

Active Rural Evolution Strategies for the Progress of Bhutanese EconomyDr.A.Jayabal¹, Dr.P.Suseela²

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ABSTRACT

Trendy Bhutan, approximately 80% population depend on subsistence farming for their revenue and day-to-day consumption wants. Additionally, several rural Bhutanese are exposed to considerably difficult climate and terrain where generating income from agriculture is nearly impossible for a good part of the year. Due to limited income generating opportunities and the high incidence of poverty in rural areas, there has been an increasing rate of urban migration especially among the youth. This has contributed to an urban unemployment rate of 33% among youth (age 15-24 years) as the demand for labour has not kept pace with the supply (Ministry of Labour and Human Resources, 2008). Present research has gathered all information from various reports published by national and international organizations and primarily focused on the various rural Progress strategies in field of agriculture, social, economical, cultures, and environmental starting from management of land, labour and natural resources to the effective harvesting, pre processing methods and effective marketing strategies and new area such as processed food and tea plantation to be followed.

Key Words: Affluence, Rural, Bhutanese, Strategies, Labour and Harvesting.

1. INTRODUCTION

Bhutan is a Himalayan Buddhist Kingdom that is physically small with limited economic dimensions. With the launch of planned Progress in the 1960's socio-economic Progress and gradual political reforms have been the main issues of priority. Since the 1950's Bhutan's foreign policy focused on building a close relationship with its southern neighbour, thereby enhancing its territorial security and prospects for socio-economic Progress. Seventy-five percent of the world's most vulnerable and impoverished populations reside in rural areas and have income sources that are primarily derived from agriculture activities (World Bank, 2008). How to effectively raise the income of this population and reduce poverty and vulnerability remains a contentious Progress issue. On one side are those who argue for greater investment in activities aimed at raising agriculture productivity, while on the other is set that suggests non-agricultural activities have an important role in increasing the welfare of the rural

2. MAIN KEY AREAS FOR RURAL PROGRESS ARE

1. Economic
2. Social/culture
3. Political
4. Natural/environmental

3. ESSENTIAL FOR RURAL PROGRESS

- To improve the quality of life.
- To improve profit of farmers

- To produce varieties of products through agriculture
- To focus and manage natural resources effectively and efficiently.
- To reduce urbanization.
- To develop economy of a country

4. OBJECTIVES OF RURAL PROGRESS STRATEGIES

The objective of Rural Progress Strategies to increase agriculture productivity, to achieve economic transformation, to create market for the product and to employ people within their local area and increase household outputs.

5. FINANCIAL PROGRESS STRATEGY

The Progress strategy of Bhutan seeks to strike an appropriate balance among social, economic, political, cultural and environmental goals. It aims at Peace, Prosperity, and Happiness. It entails following elements:

1. Social: Human Progress
2. Economic: Self-reliance, sustainability, flexibility, balanced and equitable Progress.
3. Political: Independence, sovereignty and security of the nation-State and governance.
4. Cultural: Identity, unity and harmony, preserving and promoting culture and heritage
5. Environmental: Preservation through environmentally sustainable Progress

The Progress strategy places human Progress at the centre-stage. A holistic approach to Progress has been designed to take care of material as well as spiritual needs of individuals. Health and education are considered priority areas for basic capacity Progress towards the generation/accretion of human capital. This is stated to be achieved within the framework of traditional values and ethics so that the 'society in transformation' continues to draw inspiration from the nation's culture and heritage.

6. THE PRINCIPLE OF GROSS NATIONAL HAPPINESS

The national Progress vision 2020 accords Gross National Happiness (GNH) as the central Progress concept; this concept includes goals, principles, objectives and direction of Progress. GNH is essentially a summarization of the basic tenets of Vajrayana Buddhism, the state religion of Bhutan, which spreads the culture of harmony and compassion. The GNH does not essentially reject material progress, but takes it as a precondition for enlarging self-reliance, opportunities and choices. At the operational level, the theory of GNH means that every policy and every project being planned and evaluated not simply in terms of enhancement it makes to Gross National Product (GNP) and material basis of the society but also by its contribution to the total wellbeing of individuals and the society at large.

The doctrine of GNH has not only permitted the Progress process to emanate from the cultural roots, it also provides a cautious and rational defence against the impoverishing and detrimental impact of global changes. This places Bhutan on a better platform, where it can exercise options and obtain judicious benefits from the process of liberalization and globalization.

7. FINANCIAL REFORMS APPROACH

Over the last five decades of planned economic Progress Bhutan's interactions at the bilateral and multilateral levels have increased considerably. Its Progress strategy has slowly started moving towards incorporating the benefits of globalization and increasing participation in the international trade, through structural changes geared at ensuring faster growth and economic diversification.

Bhutan's perceived need to join international communities and share the benefits of liberalization and globalization has propelled its active commitment under several forums and treaties within and outside the sub-region. Bhutan is committed to join the WTO, and a constant minute perusal of the policy is required to fulfil the requirements of WTO and to benefit from the NEW REGIME.

Peripheral sector: It is extremely important for Bhutan as it possesses most important sources of growth: (a) Export Earnings, (b) Foreign Economic Assistance. It is necessary for the Royal Government Bhutan (RGB) of to take advantage of these sources of growth and take serious poverty alleviation measures in the rural area of Bhutan, which will lead to inclusive growth of the economy.

The most important items of exports are Electricity, mineral products, wood and wood products, and processed foodstuff. The country is dependent on imports for its requirement of Capital Goods, Raw Materials, Basic Consumer goods, and Medicines and Pharmaceuticals.

Foreign Capital: It flows mostly in the form of Official Progress Assistance (ODA) and concessional debt, The ODA to Bhutan is mainly donor-funded in the form of grants, directed mainly to Progress Project. The inflows of Economic Assistance for Bhutan mostly come from bilateral donors, who are also its Progress partners with India being the most important one.

U N Membership: The diversification of Bhutan's relations with other countries started with its entry into the United Nations in 1971. This has enhanced the recognition of Bhutan as a sovereign and Independent nation; this resulted in increased economic and Progress co-operation with so many countries and international agencies. It has already diplomatic bilateral relations with more than thirty countries of the different parts of the globe. Realizing the need for economic diversification in achieving self-sufficiency and to remove constraints inhibiting its expansion, Bhutan's interactions at the bilateral and multi lateral levels have increased immensely. The country hopes to build up a strong export oriented economy to compete in the regional market and it also awaits accession to the WTO in the near future.

Regional Economic Co-operation: It is extremely important for Bhutan to participate in the regional economic activities. Bhutan and India share special bilateral relations in trade and Progress by virtue of the Indo-Bhutan Treaty of 1949 (Revised in 2007). Bhutan is also a party to the Growth Quadrangle Initiative within SAARC, consisting of Bangladesh, Bhutan, India and Nepal (BBIN-GQ). These initiatives have tremendously benefitted Bhutan's exports and a many other areas of economic Progress. Regional economic integration has also helped Bhutan in its preparedness towards International integration being sought through WTO route.

What is required at the moment? Table No. I give a clear cut guideline for the RGB to do NOW for the current situation and for the future.

PRODUCTION CO-ORDINATION			
SMALL VALUE ADDITIONAL PRODUCTS		SMALL VALUE ADDITIONAL PRODUCTS	
Area of Current Interest	Area of future interest	Area of Current interest	Area of future interest
Processed Food	Herbal Products: Pharmaceuticals Cosmetics	Energy	Textiles
Petty consumer items		Tourism	Organic Products
Beverages			Tea

TABLE NO 1

Table No.II Propounds the Policy requirements to ensure proper enforcement of the Economic strategy for the well-being of the Bhutanese society at large.

BHUTAN'S ADVANTAGE POLICY AREAS FOR FUTURE CO-ORDINATION	
Area of Current interest	Area of future interest
WTO Issues	
Linking Trade with environment	Extended Growth Zone
	Multi- lateral relationship

TABLE NO 2

8. FINAL REMARKS

Bhutan has a definite comparative advantage in certain areas like hydropower, Tourism potential, Textiles and herb-based pharmaceuticals among others. However, it lacks capital, technical expertise and technology in addition to the hurdle posed by its small domestic market. It is observed that Bhutan explores the possibility of removing such hurdles through regional co-operation. The hurdle related to the size of the market may be removed as regional integration intensifies; the readily available huge market in the neighbourhood also ensures a timely and reliable delivery of goods with minimum transit loss. Some of the areas of comparative advantage can be explored for market outside the sub-region, as they may not attract a big market within the region e.g., organic agricultural products. Consequently, with the increased economic activity, the RGB will definitely be able to combat the unemployment problem amongst the urban as well as rural youth (around 6%-7%) and alleviate the rural poverty to a great extent in the near future.

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10. ABBREVIATIONS AND SYMBOLS

- [1] BBIN-QG: Bangladesh, Bhutan, India, and Nepal>Quadrangle Growth
- [2] WTO: World Trade Organisation
- [3] SAARC: South Asian Association for Regional co-operation
- [4] ODA: Official Progress Assistance
- [5] ADB: Asian Progress Bank
- [6] GNH: Gross National Happiness
- [7] GNP: Gross National Product
- [8] RGB: Royal Government of Bhutan
- [9] UN: United Nation