministry of Trade and Industry, one from the Bhutan Chamber of Commerce and Industry, and one experienced person. He informed that there should be a minimum of three members present, with the presence of the representative of the Bhutan Chamber of Commerce and Industry being mandatory for the Committee to pass a decision. He said that the Committees at the regional offices would also function in a similar manner. He then urged the Assembly members to discuss the Act thoroughly and to pass a decision, following which discussions on the endorsement of the Act began.

PART I: SALES TAX ACT

On Article 6.2, the Chimi of the Bhutan Chamber of Commerce and Industry said that with regard to clause (a) **“Where Sales Tax is levied at the point of entry...”** and clause (b) **“Where Sales Tax is levied at the point of sale...”** it would be better to pay sales tax at the point of sale as desired by the business people. Since the only capital of the businesspeople were loans from the banks, one problem with levying sales tax at the point of entry would be when the items got broken and damaged. The business people faced the difficulty of having to wait until all their stocks were sold out to recover the capital that they had paid as tax. Similarly, as mentioned in clause (a), the transportation problems in the country would also result in an increase in the prices of essential food items. He, therefore, requested that even if sales tax were to be levied at the point of entry, it should be on the cost price.

In support, the Chimis of Punakha, Haa, Paro and the Mongar Dzongda said that levying taxes according to (a) could cause problems for the poor people. Although the agreement between Bhutan and India seemed to call for the exemption of taxes, they submitted that if sales tax needed to be collected, it should be done according to clause (b).

A Royal Advisory Councillor said that while the suggestion by the Chimi of the Bhutan Chamber of Commerce and Industry on clause (b) was good, he felt that difficulties might arise since most of the business people transacted in cash and only a few experienced ones actually transacted through receipts. Regarding the request made on

clause (a) for the Government to collect sales tax on the cost price by exempting the freight and insurance, he suggested that the Government check its feasibility and act accordingly.

The Chimi of the Bhutan Chamber of Commerce and Industry submitted that in any country, the practice of levying sales tax was only when goods were sold, and not when they were bought. He said that in accordance with the agreement between India and Bhutan, no customs tax needed to be paid for goods produced in India. If sales tax were to be levied at the point of entry on the insurance and freight, he expressed his doubts whether the customs tax was being recovered from the sales tax.

In response, the Finance Minister informed that although sales tax in other countries was collected at the point of sale, sales tax in Bhutan was collected at the point of entry owing to certain difficulties within the country. Although the Royal Government had given much thought to the issue of levying sales tax at the point of sale for the past few years, and held many discussions with business people, it had not been possible to do so due to the problems that could arise out of their inexperience in maintaining receipts. This was the reason why the collection of sales tax was done at the point of entry. The reason why both clauses (a) and (b) were included in the Act was that after implementing clause (a) for two to three years, clause (b) would be put to use. Once the business people acquired experience in maintaining accounts and receipts, it was the aim of the Government to implement clause (b) in the future.

Since the Royal Government had been consistently keeping in mind the welfare of the people, the Paro Chimi requested that clause (b) be implemented to enable the people to get business experience.

The Speaker asked all the Assembly members to carefully consider the request made by most of the members, including the Chimi of the Bhutan Chamber of Commerce and Industry, to implement clause (b), and the problems that the Ministry of Finance had reported that it would face in its work.

The Finance Minister informed that this would cause difficulty for both the Government and the private sector. He expressed his concern that the business people would face great difficulty in maintaining accounts and receipts of various income taxes. While the Government would also need to do much work, he added that it would not pose any problem if the above accounts and receipts were properly maintained. He said that for the time being, it would be better to implement clause (a) and that after two to three years, depending on the development of the capability and experience of the business people, clause (b) could be implemented.

The Chimi of the Bhutan Chamber of Commerce and Industry suggested levying sales tax as in clause (b) for wholesalers, and clause (a) for grocers and small vendors. On the issue of collecting sales tax at the point of entry, he once again requested that the tax be collected on the cost price by exempting the insurance and freight.

The Finance Minister submitted that if the members insisted on following clause (b), there would be difficulties in exempting the insurance and freight. Regarding the difficulty in reducing taxes on freight and insurance, he informed that His Majesty the King had repeatedly commanded that sales tax be imposed minimally on the cost price as the impact of this tax fell on the poor people. Accordingly, taxes were collected only on expensive items and exempted for all kinds of food items. However, he explained that if both the clauses were used, the people who would be mainly affected would be the business people who were less well off. He, therefore, suggested that it would be better for the Government and the private sector if clause (a) was used for two to three years after which clause (b) could be used.

The Chimi of the Bhutan Chamber of Commerce and Industry submitted that when clause (b) was implemented after two to three years, the total cost of insurance and freight would be included in it. He explained that during that time, there would not be any problem in increasing or decreasing the tax. If, however, sales tax was levied at the point of entry, there would be differences in the selling price as the business people would add their profit margin to it.

In light of the repeated submissions by the members and the responses by the Minister of Finance, the National Assembly resolved to delete the words **“insurance and freight”** from clause (a) and replace these with the word **“actual”**, so that Article 6.2 (a) would now read **“Where Sales Tax is levied at the point of entry, valuation shall be on the actual cost”**.

PART II: CUSTOMS ACT

The Finance Minister informed that anywhere in the world, customs duty was paid at the point of entry. According to the agreement between Bhutan and India, goods produced in India were exempt from customs duty. He explained that the reasons for levying customs duty was to augment the country’s revenue and to develop industries within the country by reducing the import of foreign goods. He said that there was a system of levying higher customs duty on imported goods that greatly affect domestic industries, and lower customs duty on those that pose little threats. He added that customs duty was levied to reduce the import of foreign goods into the country because when goods were brought

into a less economically poorer country, payment had to be made in foreign currency whose purchasing value was higher than the ngultrum.

He submitted that Bhutan's present annual income from customs duty was Nu. 58 million, which was a negligible amount when compared to that of other countries. He attributed the small income from customs duty to the cumbersome trade routes with countries, other than India, for importing goods in large quantities. Besides, he said that the customs duty at present existed only in name.

The Minister informed that the rate of customs duty was fixed by the Ministry of Finance and that customs duty for every item was calculated according to the rules. He said that the reason why the fixed rate of customs duty was not reported to the Assembly was because the procedures for levying customs duty should be able to change at any time according to the situation within the country, as well as in other countries.

He informed that according to the Act, there was a need to have a license for importing goods. In order to resolve this and the procedures for obtaining foreign currencies and the amount that could be withdrawn, proper regulations for providing import license were being discussed thoroughly between the Ministry of Finance, the Ministry of Trade and Industry and the Royal Monetary Authority. Procedures for easily obtaining foreign currencies from the Royal Monetary Authority were also being prepared.

PART III: EXCISE ACT

The Finance Minister said that although the practice of levying excise duty did exist in Bhutan, it had only been levied on liquor and soft drinks so far. According to the agreement between Bhutan and India, he said that if excise duty were levied on any Bhutanese product in India, it would have to be returned to the Bhutanese Government, and if excise duty had already been levied in Bhutan, it would have to be returned to the Indian Government. He reported that Bhutan received an excise duty of about Nu. 436 million annually through India. Since Bhutan was not able to establish large industries, he explained that not much was able to achieve regarding the excise duty. However, the Act had been prepared to facilitate implementation in the future according to the country's pace of development.

GENERAL PROVISIONS

On Article 1.1, the Pema Gatshel Dzungpa said that since the Income Tax Act was not approved by the Assembly, the phrase "**.....or under the provisions of the Income Tax Act,....**" might cause difficulty. He, therefore, suggested removing this phrase so

that the article would now read **“Persons engaged in commercial activities shall maintain books of accounts and documents in accordance with the Companies Act of the Kingdom of Bhutan or any other rules thereto”**. As there were no objections, this change was approved by the Assembly.

On Articles 13 and 14, the Punakha Chimi said that as submitted earlier by the Pema Gatshel Dzungda, the mention of **“Income Tax Act of Bhutan, 2000”** might also cause problems as the Income Tax Act had not been approved by the Assembly. In his response, the Finance Minister said that removing the phrase from the Act should not be a problem. Therefore, the Assembly approved this change.

The Sales Tax, Customs and Excise Act of the Kingdom of Bhutan, 2000, was endorsed on the Eighteenth Day of the Fifth Bhutanese Month of the Male Iron Dragon Year on 19 July 2000.

Resolutions applicable to all the Acts

1. During discussions on the endorsement of the Acts, the Punakha Chimi said that it would be better to include an **“Introduction”** at the beginning of all the Acts. As all the members agreed to this, the Assembly resolved that it was mandatory for all Acts prepared by the concerned Ministries and Departments to have an **“Introduction”**.
2. The Punakha Chimi said that as the Acts had been translated from Dzongkha into other languages, a special mention needed to be made that the Dzongkha version shall be considered the authoritative text in case of differences in meaning between the Dzongkha and other versions of the Acts. In support, the Chimi of the Bhutan Chamber of Commerce and Industry said that even if a special mention could not be made in each of the Acts, it would be better to mention it in one of the Assembly resolutions. The Assembly, therefore, resolved that if any differences in meaning occurred in the future between the Dzongkha and other versions of the Acts, the Dzongkha text shall be considered the authoritative text.

XX. EXPRESSION OF APPRECIATION

1. Expression of Appreciation to His Majesty the King for development activities

The people of Wangdue Phodrang expressed their appreciation to His Majesty the King who, at a very tender age, had to ascend the golden throne as the fourth hereditary King

of the Wangchuck dynasty to assume the full responsibility of the dual system of governance of the *Pelden Drukpa*. Ever since, His Majesty had aspired to attain the noble goal of Gross National Happiness for the people through a balanced spiritual and economic development. Since the enthronement of His Majesty, health and education services and coverage had been expanded, and infrastructure development such as air and surface transport, telecommunications, and electricity had been developed far beyond expectations. Development in agriculture and livestock had further enhanced the people's income and standard of living. In addition to the tremendous development achievements that had been made during the last twenty-five years, development activities like the supply of electricity, construction of feeder roads and establishment of the Agriculture Research Centre were undertaken for the people of Wangdue Phodrang as part of the celebrations of the Silver Jubilee of His Majesty the King's enthronement. The people of Wangdue Phodrang thanked His Majesty the King and prayed for His Majesty's long life and glorious reign.

The Gasa Chimi said that in consideration of the welfare of the people of the remote Gasa Dzongkhag, a BHU-Grade I had been established in Gasa. Furthermore, the establishment of a BHU-Grade II and a community school each at Laya and Lunana geogs would further promote the health and education of the people of Gasa Dzongkhag. The motor road that had been built from Tashithang to Damji was indispensable for the people's development and he expressed the hope that considering the welfare of the people, the Royal Government would extend this road from Damji to Gasa. On behalf of the people of Gasa, he expressed his gratitude to His Majesty the King and to the Royal Government for the various achievements that had been made on the plan activities within the past year.

The Trashigang Chimi submitted that since the enthronement of His Majesty, the fourth hereditary King, much progress had been made in every sphere of development throughout the country resulting in the unprecedented well being of the people. He said that of the 6,500 rural households that would receive electricity through the Kurichhu Hydro Power project, about 3,400 households were in the eastern Dzongkhags. This would provide immense benefits to the people of the remote areas for which the people were most grateful. Her Majesty the Queen, Ashi Dorji Wangmo Wangchuck, disregarding all difficulties and inconveniences, had recently visited the remotest geogs under Trashigang Dzongkhag. The people considered themselves most fortunate since this visit provided a unique opportunity to receive a personal audience with Her Majesty. Her Majesty had also contributed a monthly allowance for all the poor and vulnerable people. Such an act of benevolence could never be forgotten and was a clear indication of the immeasurable love of Her Majesty for the people.

He also added that in the interest of national welfare, the Royal Government had restored and established many Lhakhangs and Goendeys. In order to ensure peace and happiness in the country, Paro Taktshang, the sacred abode of Guru Rimpoche, the Guru Drolo statue at Yongla Goenpa and Khamsum Yuelley Namgyel Chhoeten at Punakha were newly built. For the welfare of the people of Merak Sakten, the Monk Body had established a Shedra for 35 students. On behalf of the general public, he expressed great joy and heartfelt gratitude for all of these.

The Chimis of Haa, Paro, Mongar, Bumthang, Samtse, Pema Gatshel and Chhukha said that Bhutan, as a country wedged between the two biggest and powerful countries of the world, had remained sovereign and independent since time immemorial and had never been under the domination of any country.

They said that it was the good fortune of the Bhutanese people to have a Head of State who embodied the knowledge of the three Buddhas and whose lineage extended to that of the gods. Out of his profound love for the people, His Majesty the King took over the wheels of the dual system of the *Pelden Drukpa* at a very young age, thereby sacrificing all the pleasures of youth. Since then, working day and night, His Majesty formulated many development plans and policies, which were all aimed at attaining self-sufficiency and Gross National Happiness for the people and the country. As a result, hospitals, schools, agriculture and veterinary services, roads, electricity, broadcasting and telecommunication facilities, and drinking water supply had been established in all parts of the country within a short span of time. They submitted that the people would never be able to erase from their memory the sense of happiness and gratitude that had resulted from these achievements.

The Chimis said that as Bhutan was a Buddhist country, its attention was not only confined to temporal matters but also extended to the prevalence of the Buddha Dharma for the well being of all sentient beings through the preservation and promotion of the monk body, Lhakhangs, Goendeys, and Dzongs. As a result of these profound developments in the service of the Buddha Dharma, the people had places to take refuge in, for both their present and future lives.

While the country was making rapid progress in socio-economic development within a short span of time, some mischievous people from southern Bhutan were paying for good deeds by the government with evil actions by engaging in anti-national activities against the country. However, due to the good fortune of His Majesty the King, the problem was resolved peacefully with the people not having to go through a difficult situation. His Majesty also took on the full responsibility of solving the present ULFA-Bodo problem

and was making frequent tours to the high security risk areas for which the people expressed their immense gratitude to His Majesty.

With unwavering faith and dedication, they expressed the hope and prayer of the people that His Majesty the King would live by the seven qualities of the Vajra till the end of time for furthering the welfare, peace and happiness of the people, and ensuring the development, independence and sovereignty of the country.

The Punakha Chimi said that under the reign of His Majesty the King, who was the true manifestation of the Bodhisattva and the precious prince of all beings in the Medicinal Land, the people of Bhutan, in general, and the people of Punakha, in particular, continued to derive benefit from His Majesty's tireless efforts in all spheres of development. Besides providing educational and other facilities, His Majesty had also made immense efforts in the preservation and promotion of Lhakhangs, Goendeys and monastic institutions all over the country to ensure the continuity and propagation of the Buddha Dharma. Further, in order to ensure peace in the country, the flourishing of the Buddha Dharma, and the long life of His Majesty, Her Majesty the Queen, Ashi Tshering Yangden Wangchuck had completed the Khamsum Yuelley Namgyel Chhoeten, which was a beautiful structure housing sacred *nangtens*. This had provided the world, in general, and the people of Punakha, in particular, a religious site where they could go to make offerings. The people of Punakha expressed their heartfelt gratitude for this and also hoped and prayed for His Majesty to remain eternal, with his noble deeds soaring high till the end of time.

The Speaker expressed his satisfaction and happiness over the expressions of gratitude and appreciation to His Majesty the King by all the Chimis one after the other. He said that as submitted by all the members, His Majesty, who was the manifestation of the being who had the ability to transcend the boundaries of time and whose lineage extended to the gods, had to take over the wheels of the governance of the great dual system of Bhutan from a very tender age. Since then, within two decades of His Majesty's reign, his unparalleled farsighted vision of attaining Gross National Happiness for the people had led to unprecedented achievements in health and education, agriculture, animal husbandry, roads, safe drinking water, telecommunications, broadcasting, surface transport, trade and power. These had not only provided tremendous benefits to the people that deserved gratitude, but were shining examples to the world at large.

Furthermore, Their Majesties the Queens had also made efforts to support His Majesty's endeavours to promote the welfare of the people, for which all the members of the National Assembly expressed their deep gratitude to His Majesty the King and the Royal family.

2. Expression of Appreciation to His Majesty the King

The Zhemgang Chimi submitted that in keeping with the Royal Command during His Majesty's visit to Panbang last year, the construction of the Dungpa's residence, helipad and the barracks for the Royal Bhutan Police personnel were now completed, while the work on the Nagtshang was nearing completion. On behalf of the public of Panbang, he expressed his heartfelt gratitude to His Majesty the King and the Royal Government for strengthening the security in Panbang Dungkhang.

The Secretary of the Ministry of Home Affairs said that the Ministry was very pleased with the expression of appreciation to His Majesty by the people of Panbang Dungkhang for the numerous construction works in Panbang Dungkhang. He said that since Zhemgang was a remote Dzongkhag, it was extremely difficult to implement development activities in the Dzongkhag. Besides the communication facilities in the Dzongkhag being very poor, the location of the Dzongkhag administration was set in a corner of the Dzongkhag, thereby making it extremely difficult for the people to reach the Dzong. He explained that in view of the difficulties faced by the people, Panbang was established as a separate Dungkhang for the welfare of the people.

He also said that since some of the geogs in the Dungkhang were very large, most of it could not be covered by the Dungkhang administration. Therefore, in 1999, Ngangla geog was segregated into the Ngangla and Goshing geogs, as a result of which there was no difficulty now in undertaking any developmental activity in the four geogs of Panbang Dungkhang. Due to the remoteness as well as the infertile land in some areas of the Dzongkhag, many farmers in Zhemgang had been resettled by the Government through the Resettlement Programme.

Since His Majesty had initiated numerous construction works in Panbang recently, the Dungkhang was making rapid progress. As the Dungkhang was in the security affected area where armed militants were present, it had become of utmost importance for the Dungkhang to have the necessary arrangements to provide basic security to the general public, as well as to the civil servants in the area.

He also said that since access to the Dungkhang was through the high security risk areas, it had been necessary to have a helipad in the Dungkhang, which was constructed at a cost of Nu. 2 million. This would help in providing security to the people of Panbang in case of a high-risk situation.

The Secretary further added that in order to provide safety to the officers and the security forces, a barrack for the Royal Bhutan Police was constructed at a cost of Nu.1.8 million. A quarter for the Dungpa was also constructed at a cost of Nu. 1.9 million and the ongoing construction of the Nagtshang was likely to cost Nu. 5.5 million. Despite the financial constraints faced by the Royal Government, numerous construction works had been initiated in the remote areas of Panbang to provide security and safety to the people. Therefore, it was befitting for the people of Panbang Dungkhag to express their gratitude to His Majesty for all of the above.

The Speaker noted the expression of appreciation by the public of Panbang Dungkhag to His Majesty the King who had visited their Dungkhag personally and initiated the construction of the Dungpa's residence, the Nagtshang, helipad, and a barrack for the police. He also noted the expressions of heartfelt gratitude by the members of the National Assembly to His Majesty for providing for the welfare of the people of Panbang.

3. Expression of appreciation for the construction of the suspension bridge over Sunkosh river

The Sarpang Chimi expressed his appreciation to His Majesty the King for the construction of a suspension bridge over the Sunkosh river. He said that earlier, the people had to cross the river by boat, which was very difficult and risky. The construction of this suspension bridge would be a great boon for the people of Kalikhola Dungkhag and for which they expressed their thanks to the Royal Government.

The Speaker noted that considering the special welfare of the people of Deorali and Nichula geogs of Sarpang Dzongkhag, His Majesty had initiated the construction of the suspension bridge across the Sunkosh river. The National Assembly also joined the people of Sarpang Dzongkhag in expressing their heartfelt gratitude to His Majesty for the immeasurable benefits that were being derived from the construction of this bridge.

4. Expression of appreciation for the construction of 14 kms feeder road from Dagapela to Emerey

The Dagana Chimi expressed deep gratitude to the Royal Government for constructing the feeder road from Dagapela to Emerey village. He said that this feeder road would not only facilitate easier access for transportation of cash crops like cardamom and oranges from the far-flung villages of Emerey and Dorona to Dagapela and immensely boost their economy, but would also directly benefit the people of the eight geogs of Trashiding, Suntoley, Goshi, Emerey, Dorona, Kana, Tseza and Khibesa as the route to Kalikhola, the nearest border town to India, also opens up in the future.

The Speaker noted the expression of appreciation by the public of Trashiding, Suntoley, Goshing, Emerey and Dorona to His Majesty the King for commanding the construction of 14 kms of feeder road between Dagapela to Emerey, of which about 8 kms had been completed. He also noted that this feeder road would provide immense benefits for commerce as well as other social services for the five villages under Dagana Dzongkhag. The members of the National Assembly also joined the public of Dagana in expressing their appreciation to His Majesty the King.

XXI. EXPRESSION OF APPRECIATION FOR THE RURAL LIFE AND HOUSE INSURANCE POLICY

The Chimis of Paro, Punakha and Samdrup Jongkhar submitted that out of His Majesty's deep concern for the welfare of the people, he had enhanced the compensations under the Rural Life and House Insurance schemes from January, 2000. This increase in the compensations had greatly helped the people during times of bereavement in the family, as well as the loss of lives and properties during natural calamities. The people expressed their deep appreciation and gratitude to the Royal Government for increasing the compensations under both the Rural Life and House Insurance schemes as desired by His Majesty.

The Chimis of Thimphu, Tsirang and Haa said that within 25 years since His Majesty's ascension to the Golden Throne, tremendous progress had been made in the country. As no one could escape death, the enhancement of compensations under the Rural Life and House Insurance schemes had benefited everyone. While expressing their heartfelt appreciation to His Majesty for this, they also expressed their hope and prayer that henceforth, His Majesty, the Ministers and the people, working together in harmony, would bring about even greater peace in the country. They wished His Majesty a long life and for his deeds to flourish so that the people could continue to live in peace and happiness.

The Gasa Chimi said that the substantial increase in the compensations under the Rural Life and House Insurance schemes from 1st January 2000, had provided tremendous benefits to the people by easing one of their major problems. While the damages by natural calamities like earthquakes and storms had not been covered under the House Insurance scheme earlier, they were now included in the scheme. On behalf of all the people, he expressed his heartfelt gratitude to His Majesty the King for taking into consideration the welfare of the people.

The Trashy Yangtse Chimi said that His Majesty the King had ascended the Golden Throne to assume the full responsibility of governance of the dual system of the *Pelden Drukpa* even before attaining the age of 18, and foregoing all the pleasures of youthful activities. Since then, through His Majesty's unparalleled wisdom and noble deeds, the hospitals, schools, Rigney Institutes, agriculture and animal husbandry services were provided free of cost in order to raise the socio-economic condition of the people during the 26 years of his reign. As a result of these, the income and the living standards of the people of Trashy Yangtse had greatly improved. Furthermore, because of the generous funds provided by the Government, the renovation work of the Lhakhangs of Gomphu Kora and Chhoeten Kora, which had been blessed as the Hidden Paradise by the imminent luminaries of the past for the well being of the Buddha Dharma and sentient beings, had been successfully completed.

He said that the introduction of the Rural Life Insurance scheme had greatly helped the families of the deceased in dealing with the burden of funeral rites. Moreover, the amendment of the Rural House Insurance scheme, which now covered many natural calamities, had also greatly helped the rural people in overcoming difficulties caused by the destruction of their homes. On behalf of people, he expressed his deep gratitude to His Majesty the King for the enhancement of the Rural Life and House Insurance schemes.

The Bumthang Chimi expressed appreciation on behalf of the people of Bumthang to His Majesty the King and the Royal Government for revising the Rural Life Insurance benefits from Nu. 1,500 to 10,000 and the Rural House Insurance benefits to Nu. 100,000 for permanent houses, and Nu. 40,000 for semi-permanent houses. He said that this had greatly benefited the people in meeting the expenditure of cremation rites and in rebuilding houses damaged by fire and other natural calamities.

The Lhuentse Chimi said that the people of Lhuentse were most grateful to His Majesty the King and Their Majesties the Queens for coming to their Dzongkhag to celebrate the 92nd National Day with them on 17th December, 1999. The increase in compensations under the Rural Life and House Insurance schemes had helped to solve the difficulties faced by the affected families during times of death in the family and destruction of houses by fire and natural calamities, for which the people of Kurtoe expressed their heartfelt gratitude. Despite the difficulties posed by the lack of a motorable road during the visit, the Royal Family had visited Dungkhar Nagtshang, the place of His Majesty's great great grandfather, Jigme Namgyel, to offer prayers and to assess the problems of the people there. He said that the people would never forget this visit. Though it was not appropriate to request His Majesty and the Royal Family to visit their ancestral land in Kurtoe time and again due to the lack of a motorable road, the Chimi said that the people

of Kurtoe hoped that His Majesty and the Royal Family could make frequent visits to Kurtoe for the benefit of them all.

The Mongar Chimi said that due to the blessings of the Triple Gem and the good fortune of the people, Bhutan had been blessed with a successive line of Kings who had initiated series of development programmes for the welfare of the people and the country. In particular, through his love and affection for the people, the present King had initiated numerous activities for the socio-economic development of the country. As a result of this, the people and country continued to enjoy peace, happiness, security and sovereignty for the last 26 years.

He added that the enhancement of the benefits under the Rural Life and House Insurance schemes earlier this year by His Majesty the King was meant to provide additional assistance to the affected people during times of death in the family and destruction of their houses. The people of Mongar thanked His Majesty the King although their gratitude would never be enough even if they kept thanking His Majesty for two lifetimes.

The Chimis of Samdrup Jongkhar, Pema Gatshel, Dagana, Samtse, Chhukha, Trashigang, Haa, Sarpang and Zhemgang said that His Majesty the King had continually worked for the benefit and well being of the people. During the celebration of the 92nd National Day, His Majesty had enhanced the compensations under the life insurance from Nu. 1,500 to 10,000, which had helped a great deal in overcoming the difficulties faced by the people during times of death. Similarly, damages to houses by landslides and storms, which were not covered in the House Insurance scheme earlier, had now been included under the scheme. This had greatly helped the people in reconstructing their houses without much difficulty when their houses were damaged by natural calamities. They said that even if the gems collected from the three realms of the universe were offered to His Majesty, it would not be adequate to fulfil the gratitude of the people.

They said that through his unbiased consideration of the welfare of the people living in all parts of the country, His Majesty had constantly strived to achieve the policy of attaining self-sufficiency in the country. While His Majesty had achieved unprecedented developments for the country that had earned admiration, not only from within the country, but also from the outside world, the emergence of a crisis had posed a grave threat to the security and sovereignty of the country. Despite great risks to his own personal safety, His Majesty had continued to engage himself in finding a lasting solution to the problem for which they expressed their deep gratitude. Furthermore, they submitted that Their Majesties the Queens and the Crown Prince, Dasho Jigme Khesar

Namgyel Wangchuck had assumed important responsibilities for the welfare of the country and people. They also submitted that out of love and affection for the people, Her Majesty the Queen, Ashi Dorji Wangmo Wangchuck, had visited the far-flung areas of Khenrig Namsum despite the difficulties of transportation. Her Majesty had visited the villages on foot and provided clothes, agricultural tools and vegetable seeds to the needy people. They expressed their gratitude for this as it was of great help to the people.

The Chimis said that His Majesty and the Royal Family had been the generous patrons for the preservation and promotion of the Buddha Dharma, in general, and the monk body, Shedras and Drubdeys. Through the development of these institutions, they hoped and prayed that His Majesty and the Royal Family would win over the enemies of the outer, inner and secret adversaries to extend their domain over the largess in the three realms of the universe, and that through the blessings of the Dharma, the sun of peace and prosperity would continue to shine on the country.

The Home Minister said that His Majesty the King had always been concerned about the welfare of the people, especially during times of the death in the family, as well as the loss of lives and properties during natural calamities. Therefore, on His Majesty's Command, the Royal Government had instituted two types of Rural Insurance schemes for the benefit of mainly the rural people since the 1970s.

He explained that the two types of Rural Insurance schemes were the Rural House Insurance scheme covering any loss of property during natural calamities such as fire, flood and earthquake, which was managed by the Royal Insurance Corporation of Bhutan on behalf of the Royal Government, and the Rural Life Insurance scheme, which was managed by the Ministry of Finance and paid upon the death of a person to the next immediate family member, mainly to cover cremation and other religious rites after death.

However, he said that the compensations under both the Rural Insurance schemes had not been revised for the past several years and had, therefore, become grossly inadequate to provide the necessary relief as originally planned. During the National Day celebrations in Lhuentse last year, His Majesty had commanded the increase in the compensations payable under both the Rural Life and House Insurance schemes.

Rural House Insurance Scheme

The Minister reported that the payable compensation of Nu. 30,000 against an annual token premium of Nu. 30 for the houses of Category I under the old Rural House

Insurance scheme had now been increased to a payable compensation of Nu.100,000 against an annual token premium of Nu. 150 under the new scheme. Similarly, the payable compensation of Nu. 12,000 for an annual token premium of Nu. 19 for the houses of Category II under the old Rural House Insurance scheme had now been increased to a payable compensation of Nu.40,000 against an annual token premium of Nu. 60 under the new scheme.

He said that the Rural House Insurance scheme, which had covered only three risks so far, namely, fires, floods and earthquakes, had now been extended to cover two additional risks, namely, landslides and storms.

He informed that the total annual premium collected from the Rural House Insurance scheme was grossly inadequate to cover the total compensations paid for houses affected by the five risks. Last year alone, the Royal Government had to refund a sum of Nu. 3.8 million to the Royal Insurance Corporation of Bhutan as a subsidy for the difference between the compensation payable and total premium collected for the rural houses.

Rural Life Insurance Scheme

The Minister reported that the payable compensation of Nu. 1,500 against an annual token premium of Nu. 15 under the old Rural Life Insurance scheme had now been increased to a payable compensation of Nu.10,000 against an annual token premium of Nu. 30 under the new scheme. He also reported that all Bhutanese citizens, 8 years and above, had to be covered by the Rural Life Insurance scheme.

He informed that the annual premium collected from the Rural Life Insurance scheme was also found to be grossly inadequate to cover the total compensations paid at the time of death. The difference was subsidized by the Royal Government, which amounted to Nu. 28.6 million last year alone.

The Minister said that both the Rural Life and House Insurance schemes had now been extended to all Bhutanese citizens in all the 20 Dzongkhags. In this connection, he said that it might be recalled that during the 34th Session of the National Assembly, some of the Chimis from southern Bhutan had expressed their reluctance on the introduction of the two schemes since they felt that very little funeral expenses were incurred during the death of persons in southern Bhutan. Therefore, the National Assembly had left it to the respective Dzongkhag Yargye Tshogchhungs to decide on the introduction of the Rural Life Insurance schemes. Accordingly, the southern Dzongkhags, as well as Zhemgang Dzongkhag, due to some inconveniences, had decided not to introduce the insurance

scheme. As a result, the people of these Dzongkhags had missed out on all the benefits of the Rural Life Insurance scheme for many years.

He said that the people of all the 20 Dzongkhags were subjects of one country and of His Majesty the King and, as such, should equally benefit from schemes like the Rural Life and House Insurance schemes. It was a happy moment to know that even the above-mentioned Dzongkhags that did not want the insurance schemes earlier had now decided in their Dzongkhag Yargye Tshogchhungs, to introduce both the Rural Life and House Insurance schemes. This was exactly what the Government wished at the time of receiving the Royal Command last year to increase the compensations payable under the Rural Insurance schemes. He said that more than any other services like roads, health, education, and electricity, the Rural Life and House Insurance schemes would benefit people faced with deaths in the family or when everything was lost along with the house due to fires, earthquakes, floods, landslides and storms. Therefore, it was most appropriate for people from all walks of life from the 20 Dzongkhags to feel overwhelmingly grateful to His Majesty the King for substantially increasing the compensations payable under the Rural House and Life Insurance schemes.

The Finance Minister said that it was a matter of great satisfaction to note the expressions of heartfelt gratitude by the Chimis of the 20 Dzongkhags to His Majesty the King for further enhancing the compensations payable under the Life and House Insurance schemes.

He said that although Bhutan was a small country with limited resources, the Royal Government bore huge losses in looking after the welfare of the people. With the increase in the compensations, higher premiums were collected from the people. However, due to the substantial increase in the compensations payable, the Royal Government had to pay additional subsidy for claims arising out of the two schemes, which were estimated to be over Nu. 25 million for a year.

He noted that while His Majesty the King continued in his unwavering efforts to look after the welfare of the people, the people had also always responded by expressing their genuine appreciation and gratitude. He expressed his hope and prayer that the Royal Government would continue to serve the people and fulfil their needs. He also expressed his hope and prayer that His Majesty the King, the Ministers and the people would live in harmony as long as the Goddess of Life and enjoy Gross National Happiness until the end of time.

The Speaker said that His Majesty the King, who was the manifestation of a Bodhisattva, had established numerous comprehensive programmes for the present and future well being of the people. Taking into consideration the fact that it was during times of death and loss of their houses that the people faced the most difficulties, His Majesty had commanded the increase in the compensations payable under the Rural Life and House Insurance schemes during the celebration of the 92nd National Day in Lhuentse last year. He added that this had benefited the people, in general, and the poorer people, in particular, for which all the people had expressed their heartfelt gratitude to His Majesty. The National Assembly also joined the public in expressing appreciation to His Majesty the King with deep respect of body, speech and mind for enhancing the compensations under the Rural Life and House Insurance schemes. Concluding the discussions, the Speaker expressed his hope and prayer that His Majesty the King, Their Majesties the Queens, and the Royal family would live as long as the Goddess of Life and that their deeds would progress like the waxing moon and remain as the protector and refuge of the people till the end of time.

XXII: ELECTION OF SPEAKER

Opening the deliberations on the election of the new Speaker, the Speaker said that although the members of the National Assembly were already aware of the contents of the Chathrim for the Speaker of the National Assembly, 1996, a copy of the Chathrim was distributed to all the members in the afternoon of 21 July 2000 for clarification of doubts, if any. He reminded the members that under Clause 2.1 of the Chathrim, it was specified that the Speaker should be elected from amongst the members of the National Assembly by consensus. However, Clause 2.2 of the Chathrim specified that in the event there was no consensus among the members, the Speaker should be elected by secret ballot. He said that since the Speaker was a person who would conduct the proceedings of the highest forum where matters of great importance to the country were deliberated, an efficient Speaker who could shoulder the responsibilities of the National Assembly must be elected. He called upon the members to have a thorough deliberation on whether the election should be based on Clause 2.1 or 2.2 of the Chathrim.

The Royal Advisory Councillors, Chimis of Trongsa, Paro, Wangdue Phodrang, Punakha, Mongar and Bumthang, Haa, Chhukha, Samdrup Jongkhar, Lhuentse, Samtse, Dagana, Thimphu, Trashis Yangtse, representative of the Monk Body, submitted their views regarding the election of the new Speaker. They said that the National Assembly was the highest forum in the country where the legislation, policies and matters of national importance of the country were formulated and deliberated upon. It was, therefore, of utmost importance for this body to have a Speaker who was highly

knowledgeable, competent, patriotic, conversant with the ways of the *Pelden Drukpa*, and who understood government policies and the people's welfare. It was, therefore, submitted that after close consultations among the members, they had unanimously agreed to elect the present Deputy Speaker, Dasho Ugen Dorje, as the new Speaker.

They said that Dasho Ugen Dorje had, from his childhood, been engaged in the service of the *Choeje Drukpa*. He had not only seen the difficulties faced by the poor and the luxuries enjoyed by the rich, but had also experienced the realities of life and witnessed the socio-economic developments and political changes in the country. Furthermore, he understood the ways of other countries and also had a broad perspective for solving problems. It was because of such qualities that he was elected as the Deputy Speaker two years ago by obtaining the highest number of votes from amongst the four contestants for the post.

On behalf of the members of the Assembly, they expressed their appreciation and gratitude to Lyonpo Kunzang Dorji for carrying out the duties of the Speaker to the best of his abilities during the past three years without any shortcomings. They said that at the end of his tenure as the Speaker, there were many capable candidates who were eligible for the post of the Speaker from amongst the representatives of the Government. However, since these officials had to perform many duties related to their responsibilities, they would face inconveniences in shouldering the full responsibilities of the Speaker. Therefore, they said that the members of the National Assembly should decide by consensus to elect the incumbent Deputy Speaker as the Speaker in accordance with Clause 2.1 of the Chathrim for the Speaker of the National Assembly, 1996.

His Majesty the King intervened at this stage to state that although the members had made known their thoughts to the National Assembly in very clear terms, it was possible that there were some members who felt differently on this issue. He stated that whether there was only one candidate or more for the post of Speaker, it would give full satisfaction to the members if they were given an opportunity to indicate their preferred choice. His Majesty, therefore, urged the members to decide on electing the Speaker through secret ballot in accordance with Clause 2.2 of the Chathrim, instead of Clause 2.1. Otherwise, the views expressed in the National Assembly today by some of the members on the election of the Speaker might differ from what they would express elsewhere after the Assembly session. This, His Majesty stated, would undermine the credibility of the National Assembly.

The Dzongdas of Trongsa and Chhukha, Chimis of Wangdue Phodrang, Samdrup Jongkhar, Trashigang, Paro and Thimphu, and the *Kalyon* expressed their profound

gratitude to His Majesty the King for commanding that the election of the Speaker be conducted strictly in accordance with the Chathrim for the Speaker of the National Assembly, 1996, and that the right choice of the Speaker be made to the fullest satisfaction of all the members through the casting of votes. They reaffirmed the submissions made earlier by the other members that there was a consensus among all the members to elect the incumbent Deputy Speaker as the Speaker in accordance with Clause 2.1 of the Chathrim. They said that there was no reason why the members should express views outside the House that were contrary to what they had submitted in the National Assembly since Dasho Ugen Dorje was elected as the Deputy Speaker through secret ballot two years ago because he had the necessary experience and capability. Keeping in mind the fact that he had by now gained full experience in the procedures of the National Assembly and the roles and responsibilities of the Speaker, they reiterated that a decision had been reached to elect the Deputy Speaker as the Speaker.

Several members had also submitted that all the members of the National Assembly were content with the Deputy Speaker's candidature for the post of Speaker. Therefore, since no other candidate had been identified, they proposed that the Speaker be elected in accordance with Clause 2.1 of the Chathrim. They said that since their submission did not contradict the Chathrim, they did not see any reason to go for secret ballot as contained in Clause 2.2 of the Chathrim.

The Speaker said that while the points submitted by the members were all genuine, it was of utmost importance to delve into the views of unanimity to extract their true essence, as there were many people with different views in such a congregation. Although there was a consensus among the members to elect the Deputy Speaker as the Speaker, it would not make any difference even if the House decided to elect the Speaker through secret ballot as per the Command of His Majesty the King.

The Chimis of Zhemgang, Tsirang, Haa, Gasa and Pema Gatshel, the Secretary of the Ministry of Trade and Industry, and the Royal Advisory Councillors submitted that no member from any of the 20 Dzongkhags, nor any representative of the Monk Body and the Government had expressed a difference of opinion on the candidature of the incumbent Deputy Speaker for the post of Speaker. Therefore, as submitted by the Speaker, even if a secret ballot took place, the members, who had verbally nominated the Deputy Speaker as the candidate for the post of the Speaker, would not act contrary to their words during the time of the secret ballot since they were all responsible people who had been elected to the National Assembly through a process of selection. As the election of the Deputy Speaker was a foregone conclusion, the secret ballot would only be a waste of time. They said that to reaffirm their confidence in the above submissions that were

made through the concord of both words and deeds, they were even ready to invoke the intervention of the gods.

The Speaker said that there had been prolonged discussions on the election of the new Speaker of the National Assembly since the morning. During the discussions, the members of the National Assembly had, one after the other, submitted that the Deputy Speaker, Dasho Ugen Dorje, be elected as the Speaker through unanimous consensus as per Clause 2.1 of the Chathrim of the National Assembly, 1996. Furthermore, with the capability and experience of the incumbent Deputy Speaker, he had all the qualities to shoulder the responsibilities of the Speaker. To this extent, the members of the National Assembly remained firm and united in reiterating their unanimous decision. Therefore, the Speaker proclaimed Dasho Ugen Dorje as the Speaker of the National Assembly, and offered Dasho Ugen Dorje the Tashi Delek of the members of the National Assembly. With this, the discussions on the election of the Speaker were concluded.

XXIII. CONCLUDING CEREMONY

During the Tashi Moenlam ceremony at the conclusion of the 78th Session of the National Assembly, the Speaker said that due to the wise and candid views of His Majesty the King and the members of the Assembly that laid emphasis on both the present and future welfare of the country, the 78th Session had been successfully concluded. He expressed his heartfelt gratitude to His Majesty the King and to all the members of the National Assembly on the occasion of the concluding ceremony of the National Assembly.

The Speaker said that based on the report submitted by the Chairman of the Lhengye Zhungtshog on the achievements made by the Government during the past one year, the report on the National Budget submitted by the Finance Minister at the beginning of the session, and through the discussions on other agenda items, it was clear that unbelievable progress had been made in the country under the leadership and guidance of His Majesty the King. Progress had been made in the preservation and promotion of the Buddha Dharma, the age old traditions and culture of the *Pelden Drukpa*, socio-economic development, including private sector development, establishment of government and private industries, and the enhancement of domestic and foreign trade. He added that while the people of Bhutan remained the least taxed in the world, the domestic revenue had continued to meet the recurrent costs. Besides the growth in GDP and foreign exchange reserves, it was reported that the country had made much progress in the area of Good Governance and its foreign relations. All these were an indication of the realization of His Majesty's sublime vision of Gross National Happiness. For this, the Speaker expressed profound gratitude on behalf of the people to His Majesty the King.

However, while the Government and people of Bhutan were peacefully striving to achieve material and spiritual development, the ULFA and Bodo militants posed a grave threat to the sovereignty and security of the country. The Speaker said that such a situation had never occurred in the history of Bhutan. These armed militants had illegally set up their bases in the forests in Bhutan where they were conducting training activities. Their refusal to leave the country had caused undue concern and distress to all the people of Bhutan. Therefore, the current session of the National Assembly had to have prolonged discussions on the issue of removing these militants from Bhutanese territory. The Speaker said that since the militants had gone against the Indian Government, they had been chased away by the Indian army. They had entered Bhutanese soil and were now refusing to leave the country. This, he said, would not only jeopardize the age-old friendship and goodwill between the peoples of Bhutan and the Indian State of Assam, but would also seriously undermine Indo-Bhutan relations. He said that the false allegations made against the Royal Government in the Indian newspapers, namely that it was providing support to the militants, merely reflected the vested political interests of some people, which Bhutan condemned. He also noted the suspicions expressed by many members of the National Assembly that it was from within India itself that the militants were receiving support.

While the ULFA and Bodo militants were using Bhutan as a hiding place, the Speaker said that as everyone was aware, only the Government of India would be able to solve this problem since it involved a dispute between the Indian Government and the militants. The main reason for grief amongst the Bhutanese was the fact that this problem unjustifiably posed a grave security threat to Bhutan.

The Speaker said that because of the high risk posed by the ULFA and Bodo militants to the sovereignty and security of the country, the entire responsibility for removing the militants from Bhutanese soil had been entrusted to His Majesty during three consecutive sessions of the National Assembly, including the current session. It was a matter of great satisfaction to note the pledges of support made by the people in terms of whatever material and human resources were required, and their readiness to join the militia even if it cost them their lives.

The Speaker further added that if the problem of the militants could not be resolved through peaceful means, the enforcement of the decision of the National Assembly to undertake military action would have adverse effects, not only on the Bhutanese people but also in the implementation of the development plans and activities. However, he said that no one could afford to compromise on the risks posed to the security and sovereignty

of one's country. He expressed his hope and prayer that with the blessing of the guardian deities, the farsighted leadership of His Majesty the King, the pledges of support made by every Bhutanese, and the capability of the security forces backed by their unwavering loyalty and dedication, the problem of the militants would be resolved without delay.

He stressed that it was most important for the members to explain the resolutions of the National Assembly very clearly and without any delay to the people. In this respect, the Secretariat of the National Assembly would extend its assistance to the members. It was also of utmost importance for the concerned Department and sector heads of the Government and the private sector to quickly explain the resolutions of the National Assembly to their staff and to the people to make everyone abide by the resolutions.

Before concluding his remarks, the Speaker said that through the great trust bestowed upon him by His Majesty the King and the members of the National Assembly, he was elected to the post of Speaker of the National Assembly in June 1997. With the conclusion of the 78th Session of the National Assembly, he had completed his three-year tenure. The election of a new Speaker on 24 July 2000 was a matter of great satisfaction for all the members of the National Assembly.

He said that although he possessed no special abilities, he had been granted the continued trust and support of His Majesty the King, and had also received the full cooperation and good wishes of the representatives of the Monk Body, the Government, and the people during his tenure as Speaker. While he could not make any outstanding contributions, he was able to fulfill the duties of the Speaker without any shortcomings as a result of the above. He said that it was an unforgettable experience to have had the opportunity to serve as the Speaker and for which he was deeply grateful to His Majesty the King and all the members of the National Assembly.

Similarly, he expressed his appreciation to the Deputy Speaker, the Secretary, the officials and the civil servants of the Secretariat of the National Assembly for the continued love and affection bestowed upon him, and for carrying out their responsibilities to the best of their abilities and providing him with unwavering cooperation and support.

The Speaker offered his Tashi Delek to Dasho Ugyen Dorji who had been elected with the full confidence of the members of the National Assembly as his successor. He expressed his hope and prayer that Dasho Ugyen Dorji would successfully carry out his responsibilities and provide excellent service to the Royal Government and people of Bhutan, and further enhance the credibility of the National Assembly.

Finally, the Speaker offered the prayers of the National Assembly for the long life of His Majesty the King, for the fulfillment of his endeavours to bring peace and happiness to the people of Bhutan, and for the glorious reign of the *Pelden Drukpa* to flourish ever more. On this note, the 78th Session of the National Assembly concluded with the *Serdang* on the morning of the Twenty-fifth day of the Fifth Bhutanese Month of the Male Iron Dragon Year corresponding to 26 July 2000.

July 26, 2000

Sd/-
Lyonpo Kinzang Dorji
Speaker
National Assembly of Bhutan

Annexur 'A'

Introduction

The Ministry of Finance has the privilege to present the Financial Year 2000-2001 Budget and the Report on the Financial Year 1999-2000 Budget to the honourable members of the National Assembly.

The 1999-2000 Financial Year has been a landmark year with kingdom-wide celebrations of the 25 years Golden Reign that will be remembered for a long time. The Government initiated numerous activities as part of the celebrations to address issues of concern that have always been close to His Majesty's heart, particularly in the areas of corruption, efficiency and effectiveness of the government, and decentralization. These initiatives are already under various stages of implementation. It is hoped that the implementation of these activities will further the cause of ensuring a government that is efficient, responsive and just. The Government remains fully committed to making necessary changes and taking initiatives to meet the needs of the people and the aspirations of His Majesty.

We would like to inform the honourable members that the Mid Term Review of the Eighth Five-Year Plan (8FYP) has been completed. The findings of the review revealed that most of the investment programmes for the 8FYP are under implementation. On average, funds utilization was around 40 % of the original outlay for the 8FYP of Nu. 30,000 million (m). It may be clarified that while provisions are maintained in the annual budgets for the Kurichhu and Basochhu hydro-power projects, they are not included in the 8FYP. As the plan outlay presents the basis for the annual plans and their budget allocation, it will have to be revised to include the establishment of new organisations

following the government restructuring exercise in 1999. The Plan outlay is expected to increase by 10 %. On the financing side, domestic revenue, projected at Nu. 13,000 m for the 8FYP is expected to increase by 43.6 % to Nu. 18,673 m, mainly on account of the power tariff increase. Grants and concessional borrowings are expected to finance the rest.

The Ministry of Finance is pleased to report that the implementation of the Tala and Kurichhu hydro-power projects is proceeding extremely well. In fact, given the current rate of implementation, it is expected that both the projects will be completed and commissioned ahead of schedule.

Economic Performance (1999-2000)

During the past year, average inflation remained below 10%. Exchange and interest rates remained stable. The latest provisional macroeconomic reports for 1999-2000 show that real GDP growth of 6% has been achieved. The current account deficit grew marginally over the last year but the overall Balance of Payments was positive due to the large inflows of aid and concessional loans. The economy continues to experience high rates of monetary expansion, reflecting both accumulation of foreign assets and increased monetization of the Bhutanese economy. Reserves are the equivalent of USD 307 m, estimated to cover 21 months import requirements. The total debt-to-GDP ratio stands at 22% and the debt service ratio at 5.3%.

The Ministry of Finance would like to highlight to the honourable members that Bhutan has achieved a decade of stable growth. During this period, the Royal Government has been able to meet its objective of current expenditure coverage by domestic revenues. On the other hand, Bhutan has made impressive strides, particularly in the social sectors that benefit present and future generations. The sustained growth and balanced development provides a strong foundation for further progress and prosperity.

Review of the Financial Year 1999-2000

The revised budget of the financial year 1999-2000 stands as follows:

Summary of Financial Year 199-2000 Budget

Nu. in Millions

Expenditure Outlay	Approved	Revised
1. Current Expenditure	3,570.150	3,743.694
2. Capital Expenditure	4,424,273	4,514,648
3. Net Lending	17.074	54.239
4. Repayment	209.258	209.258
Total:	8,220.755	8,251.839

Sources of Finance	Projected	Revised
1. Domestic Revenue	3,869.791	3,869.791
2. Other Receipts & Balances	0.000	268.807
3. Grants		
a. GoI Program Grants	800.000	800.000
b. GoI Project Grants	1,430.249	1,345.784
c. Other Grants	1,386.333	1,470.555
4. Financing		
a. Project-tied Borrowing	436.988	469.508
b. Resource Gap	279.394	279.394
Total:	8,220.755	8,521.839

The revised budget increased marginally by around 4%. On the expenditure side, minor increases were recorded under both the current and capital heads.

On the financing side, the objective of meeting current expenditure from domestic revenues will once again be achieved. Grant receipts so far have been in line with projections. As a result, the projected resource gap is expected to remain the same.

Financial Year 2000-2001 Budget

The Financial Year 2000-2001 budget is 9 % larger than the revised budget for the past year. Since we have reached the end of the third year of the 8FYP, the budget reflects increased momentum in the implementation of the ongoing projects and programmes as

well as the start of some important large projects. These include rural electrification, construction of feeder roads and the development of district towns. The budget is summarised as follows:

Summary of Financial Year 199-2000 Budget

Nu. in Millions

Expenditure Outlay	Approved	Revised
1. Current Expenditure	4,158.601	44.60
2. Capital Expenditure	4,922,623	52,80
3. Net Lending	27.124	0.29
4. Repayment	215.363	2.31
Total:	9,323.711	100.00
Sources of Finance	Projected	Revised
1. Domestic Revenue	4,210.584	45.16
2. Other Receipts & Balances	566.365	6.07
3. Grants		
a. GoI Program Grants	800.000	8.58
b. GoI Project Grants	1,430.153	15.23
c. Other Grants	1,345.016	14.43
4. Financing		
a. Project-tied Borrowing	817.956	8.77
b. Resource Gap	163.637	1.76
Total:	9,323.711	100.00

On the expenditure side, the capital budget is expected to be 9 % larger than last year's. Current expenditure budget is expected to be 11% higher than last year's, mainly on account of the daily allowance revision and the establishment of new organisations following the government restructuring exercise.

On the resources side, the national revenue forecast for FY 2000-2001 is Nu. 4,210.584 m, 9 % higher than the past year's. This means our domestic revenue will once again

cover our current expenditure. Grant projections are estimated at Nu. 3,565.169 m (38 % of total expenditure). Project-tied borrowings (9 % of total expenditure) are expected to increase by around 74 %, in anticipation of high disbursements for the rural roads, rural electrification and urban development projects. The resource gap is anticipated to be approximately Nu. 164 m, which is below 1 % of projected GDP. The Ministry of Finance will continue to observe these trends closely. The strengthening of budget monitoring and expenditure control should also contribute to the containment of the deficit.

Sector-wise allocation

The sector-wise allocation is as follows:

Sector Allocation of Financial Year 2000-2001 Budget

Sector	Amounted	Nu. in Millions	
		Amount	Percent
Health & Education	2,410.073		25.85
Agriculture	1,040.679		11.16
Human Settlements	362.749		3.89
Sectors	Amounted	Amount	Percent
Communications		996.946	10.69
Energy	1,040.679		12.65
General Public Services	1,178.998		16.01
National Debt Service	290.174		3.11
Others	1,551.553		16.64
Total :		9,323.711	100.00

The sector allocation of the budget reflects the thrust of the Royal Government's policies and programmes. The social sector continues to receive the highest allocation (26 %), followed by the energy sector (13 %), and the communications and agriculture sector (11 % each).

The high budget allocation for the social sector reflects the continued emphasis of the Royal Government on the strengthening of basic services. This is in line with the Royal Government's development philosophy of people centered sustainable development that seeks to enhance social and economic well-being of the people.

Some of the important projects that will begin actual implementation on the ground, the pre project implementation activities having been completed in the last year include the Rural Access Project, the Rural Electrification Project Phase II and the Urban Development Project.

The total cost of the World Bank financed Rural Access Project that will construct 122 kms of priority feeder roads is Nu. 668.7m. The project will cover Zhemgang, Lhuentse and Trashigang Dzongkhags. The chief objective of the project is to increase the income of farmers by improving access to markets as well as rural transport and communication.

Preparatory works are ongoing for another Asian Development Bank funded project to maintain the east west highway. Since the lateral highway is an important lifeline and link between the eastern, central and western parts of the country, the project, estimated at around Nu. 330 m will ensure that it is improved and well maintained.

Another important project that will begin during the year is the Asian Development Bank funded phase II of the rural electrification project. The total cost of this project is Nu. 562.5 m. It is the continuation of the rural electrification phase I project that was completed at a total cost of Nu. 399 m, and provided electricity to 3,100 rural households in seven Dzongkhags. The second phase will provide electricity to 6,038 households in 16 Dzongkhags of the Kingdom.

Ten district towns around the country will be improved through the World Bank funded Urban Development project. The total cost of the project is Nu. 550.35 m. The objective of the project is to develop the selected district towns so that they can provide the basic facilities and infrastructure necessary for urbanisation and a growing population. With the convenience of improved facilities as well as concentration of population, the district towns will also mean larger markets and increased income for our farmers.

Another notable inclusion in the Financial Year 2000-2001 budget will be the increase in the daily allowance of the government. The objective of the revision was to facilitate movements of civil servants, particularly the technical people who need to monitor and backstop the Dzongkhag and village programmes. The Ministry of Finance would like to inform the honourable members that the daily allowance had not been revised since 1994. As a result, it was necessary to compensate for inflation and increases in the cost of living as the unrealistic and low daily allowance was beginning to discourage the movements of civil servants to whom official travel was becoming a financial burden. The additional expenditure on this account will be around Nu. 200 m.

The Ministry of Finance is also pleased to report to the National Assembly that actual construction works on Taktshang started on 2nd May 2000 with the construction of the ground floor of the Pelphug Lhakhang. The total cost of the construction of the physical structure, excluding all interior works, 'Nangtens' etc., is expected to be Nu. 45.876 m. Since the deliberations on Taktshang in the 76th Session of the National Assembly, preparatory works to facilitate the actual construction such as labour camps, bridge, roads, cable cranes for transportation of materials, prefabrication works etc have been completed.

The Ministry of Finance would like to take this opportunity, to thank all those who have contributed to the reconstruction of Taktshang, as well as to reaffirm the Royal Government's pledge to rebuild Taktshang to excel its former splendour and glory.

Domestic Revenue

The summary of the National Revenue Forecast for the coming year is as follows:

Summary of National Revenue Forecast: FY 2000-2001

Sources of Revenue	Nu. in Million	
	Amount	Percent
A. Tax Revenue	1,108.086	50.07
1. Direct Tax	1,210.074	28.74
Corporate Income Tax	780.187	18.53
Business Income Tax	127.650	3.03
Salary Tax	52.810	1.25
Health Contribution	19.647	0.47
Royalties	222.022	5.27
Rural Tax	7.758	0.18
2. Indirect Tax	898.012	21.33
Bhutanese Sales Tax	306.366	7.28
Export Tax	11.110	0.26
Excise Duty	436.729	10.37
Motor Vehicle Tax	61.170	1.45
Import Duty	57.960	1.38
Business & Prof.Licenses	7.920	0.19
Sources of Revenue	Amount	Percent
B. Non-Tax Revenue	2,102.498	49.93
Transfer of Profits	261.000	6.20

Dividends	1,350.293	32.07
Admin. Fees & Charges	67.220	1.60
Capital Revenue	94.235	2.24
Revenue from Govt.Divns.	327.030	7.77
Other Non-Tax Revenue	2.720	0.06
Grand Total	4,210.584	100.00

The domestic revenue forecast for the year 2000-2001 is Nu. 4,210.584 m. Of this, Nu. 2,108.086 m (50 %) is tax revenue. The Ministry of Finance would like to inform the honourable members that most of Bhutan's revenues come from non-tax sources and the Corporate Income Tax. The rural tax generated by the 85 % rural population of Bhutan is still below one percent. Bhutanese are among the least taxed people in the world today, and Bhutan's development achievements thus far have mainly been possible due to the generosity of the donor countries and proper utilisation of their assistance by the Royal Government.

While increases in tax collection have been quite impressive so far, it may be mentioned that the single largest source of revenue is the Chhukha Hydro-Power Corporation. Last year, as a result of the personal intervention of His Majesty the King, the export power tariff was negotiated to Nu. 1.50 per unit. This generated huge additional revenues of Nu. 669.5 m, which has now been offset by increases in the salary and travel allowance of government employees. Thus, it is extremely important for all of us to realise now that any added increase in government expenditure, particularly non-donor assisted activities, will necessitate raising of taxes.

The Ministry of Finance would like to highlight that taxes are the most important source of revenue for a government to fund implementation of its policies and programmes, particularly social welfare programmes. Taxes are also important instruments to ensure equity in the sharing of the benefits and burdens of development. In order to strengthen and streamline the system of taxation in Bhutan, the Ministry of Finance has prepared two draft legislations, namely the "Sales Tax, Customs Tax and Excise Tax of the Kingdom of Bhutan" and the "Income Tax Act of the Kingdom of Bhutan". The draft act on "Sales Tax, Customs Tax and Excise Tax of the Kingdom of Bhutan" will be submitted for approval during the current session of the National Assembly. The "Income Tax Act of the Kingdom of Bhutan", however, will be circulated to the honourable members for further discussions with the general public.

The Ministry of Finance would like to inform the honourable members that there still seems to be considerable apprehension among the people and the business community in particular about the timing and the possible impact of the Personal Income Tax. Since this is an important tax that requires the full appreciation and support of the people, the honourable members are requested to study and discuss it thoroughly with the public. While misunderstandings and misinformation are likely to cause a lot of concern to many people, the Ministry of Finance would like to assure all the citizens of Bhutan that the Personal Income Tax is in the best interest of the nation. These taxes are necessary to prevent growing income disparity among the people and to enable the nation to move closer to realizing the cherished goal of self-reliance.

The Ministry of Finance would also like to take this opportunity to remind the honourable members that income tax is not new to Bhutan. In the past, direct taxes were paid in kind, in the form of labour contribution, grains etc. In fact such taxes were disproportionately large and a heavy burden to the people who often lived under great hardships. Since the country had no other sources of income, these in-kind taxes were important in enabling the state to maintain peace and preserve the sovereignty of the nation. It is a well-known fact that our ancestors, in spite of the heavy tax burden, were proud to be considered as “Kheps” (tax payers). Therefore today, when the Royal Government provides a high level of free or subsidized services, there is all the more reason to pay taxes and contribute to the task of nation building. It is also important that such contributions come from as large a segment of the population as possible. People must contribute according to their ability and even a token contribution is a significant indication of a citizen’s patriotism and commitment to the national cause. Let us follow the wise ways of our ancestors and take pride in being “Kheps” or tax payers and avoid selfish opposition to something that is our privilege and duty.

External Assistance

Bhutan continues to receive large amounts of financial and technical support from our development partners. Given the vital role development partners have played since the start of Bhutan’s planned development, the Ministry of Finance would like to take this opportunity to acknowledge and thank all our donors, especially the Government of India, for their generous support.

The Ministry of Finance would like to inform the honourable members that the 7th Round Table Meeting for Bhutan has been scheduled for November 2000. For the first time, this important meeting will be held in Bhutan. It will be the single largest gathering of high-level representatives of Bhutan’s development partners. The meeting will provide them an

opportunity to obtain a first hand experience of the country that they have helped to develop. It will also provide an opportunity for discussions on emerging issues in Bhutan's development, donor co-ordination issues as well as the progress of the 8FYP implementation and further the goodwill and understanding between us. The United Nations Development Programme will be providing funds and organisational support for this meeting.

The Ministry of Finance would like to inform the honourable members that the close co-operation and mutual trust and confidence that underlines Bhutan's partnership with its donors has never been better. The Royal Government takes pride in the friendly and fruitful relationship developed over years of co-operation and would like to assure our development partners that the Royal Government will spare no efforts in ensuring that their resources are properly utilised and accounted for.

Borrowings

The Royal Government continues to obtain, only as a last resort, highly concessional loans from external lending institutions. The total debt outstanding today is USD 100.895 m and Rupees 3,276.936 m. The total debt servicing projection for the fiscal year 2000-2001 is Nu. 290.174 m and the debt service ratio is expected to remain around 5%. The Ministry of Finance would like to point out that most of these loans have been obtained for power, rural roads, urban development, education and agriculture. The hard currency concessional loans carry favourable terms and conditions such as 1-2% interest rates, 10 years grace period and 30-40 years repayment period. The Rupee loans from the Government of India are provided under a special arrangement whereby every Rupee of loan is accompanied by one-and-a-half Rupee of grant.

The Ministry of Finance would like to inform the honourable members that all loan projects are appraised carefully, with emphasis on financial and economic returns. Therefore, even though the Royal Government continues to borrow, the Ministry of Finance would like to assure the honourable members that the growing debt obligations are not a serious concern.

Other Initiatives

As announced in the National Assembly last year, the National Pension Board has been established to take over the Government Employees Provident Fund from the Royal Insurance Corporation of Bhutan, as well as to introduce the National Pension and Provident Fund Plan. In view of its importance and to ensure that the National Pension Board is fully equipped and ready to implement the new plan, great care is being taken in

the preparations. In fact, many preparatory ground-works have already been completed and the necessary legislation is already under formulation. The new plan will be launched on July 1st 2001. This plan, initiated by His Majesty, will improve the security of the civil servants and employees of corporations.

Another important event in the coming year will be the transformation of the Telecom Department to a corporation. It will function along commercial lines and enjoy greater autonomy and flexibility to achieve long-term sustainability. The conversion should also translate into increased and improved services for the public.

The purchase of two aircrafts for the Druk Air Corporation will be finalised in the coming year. This is necessary to enhance safety as well as returns. Druk Air is extremely important for a landlocked country like Bhutan as it reduces travel time, provides alternative entry points to and from Bhutan and facilitates the growth of tourism, an industry that provides benefits and incomes to an increasing number of Bhutanese. The new planes cost approximately USD 25 m each and will replace the existing fleet. It is our intention to raise resources domestically for purchase of one plane and borrow for the other. The planes will arrive within November 2001 and January 2002.

Financial Sector

The Ministry of Finance would like to inform the National Assembly that the financial sector has been experiencing a situation of excess liquidity. While there is a common conviction that the solution may be to lower interest rates, the Ministry of Finance would like to point out that the excess liquidity is only a symptom of other underlying problems that cannot be corrected by lower interest rates alone. In fact, if this were not the case, market forces would have already corrected the anomaly. Moreover, given the high cost of funds and the high level of non-performing assets, the possibilities of lowering interest rates are marginal. Inadequate legal frameworks have also compounded the problem. It was to address these deficiencies that the Moveable and Immoveable Properties Act and the Bankruptcy Act, passed by the National Assembly in the last session, were formulated. More recently, the setting of interest rates has been fully deregulated.

In spite of these interventions, the honourable members must be aware that the excess liquidity problem cannot be solved overnight. In fact, there is no easy long-term solution to this problem. Downward revision of interest rates is possible with improvements in non-performing assets but it would require a stronger bank supervision capacity at the Royal Monetary Authority, improved project and portfolio management capacities at the financial institutions as well as reduction in deposit rates. Moreover, since the funds lying

at the banks belong to the Bhutanese savers, great care has to be exercised to avoid the problems of “loose credits” that was a major cause of the financial turmoil that occurred in South East Asia in the recent past. Basically, an excess liquidity problem cannot be corrected by lower interest rates unless the underlying investment environment improves. The root problem of limited investment opportunities in Bhutan points to structural deficiencies.

All the same, to ease some of the burden of the financial institutions and pre-empt the dangers of loose credit, the Royal Monetary Authority has employed monetary instruments to absorb some of the excess liquidity. This is only an interim measure as it is neither sustainable nor desirable in the long run. In the near future, the situation is likely to be alleviated by the Royal Government’s decision to purchase an aircraft for the Druk Air Corporation Limited, and also by the projected budget deficit which incorporates certain sizeable projects such as the low-income housing project at Thimphu and installation of power transmission lines. Once these transactions take place, the excess liquidity problem should ease off.

Private Sector

The Royal Government remains committed to the development and growth of the private sector. However, in spite of all the efforts made so far, private sector growth remains sluggish. This is of serious concern as the future sustenance of the development gains made in the past depends on the growth of our private sector. Only their growth can ensure employment and opportunities to the increasing number of educated people joining the workforce every year.

Here, the Ministry of Finance would like to share its concern on the growing number of low education level youths entering the job market every year. Some studies suggest that up to 50,000 school leavers are expected to join the workforce over the next five years. So far, government agencies and projects have been the main source of livelihood for most people. It will certainly not be able to accommodate the increasing number of people looking for employment. Moreover, in spite of limited employment opportunities, there is little evidence of these people returning to their villages. Therefore, unless the private sector develops and creates gainful employment opportunities there is a real threat of serious social problems appearing in Bhutan.

The Royal Government is cognizant of the fact that Bhutan has many characteristics that constrain the growth of the private sector such as the small domestic market, lack of

capital and know how, lack of skilled workforce as well as a low level of entrepreneurial skills. Various efforts are underway to find solutions to redress these deficiencies including foreign investment.

The Ministry of Finance would like to inform the honourable members that a common feature of countries that have buoyant economies is the participation of foreign investors. It is extremely important for us to realise now that irrespective of the choices we make, Bhutan will be affected by increasing globalisation. Thus, there is really little alternative but to try and benefit from it. Foreign investment that is accompanied by capital, know how, ready markets and under joint venture arrangements must be examined as a means to stimulate growth. This may present the best opportunities for diversifying our products and markets, particularly hard currency markets, and can only mean greater prospects and benefits for our private sector and our future.

As a first step, the Royal Government has formulated the foreign investment guidelines. This is currently under review by the Planning Commission. Moreover, to enable wider and greater private sector participation, the Royal Government is carrying out a comprehensive review of all policies governing commercial activity in Bhutan.

The Royal Government will also continue to disinvest and promote privatisation. Divestment of government shares in the RICB was targeted last year but could not be carried out due to the impending separation of the GEPF from the RICB. This will take place in the coming financial year.

Economic Prospects

The Ministry of Finance is confident that the 8FYP target of an annual GDP growth of 6.5% can be achieved in the coming year. Exchange and inflation rates are expected to remain around present levels. With the intensification of efforts to accelerate private sector development as well as the increased momentum in the implementation of the development programmes, this target could even be surpassed in the last two years of the 8FYP. Improvements in the infrastructure and financial sectors should also increase private sector prospects.

The Ministry of Finance would like to emphasize, as in the past, that given the size of the domestic market, any meaningful industry would have to be export oriented. Moreover, we must realize that like all small economies, our long run future lies in having a liberal trade regime where people can export and import freely. To take advantage of such regimes, our industries must enhance their competitive edge, diversify their products and

markets. This will be all the more necessary as the liberalisation process in India picks up momentum. Greater liberalisation in India would require that Bhutanese industries and products become more competitive. Unlike the past, Bhutanese products will even have to be able to compete with third country goods in India.

The Ministry of Finance would also like to inform the honourable members that the growth of Bhutan's economy so far has been due largely to the investments in the infrastructure and social sectors. It is now time to build upon these achievements with focus on other economic sectors besides power. Bhutan must diversify its exports and expand the range of productive economic activities. Bhutan also needs to tap the full potential of tourism within the framework of existing government policies. Given the nature of the business, tourism presents the most opportunities for employment, small cottage industries, transport, hotels etc while being environment friendly.

Conclusion

In conclusion, the Ministry of Finance would like to state that the last two years should witness the successful culmination of the 8FYP. By the end of this plan, Bhutan will have a strong social infrastructure, improved access and facilities in rural areas and increased farmers' income. To sustain and build upon these gains, more emphasis will have to be placed on strengthening our private sector. The Ministry of Finance would like to underline once again that private sector expansion is most essential for generating gainful employment, increasing domestic revenues, and ensuring sustainable growth.

The Ministry of Finance would also like to share our grave concern on the growing security threat posed by the presence of the ULFA and Bodo militants in the country. As highlighted during the last National Assembly, the ULFA and Bodo problem could endanger the implementation of our development activities, particularly in the eastern Dzongkhags. In the event the problem persists or escalates, the Royal Government stands ready to devote all our resources and attention to its speedy resolution.

May the blessings of the guardian deities of the Palden Drukpa and the hard work and enlightened leadership of our beloved King continue to bring peace and prosperity to the people of Bhutan.

Selected Monetary and Financial Indicators

Items Description	1998/99	2000 March	Percent Change

1 Total Assets of the Financial Sector	20,305.140	22,706.310	11.83
a. Royal Monetary Authority	9,564.260	10,349.940	8.21
b. Four Financial Institutions	10,740.180	12,356.370	15.04
2. Money Supply	7,359.220	9,066.67	23.20
a. Quasi Money 1/-	4,490.780	4,949.460	10.21
b. Demand Deposits	1,832.620	2,979.480	62.58
c. Ngultrum in Circulation	852.820	1,040.680	22.03
d. NMFIs Deposits	183.000	97.050	-46.97
3. Domestic Credit			
a. Claims on private sector	1,306.520	1,361.350	4.20
b. Claims on Joint Sector Corporations	165.730	143.700	-13.29
c. Claims on Government Corporations	390.980	372.240	-4.79
d. Claims on Government			

(net)	-1485.300	-2178.970	46.70
			Millions of USD
4. Gross			
International			
Reserves	258.750	306.890	18.60
a. Convertible			
Currencies	195.630	224.550	14.78
			Millions of INR
b. Indian			
Rupees	2,725.400	3,388.950	31.69
			Ngultrum Per USD
5. Exchange			
Rate for USD			
(Period Average)	43.18	43.49	0.72
6. Consumer			
Price Index (%)	9.2	4.5*	

Note:

1/- quasi money includes foreign currency deposits & time deposits * consumer price index for 1999 is for the month of December.

Selected Monetary and Financial Indicators

Items Description	1998/99	2000 March
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		In Percent	
7.	Structure of Interest Rates		
	a. Deposits		
	i) Savings	5-7	5-7
	ii) Fixed		
	Deposits		
	3 months to 1 year	8	8
	3 years	10	10
	More than 3 year	11	11
			1 year upto
	b. Lending Rates		
	i) Export Finance	13	13
	ii) Manufacturing, Service, Transport, Agriculture	13	13
	iii) Housing	14	14
	iv) Working Capital	15	15
	v) Personal and General Trade	16	16