

Debt, project delays worry Bhutan

While the Doklam standoff brought a spotlight on India-Bhutan ties, other issues like hydropower project construction need greater focus, said senior Bhutanese experts and officials, flagging concerns during a two-day conference here.

“Hydropower projects are critical for the Bhutanese economy, and are at the core of Bhutan’s plans for self-reliance ever since the first five-year plans in 1961,” Dasho Karma Ura, president of the Centre for Bhutan Studies and Gross National Happiness (GNH) Research, told *The Hindu* at the India-Bhutan Dialogue that was attended by delegates from Bhutan and India.

“It is necessary that the issues that have come up due to debt and delay are addressed at the earliest,” he added.

In particular, officials involved in the “hydropower committee” set up by the Bhutanese government in May this year spoke about the emerging challenges from the growing debt burden Bhutan carries due to delays in the major hydropower projects.

As of July 2017, Bhutan’s debt to India for the three major ongoing projects: Mangdechhu, Punatsangchhu 1 and 2 is approximately 12,300 crore which accounts for 77% of the country’s total debt, and is 87% of its GDP.

While the cost of the 720 MW Mangdechhu project has nearly doubled in the past two years, both Punatsangchhu 1 and 2, each of 1200 MW capacity have trebled in cost and been delayed more than five years over the original completion schedule.

“What concerns us is that the partnership seems to be going backwards. A decade ago we shifted from doing one project at a time to doing many projects together, in order to reach the goal of 10,000 MW in hydropower by 2020. Maybe we just weren’t ready and should rethink it,” said a senior official of the committee.

Another issue, the officials said, has been the fact that India is now a power-surplus country, while demand growth has been slower than expected. Added to this is the government’s push for other renewable energies like wind and solar power.

Meanwhile the interest repayments on projects, that are being financed by India as 30% grant and 70% loan at 10% annual interest, are piling up.

Tough task

MEA sources told *The Hindu* that the government is looking at the proposals of the hydropower committee, but accepted that it would be difficult to meet many of them, given India’s own power sector needs to compete in the same area.

Among the proposals sent from Thimphu was to undertake new projects only after the current ones being executed by the NHPC are commissioned, to move from “run of the river” projects now favoured to only a few major “reservoir” projects, and to undertake only those that come with inter-governmental guarantees rather than joint ventures between Indian and Bhutanese entities.

“While the [Doklam situation] showed that government to government relations can be strengthened very quickly, it is important that hydropower, which is a key issue for the Bhutanese people also be looked at more quickly,” Mr. Ura said.

Hydropower, a key issue for the Bhutanese people, should be looked at more quickly

Dasho Karma Ura

Centre for Bhutan Studies

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

crackIAS.com