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India–Bhutan to Further Strengthen Ties in Power Sector

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India and Bhutan agreed to enhance cooperation in the power sector during a meeting between Bhutan's Minister of Energy & Natural Resources, Lyonpo Gem Tshering, and India's Union Minister of Power, Manohar Lal in New Delhi.

Why it matters:

Both countries discussed optimising commercial output from the Punatsangchhu-II Hydroelectric Project (1020 MW) and accelerating the commissioning of Punatsangchhu-I Hydroelectric Project (1200 MW), which are central to their hydropower cooperation. They also reviewed transmission infrastructure planning up to 2040.

Longstanding Power Partnership:

India–Bhutan hydropower cooperation dates back to the 1960s, with the bilateral Agreement on Cooperation in the Field of Hydroelectric Power signed in 2006, formalising joint efforts in power generation.

Major Hydropower Projects Completed:

Through India-Bhutan cooperation, several major projects have been developed, boosting Bhutan's energy capacity and export potential:

Chukha HEP (336 MW)

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KurichhHEP (60 MW)

Tala HEP (1020 MW)

MangdechhHEP (720 MW)

These projects together add over 2,100 MW and have helped increase Bhutan's installed capacity significantly.

Punatsangchhu-II HEP & Energy Exports:

The ongoing Punatsangchhu-II project (1020 MW) is a cornerstone of cooperation; once all units are commissioned, Bhutan's total installed power capacity could rise to around 3,465 MW, boosting exports, especially to India.

Economic & Strategic Benefits: Hydropower is Bhutan's largest export item, contributing substantially to its GDP and revenue, while India benefits from clean and renewable energy imports and improved energy security.

Renewable & Clean Energy Focus: Beyond hydropower, both nations have expressed interest in cooperation on renewable energy sources such as solar, wind, biomass, green hydrogen, and energy storage, reflecting a diversified energy partnership.

Financial Support: India has extended significant financial assistance for Bhutan's development, including a Rs 4,000 crore Line of Credit (LoC) for hydropower and related infrastructure, which reinforces energy collaboration and regional connectivity.