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བཟོ་སྐྱོད་ལས་ཁུངས། ཐིམ་ཕུ།



**DEPARTMENT OF INDUSTRY**  
**MINISTRY OF INDUSTRY, COMMERCE AND EMPLOYMENT**  
Royal Government of Bhutan  
Thimphu

MoICE/DoI/IPMD/1/2024-25/3246

Date: 06/09/2024

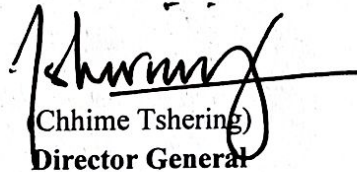
**Notification**

The Department of Industry, Ministry of Industry, Commerce, and Employment is pleased to inform you that the **Standard Operating Procedure (SOP) for Land Lease at Industrial Estates/Parks 2024** has been officially endorsed during the 16th Policy Planning Committee Meeting (PPCM) held on 26/08/2024 and is effective from today, 06/09/2024.

This SOP will guide all future land allotment processes to ensure uniformity and transparency across our operations. It will also serve as the basis for managing and monitoring industries with accountability and transparency.

The relevant documents, along with the revised lease agreement, are attached as follows:

- Annexure I – Application form for industrial land within industrial estates/parks.
- Annexure II – Criteria for issuance of Letter of Interest.
- Annexure III – Format of the Provisional Letter of Interest.
- Lease Agreement.

  
(Chhime Tshering)  
**Director General**

Department of Industry, MoICE

Copy to:

1. Dasho Secretary, MoICE for your kind information.
2. Chief Program Officer, IPMD, DoI for information and dissemination of the information.
3. Industrial Park/Estates Managers, BIE, PIE, DIP, MIP, NIP and to kindly disseminate the information to the relevant stakeholders.
4. IT officer, MoICE to upload in the Ministry website.
5. Office Copy

**MINISTRY OF INDUSTRY, COMMERCE AND  
EMPLOYMENT**



**Standard Operating Procedure (SoP)**

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**For Land Lease at Industrial Estates/Parks 2024**

**Department of Industry**

**26th August 2024**

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## **Rationale**

The Land Lease Rules and Regulations 2018 (LLRR 2018) Chapter 7 Lease for Business Activities, Section 105 requires the Department to forward the business proposal along with the Letter of Interest (LoI) for lease of land within the Industrial Estates/Parks, managed by the Department of Industry, to the National Land Commission Secretariat (NLCS) within one month from the issuance of the business license for the Land Lease Certificate.

Based on the recent changes approved in The Land Lease Rules and Regulations 2018 (LLRR 2018) vide NLCS order NLCS/DoLAM/LMD-Lease(B7) 2023-24/002271 dated 21<sup>st</sup> May 2024, the execution of lease agreement, rental collection and monitoring of Industrial Estates/Parks is now delegated to the Department of Industry from respective Dzongkhags/ Thromdes.

## **Objective**

The main objective of this Standard Operating Procedure (SOP) is to ensure smooth implementation of the procedures in the issuance of letter of interest (LoI), execution of lease agreement, rental collection, monitoring and management of the Industrial Estates/Parks by the Department of Industry in a transparent and efficient manner.

## **Title**

This SOP shall be called “**Standard Operating Procedure For Land Lease at Industrial Estates/Parks 2024**”.

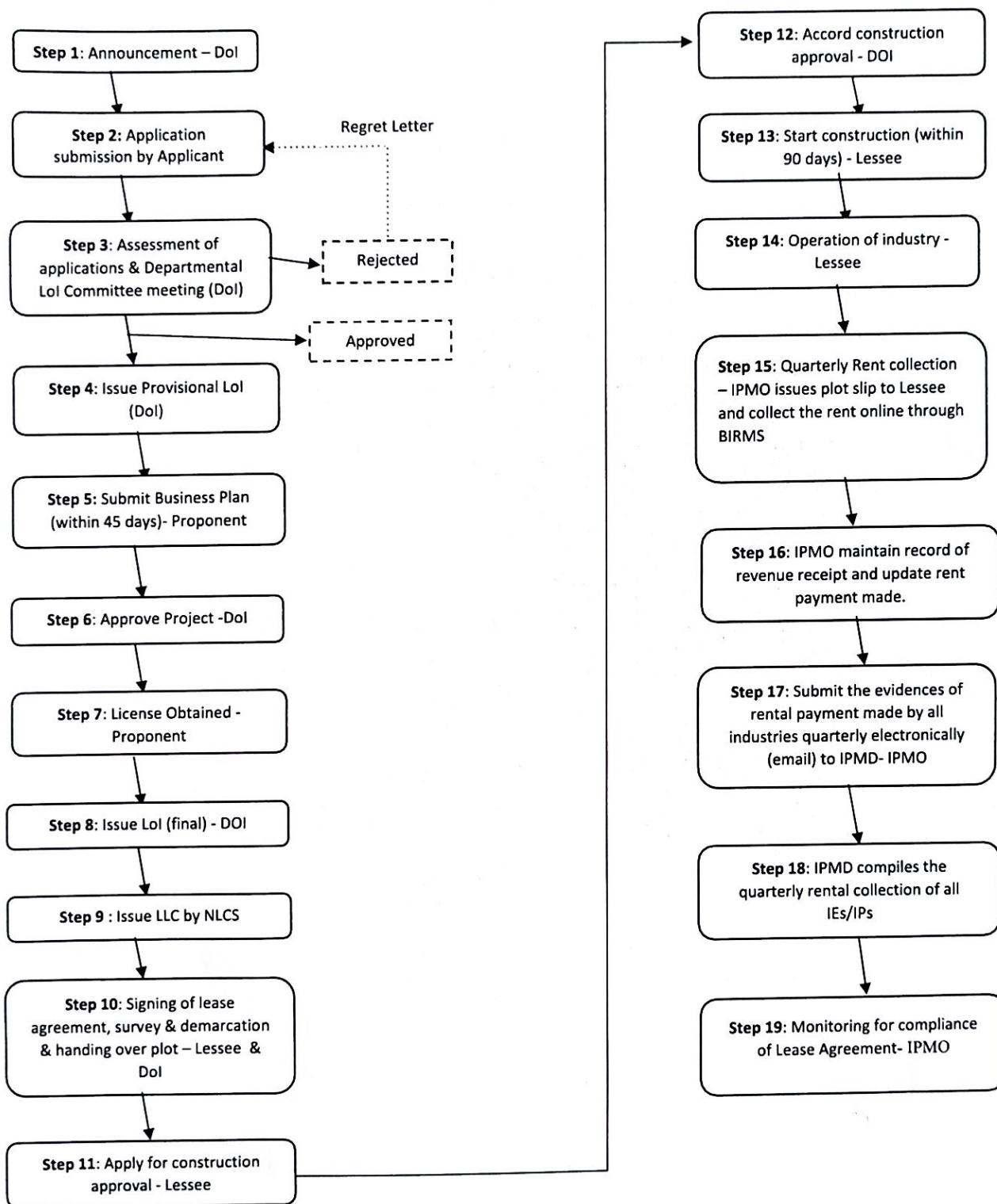
## **Scope**

This SOP shall be applicable for the management of Industrial Estates/Parks under the Department of Industry.





### Flowchart for land Lease at Industrial Estates/Parks.



## Standard Operating Procedures (SoP)

### A. Letter of Interest (LoI)

- 1) The Department of Industry (DoI) shall announce through the media the availability of industrial plots on lease and a minimum period of **one (1) month** shall be provided for submission of application. **Application Form for Industrial Land** within Industrial Estates/Parks is attached as *Annexure I* and, or could be downloaded from <https://www.industry.gov.bt/> <https://moice.gov.bt/>.
- 2) The Sub Evaluation Team shall evaluate the applications and prepare a report within **three (3) working days** after the last date for submission of the applications and present it to the Departmental Letter of Interest (LoI) Committee. The minutes of the meeting (MoM) shall be finalized in **three (3) working days** after the conduct of the Departmental LoI Committee meeting.

For evaluation purposes, the criteria specified in *Annexure II* shall be used unless otherwise mentioned in the announcement.

- 3) If the proposal is not recommended, the DoI shall inform the proponent within **three (3) working days** after the date of finalization of the MoM.
- 4) If the proposal is recommended, the DoI shall issue a Provisional Letter of Interest (PLoI) within **three (3) working days** after the date of finalization of the MoM. The PLoI shall have a validity of **six (6) months** from the date of issue or otherwise specified in the PLoI. PLoI shall be as per the format provided in *Annexure III*.
- 5) The proponent shall submit the Business Plan within **forty-five (45) days** from the date of issuance of PLoI. Failure to submit shall automatically lead to cancellation of PLoI.

For preparation of domestic industry business plan, please refer the Guideline for Preparation of Business Plan (<https://www.industry.gov.bt/https://www.moice.gov.bt/wp-content/uploads/2023/03/Guidelines-for-Preparation-of-Business-Plan.pdf>)

For FDI project proposals, please refer FDI Application Guideline 2019 (<https://www.industry.gov.bt/https://www.moice.gov.bt/wp-content/uploads/2023/03/FDI-Registration-Application-Form-2.pdf>).

The Business Plan can be submitted online through G2C at [www.citizenservices.gov.bt](http://www.citizenservices.gov.bt) or <https://ibls.moea.gov.bt/> or in person to the respective offices as listed below:

Sl. No.	Investment cost in million, Nu.	Category of industry based on Scale of investment	Agency/Remarks
1.	< 1 million	Cottage Scale Industry	Business plan not applicable. Apply for registration certificate through G2B at <a href="http://www.g2b.gov.bt">www.g2b.gov.bt</a> or IBLS at <a href="https://ibls.moea.gov.bt/">https://ibls.moea.gov.bt/</a>



2.	1-10 million	Small Scale Industry	Apply for business license through G2C at <a href="http://www.citizenservices.gov.bt">www.citizenservices.gov.bt</a> or <a href="https://ibls.moea.gov.bt/">https://ibls.moea.gov.bt/</a>
3.	>10 million to 100 million	Medium Scale Industry	Apply through G2C or in person to the Department of Industry.
4.	>100 million	Large Scale Industry	

- 6) The DoI and Regional Office of Industry, Commerce and Employment (**ROICE**) shall review and forward the business plan to concerned agencies for sector clearances within **three (3) working days** after the date of receipt of the proposal along with the complete set of required documents.
- 7) Upon receiving the required sector clearances, the DoI shall approve the project and issue approval letter to the proponent within **three (3) working days** after the date of receipt of all the required clearances.
- 8) The proponent shall obtain business license within **three (3) working days** from the date of receipt of project approval/after the date of receiving notification from G2C to pay license fee. The proponent shall submit the license number to Industrial Park Management Division (**IPMD**), DoI.
- 9) IPMD, DoI shall compile all the required documents including official site plan and forward the Letter of Interest (LoI) to NLCS within **five (5) working days** after the date of receipt of business license.
- 10) In the event the proposal is approved, the NLCS shall issue a Land Lease Certificate (LLC) within **three (3) weeks** from the date of receipt of LoI. In the event the proposal is rejected, the NLCS shall inform DoI accordingly.

**Composition of committees**

DoI shall establish a Departmental LoI Committee for issuance of LoI and a Sub-Evaluation Team.

**B. Lease Agreement Execution and Rental Collection**

- 11) NLCS shall issue a Land Lease Certificate (LLC) within **three (3) weeks** from the date of receipt of LoI.
- 12) The Lessee shall execute the lease deed with the DoI within **one (1) month** from the issuance of LLC. Failure to do so shall automatically lead to cancellation of LoI. A copy of lease deed shall be shared with the respective Industrial Park Management Office (**IPMO**) by the DoI.
- 13) IPMD, DoI shall demarcate and survey the plot and handover it to the Lessee.
- 14) The respective Industrial Estate/Park Manager shall ensure compliance of the lease agreement terms and conditions.

15) The respective Industrial Estate/Park Manager shall issue the plot slip to the Lessee and direct them to make the lease rent payment online through BIRMS or at the IPMO. The Industrial Estate/Park Manager must also ensure that the Lessee pays their lease rent on time.

16) Respective Lessee shall submit a copy of the revenue receipt or payment evidence number issued by respective regional offices (ROICE/RRCO) to respective IPMO for record.

17) IPMO shall update the quarterly rental collection along with revenue receipt or payment evidence number in the system (Google Sheet) and then share it with IPMD, DoI for information and record.

### C. Construction

20) The Lessee shall submit construction drawings to IPMD, DoI within **forty-five (45) days** (or otherwise specified) after the date of signing of the lease agreement. Failure to submit within the deadline shall lead to automatic cancellation of the LoI.

**Note:** The design, drawings and construction shall be as per the Guideline for Development of Industrial Land 2018 (<https://www.industry.gov.bt>).

21) The IPMD, DoI shall review the construction drawings and accord approval/rejection within **five (5) working days** after the date of receipt of the complete set of drawings.

22) The Lessee shall start the construction within **ninety (90) days** (or otherwise specified) from the date of construction drawing approval. Failure to start the construction within the deadline shall lead to automatic cancellation of the LoI.

23) The respective Industrial Estate/Park Manager shall ensure that the Lessee comply with the approved drawings and submit the monthly progress report to the IPMD, DoI.

### D. Industrial Waste Management

24) The Lessee shall be responsible for overall management of different types of industrial waste generated by the industry.

25) Individual industry shall transport the final industrial waste to the landfill site at its own cost. The industrial waste shall be collected on all days from 9:00 am to 5:00 pm except on Sundays, as per the convenience of the operating management.

26) Any high temperature industrial waste must be cooled and bulky industrial wastes must be well grounded to avoid rapid filling of the landfill and to maintain uniformity of the fill.

27) On every trip of the industrial waste being brought to the landfill, there shall be an authentication slip from the factory duly signed by Environment Focal Person (bearing name and contact number) accompanied by details of the industrial waste including the type and content of the industrial waste.



- 28) The landfill operator/security shall record industrial wastes received in the log book which shall have the information such as tonnage (weight of industrial waste), type of industrial waste, received date, name of the factory from where the industrial wastes were generated, vehicle number, name of driver and contact number.
- 29) The landfill operator/security shall weigh the industrial waste and direct it to the landfill site for unloading/disposing.
- 30) The bill for the industrial waste disposed shall be forwarded to the Proprietor/Environment Focal Person of the concerned industry who shall settle the accounts in the regional office (ROICE/RRCO/MOF Cluster). A copy of the money receipt should then be submitted to the landfill operation-incharge and IPMO for necessary records.
- 31) Failure to settle the bill within the stipulated deadline shall result in a penalty of 2% per month and thereafter legal action will be initiated to realize the dues. No industrial waste shall be accepted until past dues are cleared.
- 32) Domestic waste, liquid waste and wastes generated outside the factory premises shall NOT be allowed to be dumped at the facility.
- 33) Nu. 1240 (Ngultrum one thousand two hundred forty) only shall be charged for every ton of waste disposed-off. The rate shall be subject to change from time to time.

#### **D. Monitoring of the Industrial Estates/Parks**

- 34) The IPMO shall ensure that all the industries within the respective industrial estate/park comply with the Guideline for Development of Industrial Land 2018.
- 35) IPMO shall ensure that the constructions are in compliance with the approved drawing. Any non-compliance should be notified in writing for immediate rectification.
- 36) The IPMO shall ensure that the Lessee comply with the lease agreement terms and conditions.
- 37) The IPMO shall ensure that the landfill facility is managed efficiently and effectively with accountability and transparency. IPMO shall maintain a proper record of the industrial waste dumped and submit a weekly report to IPMD, DoI.

#### **Review**

The SOP shall be reviewed and updated as and when necessary, by the Ministry of Industry, Commerce and Employment.





## Application Form for Industrial Land within Industrial Estate/Parks

1. Name of Applicant: .....
- .....
2. CID No. (Attach Copy): .....
3. Present Address: .....
- .....
4. Contact Address:  
Phone/ Mobile No.: .....
- Fax No.: .....
- Email Address: .....
5. Name of Proposed Business: .....
6. Investment Type (Domestic/FDI): .....
7. Project Scale and Source of financing (MUST submit letter of Proof of Financing):

SL. No.	Project Cost, excluding working capital (Nu.)	Investment Scale
1.	Nu. .....	Cottage (< 1Million)
		Small (1 – 10Million)
		Medium (10 – 100Million)
		Large (> 100Million)
2.	Source of financing in million, Nu. Debt: Nu..... million i) Equity: Nu.....million ii) Others: Nu. ....million (Specify the source) :.....	

**Note:**

- If the Project is Foreign Direct Investment, then please attach Foreign Direct Investment Registration Certificate (FDIRC), issued by Invest Bhutan Division, Dol
- Proof of Financing: The applicants should submit document evidencing clean credit history with all the financial institutions (CIB Report)

8. Installed capacity: .....

## Application Form for Industrial Land within Industrial Estate/Parks

1. Name of Applicant: .....
- .....
2. CID No. (Attach Copy): .....
3. Present Address: .....
- .....
4. Contact Address:  
Phone/ Mobile No.: .....
- Fax No.: .....
- Email Address: .....
5. Name of Proposed Business: .....
6. Investment Type (Domestic/FDI): .....
7. Project Scale and Source of financing (MUST submit letter of Proof of Financing):

SL. No.	Project Cost, excluding workingcapital (Nu.)	Investment Scale
1.	Nu. .....	Cottage (< 1Million)
		Small (1 - 10Million)
		Medium (10 - 100Million)
		Large (> 100Million)
2.	Source of financing in million, Nu. Debt: Nu..... million i) Equity: Nu.....million ii) Others: Nu. ....million (Specify the source) :.....	

## Note:

- If the Project is Foreign Direct Investment, then please attach Foreign Direct Investment Registration Certificate (FDIRC), issued by Invest Bhutan Division, DoI
- Proof of Financing: The applicants should submit document evidencing clean credit history with all the financial institutions (CIB Report)

8. Installed capacity: .....





9. No. of year requested (max. 30 years): .....

10. Business Activity (Brief description): .....

.....

.....

11. Proposed Location: .....

12. Land requirement in acres (Attach layout plan with dimensions):

a. Structure: .....

b. Parking space: .....

c. Stockyard: .....

d. Others (Please specify): .....

e. Total Area: .....

13. Do you have plot(s) already allotted in Industrial Parks/Estates (Yes/No, if yes, please mention

plot number & Business activity): .....

14. Total Man Power : .....

a. National : .....

b. Non-National : .....

15. Utilities;

A. Power requirement-KW/MW: .....

(Attach Power clearance which can be obtained from Department of Energy, MoENR. If the power requirement is less than 300 KW, please obtain power clearance from BPC)

B. Water requirement (KL Per Day) : .....



**16. Raw materials**

Sl. No.	Particulars of raw materials	Source Country	Remarks

**17. Final Products and Markets**

Sl. No.	Products	Market	Remarks

**Legal undertaking:** *I hereby undertake that all the information provided above are true and correct and I shall be fully responsible for rejection, in the event the above information are misleading and incorrect.*

**Important Note:** All the information must be duly filled and completed and any incomplete application shall be rejected.

**Date and place:**

**Signature of applicant (Affix legal stamp)**





## Annexure II

### Criteria for issuance of Letter of Interest:

The Application shall be evaluated based on the following criteria:

1. **Area (10%)**- The area requested for the proposed activity/project should fit as per master plan/available plot. The individual plot should be developed in compliance with the *Guideline for development of Industrial land 2018* ([www.industry.gov.bt](http://www.industry.gov.bt)/[www.moice.gov.bt](http://www.moice.gov.bt))
2. **Suitability of Location (10%)**- The activity proposed should fall under the category/zoning announced.
3. **New promoter (20%)**- Full weightage shall be given to new promoter(s) that has no plot within the existing industrial estates/parks.
4. **New Activity (10%)**- Full weightage shall be given to new/innovative business activity.
5. **Preparedness (10%)**- The application shall be evaluated based on the information provided in the application form and required documents.
6. **Source of materials (30%)**- The proposed business activity that uses local/domestic raw materials shall be given preference.
7. **Financial Credibility (10%)**- The applicant shall be evaluated based on the financial credibility of the promoters.



Promoter Name:

CID no:

Email address:

Address:

Contact Number:

**Provisional Letter of Interest**

As per the ..... Departmental Letter of Interest Committee Meeting held on ....., the office recommends your proposal for the lease of land. The Provisional Letter of Interest (PLoI) for industrial land is issued as detailed below:

Name of Applicant :  
Business Activity :  
Location :  
Area :  
Investment Cost :  
Type of Investment :  
Power Requirement :  
Source of Financial : Equity: Others:()  
Lease period : ..... years

**Terms and Conditions:**

This PLoI shall be valid for a period of **six months**/..... from the date of issuance of this letter. Within this period, the proponent shall:

- 1) Submit Business Plan within **45 days**/..... from the issuance of this PLoI.
- 2) Submit Business License within **six months**/..... from the date of issuance of this letter.
- 3) No residential quarters in any form shall be permitted within the allotted plots as per the prohibition terms under the **Guidelines for development of Industrial Land 2018**.
- 4) This PLoI is issued only to the above proponent for the specified business activity.
- 5) Failure to comply with any of the above shall automatically lead to cancellation of this PLoI.

(.....Name.....)  
**Director General/ Director**





**LEASE AGREEMENT**

**FOR**

**(INDUSTRIAL PLOT....)**

**(name of the industry.....)**



**Ministry of Industry, Commerce and Employment**

**Royal Government of Bhutan**

**Thimphu**

*Initial of the Lessee*

Page 0 of 12

*Initial of the Lessor*

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## LEASE AGREEMENT

This agreement for lease was made on this ..... BETWEEN ..... on behalf of the Ministry of Industry, Commerce and Employment (MoICE) (Hereinafter referred to as the LESSOR) on the one part ..... the promoter of ..... (Hereinafter referred to as LESSEE) on the other hand.

WHEREAS THE LESSOR is the exclusive owner of the industrial plot at ..... under ..... Dzongkhag described in the schedule hereunder and intends to lease out the same.

AND WHEREAS the LESSEE has approached the said LESSOR for taking the said industrial plot on lease for the establishment of .....

Now this Lease Agreement witnesses that in consideration of the rent hereinafter reserved and of the covenants on the part of the Lessee hereinafter contained, the Lessor does hereby demise to the Lessee on terms and conditions given in this agreement the industrial plot fully mentioned and described in the Schedule of Property on page 8 of this agreement for a period of ..... months with effect from ..... in consideration of a rent as mentioned in Annexure I: Schedule of Rent and Payments attached to this agreement.

## TERMS AND CONDITIONS

### 1. KEY PROVISIONS OF THE INDUSTRIAL LEASE

1.1. The Lessee shall not, except with the prior permission of the Lessor, obtained first hand in writing, use the industrial plot for any purpose other than for the **activity(ies) approved by the Lessor and as stated in the Allotment Order and the Schedule of Property on page 10 of this agreement.**

1.2. The demised property shall be with the Lessee from the date of signing of this agreement except and always reserving to the Lessor:

1.2.1. A right to lay water drains, sewers or electric wires under or over the demised premises, if deemed necessary by the Lessor, in developing the area.

1.2.2. Full right and title to all minerals in and under the demised premises or any part thereof.

1.3. The Lessor shall not deprive the Lessee of peaceful enjoyment of the plot during the lease except in emergency or during industrial inspection.

1.4. The Lessor shall not discontinue or withhold any services and facilities enjoyed by the Lessee without just and sufficient cause.

*Initial of the Lessee*

Page 1 of 12

*Initial of the Lessor*





## 2. RENT AND SECURITY DEPOSIT

2.1. It is hereby agreed that the lessor shall charge, and the lessee shall pay to the lessor, rent (hereinafter referred to as the "Rent") amounting to Nu..... (.....only) per month.

2.2. The rent payable shall stand a revision of ..... % increase after every..... year from the lease commencement date and thereafter.

2.3. The rent for the industrial plot shall be paid by the 5th day of the first month of the following quarter year without any delay or default and the first of such payment shall be made on the date of signing this agreement.

2.4. If the Lessee fails to pay the rent and other dues on time, the Lessee shall be charged a penalty on the outstanding amount at a penal interest of 24% per annum.

2.5. The rent as specified in the **Schedule of Property** and the penal interest, mentioned in the clauses 2.1, 2.2 and 2.3 above, shall be subject to revision from time to time and shall be applicable as and when notified by the Lessor.

2.6. The Lessee shall deposit a sum equivalent to 1 years rent as security deposit on the date of signing this agreement as mentioned in Annexure I attached to this agreement. The security deposit shall be accepted in the form of Cash/Bank Guarantee, which shall be valid for the duration of the Lease Agreement. The Lessee shall ensure that the security deposit is equivalent to 1 years rent at all times and renew the same two months prior to the expiry in the case of Bank Guarantee. Failure to renew the Bank Guarantee or update the security deposit amount on time will result in a fine of Nu. 100 per day, till the same is rectified.

2.7. The security deposit shall be refunded to the Lessee, subject to the recovery of outstanding dues and cost of damages to the utility mains assessed at the time of the expiry or termination of the lease, if any. However, if the amount is not adequate for the same mentioned above, the Lessee shall be required to pay the balance amount within the time period given by the Lessor.

2.8. The Lessor shall issue a receipt for the payment of rent, security deposit or any other relevant payments.

## 3. COVENANTS AND OBLIGATION

THE LESSEE HEREBY COVENANTS AND AGREES:

3.1. To strictly adhere to the activities and deadlines specified in the Implementation Plan submitted by the Lessee at the time of submission of industrial construction drawing and approved by the Lessor. In the event of delays in implementing the agreed plan, the Lessee shall inform the Lessor in writing, prior to the end of the agreed period in the extension for the implementation shall be provided. In the event the Lessor finds that the reasons are not sufficient to justify any extension, then the Lessor shall provide appropriate notice to vacate the industrial plot.

*Initial of the Lessee*

Page 2 of 12

*Initial of the Lessor*





3.2. To proceed with the construction of the buildings and/or any structures on the industrial plot hereby demised only after obtaining necessary approval from the appropriate authorities adhering to the Guideline for Development of Industrial land 2018.

3.3. No residential quarters in any form shall be permitted within the allotted plots and consequently staff shall not use office buildings or plant buildings for any residential purposes.

3.4. To pay all service charges such as electricity, water, telephones, sewerage and other miscellaneous charges to the service providers on time.

3.5. To comply with all infrastructure development works strictly in conformity with the approval (s) granted by the Lessor and not erect any structure(s) on the leased industrial plot without the express approval of the Lessor. The Lessor may withhold such approval, if the Lessor deems that such structure(s) is detrimental to the operation of the industrial estate.

3.6. To confine his activities within the area allotted. Any encroachment beyond the specified boundary shall be treated as an offence and may result in termination of lease at the discretion of the Lessor.

3.7. To arrange for service facilities that are not provided by the Lessor.

3.8. To refrain from engaging in any form of fronting, including unauthorized financial participation, as well as sub-letting, mortgaging, assigning, or transferring the demised premises or any part thereof.

3.9. To take the responsibility of informing the Lessor when he is aware of any danger to the leased industrial plot or any encroachment made upon, or any interference with the Lessor's rights.

3.10. To permit duly authorised agents of the Lessor to enter the premises at all convenient times for periodical inspection and to cooperate and provide any information required by the Lessor or its authorised representative(s).

3.11. To fully abide by the environment protection laws and by-laws and dispose of the waste/unwanted material as per environment clearance issued by the competent authority, to carry out remedial measures as and when the environment legislation so demands for such activities and to put in place any waste treatment/management facility within the plot that the Lessor deems necessary for the particular project.

3.12. To abide by the legislations of the Royal Government in force from time to time.

3.13. To remove all things at lessee's own cost, which was constructed on the plot at the expiry of this agreement (subject to non-renewal of agreement), or on termination of this agreement or on closure of business, and leave the leased property in a condition which is acceptable to the Lessor.



3.14. That upon termination or expiry as per clause 3.13., the lessee shall remove all structures and properties from the leased premises within a maximum period of six months from the date of issuance of termination. Failing to do so will give the right to the lessor to take over the structures and properties left on the premises without any compensation to the lessee.

3.15. To immediately report to the Lessor, in writing, if the operation of the approved activity(ies) is to be halted, due to market or other unforeseen conditions. If such temporary non-operation exceeds 12 months, the agreement shall automatically be terminated. However, the rent shall be payable during the non-operational period.

3.16. That the Lessor shall not be liable to the Lessee for any loss or damage to the structures(s) on the leased industrial plot on account of any reason, including due to natural forces, As such, the Lessee agrees to keep and maintain the industrial plot including all utility mains at all times during the continuance of the lease and to keep all structures and property within the plot insured against fire, theft, and other risks and repair or replace all damaged parts of the utility mains by equally good or better substitutes. In case of non-compliance, the security deposit shall be adjusted towards the same.

3.17. That the lessor shall not be liable for any civil liability arising from any incidents, including deaths or injuries, occurring on the leased industrial plot, whether due to natural forces, natural disasters or any other reason. It is the sole responsibility of lessee for any civil liability on the leased industrial plot.

3.18. That no canteen, cafeteria, or other food service operation, except staff/labor mess, shall be established, nor shall any commercial activities of any kind be carried out on the leased plot. Any violation of this provision will be considered a breach of the lease agreement and may result in immediate termination of the lease.

#### **4. AMENDMENT OR ADDITION TO BUSINESS ACTIVITIES**

4.1. The Lessee shall not ordinarily be allowed to change the business activity approved for establishment on the leased industrial plot. However, the Lessee may be allowed to change the activity on the leased industrial plot subject to meeting all of the following conditions and in accordance with the procedure laid down in Annexure II attached to this agreement:

4.1.1. That the existing activity is no more viable for operation for reasons beyond the control of the Lessee;

4.1.2. That a substantial part of the existing infrastructure can be used for the new activity and that the new activity becomes operational within 6 months of obtaining all clearances:

4.1.3. That the new activity is in the priority list of the Royal Government;

4.1.4. That the proposed new activity is suitable for establishment on the leased industrial plot;

*Initial of the Lessee*

Page 4 of 12

*Initial of the Lessor*





4.1.5. That the industrial plot leased to the Lessee is adequate for the establishment of the new activity. It shall be the responsibility of the Lessee to ensure that the plot is adequate and that under no circumstances shall the Lessor provide any additional plot for the purpose; and

4.1.6. That the Lessee obtains approval of relevant authorities, including the Lessor, on the proposed new activity.

4.2. The Lessee may be allowed to establish an additional activity on the leased industrial plot subject to the following conditions:

4.2.1. That the industrial plot leased to the Lessee is adequate for the establishment of the additional activity. It shall be the responsibility of the Lessee to ensure that the plot is adequate and that under no circumstances shall the Lessor provide any additional plot for the purpose; and

4.2.2. That the Lessee obtains approval of relevant authorities, including the Lessor, for the proposed additional activity before establishing the additional activity.

## **5. EXPIRY OF LEASE AGREEMENT**

5.1. The Lessee may request for the renewal of this agreement at the end of the lease, subject to serving the Lessor with a written notice of 6 months in advance.

5.2. In the event that the Lessee wishes to vacate the leased industrial plot at the end of the lease, he shall serve the Lessor with a written notice of 2 months in advance.

## **6. TRANSFER OF LICENSE**

6.1. In the event that there is a transfer of the Lessee's license to another individual/company on account of inheritance, sale of business, amalgamation or merger of the business for which the property was leased, with no change in activity(ies), a new Lease Agreement may be drawn up for the balance tenure with the new individual/company as per standard procedures and subject to approval of the Lessor in writing.

6.2. The transfer of ownership or lease rights shall be as per Land Lease Rules and Regulations 2018 and shall require the prior approval of the lessor.

## **7. INSURANCE**

7.1. It is hereby agreed that the Lessee shall, if necessary, at its own cost insure the structures, plant and equipment, machineries, etc...

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## 8. BREACH OF AGREEMENT AND PENALTY

8.1. In case of any Breach of Duty by the Lessee, the Lessor shall send a written notice to the Lessee to rectify such breach within one month (or otherwise specified) from the date of issue of such notice ("Cure Period").

8.2. In the event the Lessee fails to rectify such Breach of Duty within the stipulated Cure Period, the Agreement shall at the option of the Lessor forthwith stand terminated as per the terms in Clause 9.1. The Lessee shall be liable to pay to the Lessor for losses or damages on account of such Breach of Duty as provided for in terms of this Agreement hereof.

8.3. In case the Lessee commits Breach of Duty as provided under this Agreement or fails to adhere to the timelines provided in this Agreement; the Lessor shall have the right to immediately forfeit the Security Deposit.

8.4. The Lessee shall be liable for a fine equivalent to 2 quarters' rent if the Lessee vacates the leased plot in violation of this agreement and the Tenancy Act of the Kingdom of Bhutan, 2015.

## 9. TERMINATION OF LEASE

9.1. The Lessor shall terminate this Agreement within 15 days from the date of expiry of the Cure Period, without any compensation, if:

9.1.1. rent has been owing in respect of the leased industrial plot for 6 months;

9.1.2. the Lessee does not comply with the provisions of this agreement and/or that of the Tenancy Act of the Kingdom of Bhutan, 2015;

9.1.3. the Lessee creates repeated nuisance to the surroundings/neighbouring occupants/ or other organizations in the same vicinity or carries out any dangerous/illegal activities;

9.1.4. the Lessee's licence(s) is cancelled or revoked; and

9.1.5. the Lessee discontinues/closes down the authorised activity(ies) on the industrial plot for more than 3 months without prior written information and approval of the Lessor in writing.

9.1.6. there is insolvency, bankruptcy or liquidation of the Lessee or if the Lessee is unable to pay its debts or if there is any misrepresentation by the Lessee and an appropriate order is passed by the Competent court;

9.1.7. the Lessee has absconded from the premises or abandoned the property, thereby failing to fulfil their obligations under this Lease Agreement;

9.1.8. The Lessee amalgamates with or is acquired by, or comes, directly or indirectly, under the control of any third party without the prior written consent of the Lessor.

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9.2. In the event of a breach of any terms herein, the Lessor shall terminate the lease without any compensation to the lessee. The lessee shall be given a maximum period of six months to vacate the premises. After the given six months, the Lessee does not have any claim over the properties.

9.3. The Lessee shall have the right to terminate the lease with notice in the event of any material part of the leased plot being wholly destroyed or rendered substantially or permanently unfit for which it was leased, due to natural forces.

9.4. If the government takes back the plot and closes down the industry/firm in the national interest during the lease term, the government may consider reasonable compensation of the structure on the leased area as per rules in vogue provided that the structure(s) erected had earlier been approved by the Lessor in writing. When the lease term is nearing expiry, the government may decide not to renew the Lease Agreement if it is in national interest for which prior information will be provided to the Lessee.

9.5. The Lessee shall have the right to voluntarily surrender the leased plot subject to clearing of all dues and 2 months' notice to the Lessor. The actual vacation of the plot shall be completed within 6 months after the notice period. The Lessee shall pay the lease rent till the vacation of the plot.

9.6. On termination of the lease, the Lessee or his legal heirs) shall be entitled to all the structures built by the Lessee prevailing upon the property, and to free ingress and egress to gather and carry them if removed within six months after the termination of lease.

9.7. Notwithstanding anything contained herein, if there is, in the opinion of the Lessor any breach by the Lessee or by the person claiming through or under him of any of the covenants or conditions hereinbefore contained and the provisions of the Tenancy Act of the Kingdom of Bhutan, 2015, the Lessor reserves the right to terminate the lease and evict the Lessee by giving prior notice without any compensation by the Government.

## **10. FORCE MAJEURE**

10.1. If the Demised Premises are damaged or destroyed by fire (not caused by the Lessee), earthquake, flood, lightning, or any Force Majeure event, making them unfit for use, or if the Lessee cannot fulfil their obligations under this Agreement within six months due to the Force Majeure event, either Lessee or Lessor may terminate the Agreement. The Lessee must then promptly vacate and return the premises to the Lessor.

10.2. Force Majeure cannot be used as an excuse for not fulfilling obligations under this Agreement unless the Lessee affected by the Force Majeure event notifies the Lessor in writing:

10.2.1. As soon as reasonably possible after the Force Majeure event occurs, and

10.2.2. As soon as reasonably possible after the Force Majeure event ends.

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**11. MISCELLANEOUS**

11.1. The terms of this Agreement shall not be altered or added to and nor shall anything be omitted from there, and any amendments made to this agreement shall be mutually agreed upon by the parties.

11.2. Any notice or communication required to be served hereunder shall be deemed to have been served on the Lessee if signed by an authorised representative of the Lessor and served by ordinary post, fax or hand delivered or through email and the services shall be deemed to have been made at the time of which the letter or fax would in the ordinary course be delivered even though returned un-served on account of the refusal by the Lessee or otherwise howsoever.

11.3. The Lessor shall use the address, including the post box number, telephone number, mobile number, fax number, and email address provided by the Lessee on this agreement for verbal as well as written communication including serving reminders, warnings, notices, termination/eviction notices, etc... It shall be the responsibility of the Lessee to inform the Lessor, in writing, about any change in the address. This change in address, if received, must be acknowledged by the Lessor, in writing.

10.4. This agreement is construed in accordance with the relevant laws of the Kingdom of Bhutan.

**The Schedule of Property**

- 1. Allotment Order No. : .....
- 2. License No(s) : ..... Dated: .....
- 3. Approved Activity (ies) : .....
- 4. Plot No. : .....
- 5. Location : .....
- 6. Area : .....
- 7. Lease Term : .....
- 8. Others : .....

*Initial of the Lessee*

*Initial of the Lessor*





**IN WITNESS WHEREOF** the parties hereto have executed these presents on the day, month and the year first above- written in two original copies.

**Signed, Sealed and delivered by the LESSOR:**



Designation.....

Name: ..... on behalf of DoI, MoICE,

In presence of....., IPMD, MoICE.

Signature: .....

**Signed, Sealed and delivered by the LESSEE:**



Mr./Ms.....

CID card No: .....

In presence of Mr./Ms..... CID card No:.....

Signature:

**Addresses for communication:**

(Please list post box number, email address, telephone, fax:

1. Address of the Lessor:

.....  
.....

Phone No.....

2. Address of the Lessors' witness:

.....  
.....  
.....

3. Address of the Lessee:

.....  
.....  
.....

4. Address of the Lessees' witness:

.....  
.....  
.....

*Initial of the Lessee*

*Initial of the Lessor*

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**Annexure I: Schedule of Rent and Payments**

**1. Rent:**

a. Size of the industrial plot .....

b. Lease rate .....

c. Rent per Annum {a (sq. ft.) x b} .....

**2. Rent per Quarter {c-4}** .....

**3. Payments:**

Rent shall be paid on a quarterly basis as per the following schedule.

<b>Sl No</b>	<b>Payment for (Quarter No)</b>	<b>Amount (Nu.)</b>	<b>To be paid by</b>
1			
2			
3			
4			

*Initial of the Lessee*

*Initial of the Lessor*





**Annexure II: Procedure for the establishment of new activity on the leased industrial plot.**

If the Lessee wishes to establish a new activity on the leased industrial plot, the following procedure shall apply:

- (i) The Lessee shall inform the Lessor in writing about his interest/intention of starting a new activity.
- (ii) The Lessor shall provide written acknowledgement of the receipt of the Lessee's intention and shall study the proposed new activity for its relevance in line with clause XV (c).
- (iii) if the Lessor considers that the proposed activity is not relevant, it shall reject the proposal and inform the Lessee accordingly. This agreement shall then be terminated and the Lessee shall vacate the plot.
- (iv) If the Lessor considers that the proposed activity is relevant, it shall send a written advice to the Lessee to process for the approval of the proposal as per existing procedure.
- (v) The Lessee shall obtain the approval of the proposal within 3 months of the receipt of communication mentioned in step (IV) above from the Lessor. Failure to submit the approval of the proposal to the Lessor within the stipulated time shall result in the termination of this agreement and vacation of the plot by the Lessee.

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