



FDI ANNUAL REPORT

2024

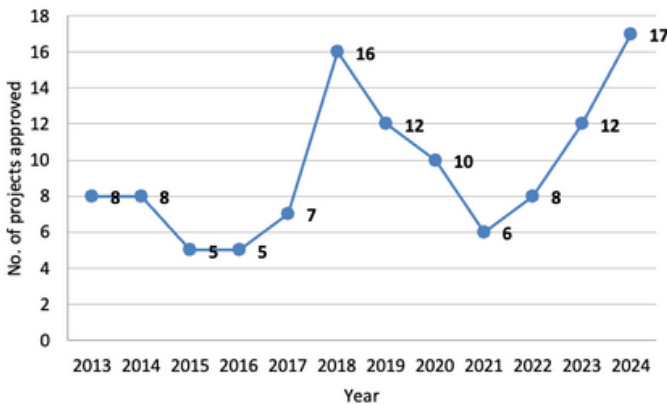
INVEST BHUTAN DIVISION
DEPARTMENT OF INDUSTRY
MINISTRY OF INDUSTRY, COMMERCE & EMPLOYMENT

2024- FDI TREND & OUTLOOK

FDI PROJECTS APPROVED

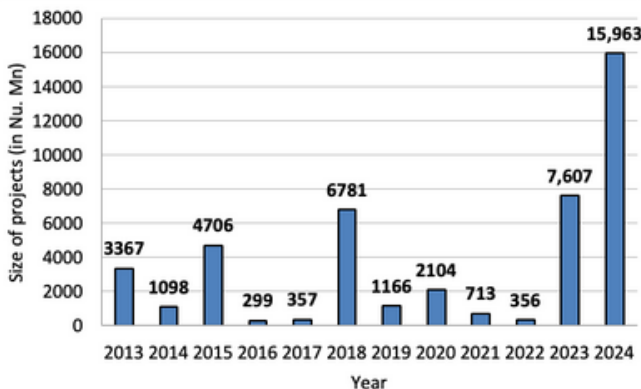
The Department of Industry has approved a total of 17 FDI projects worth Nu. 15,962.87 million during the year 2024. Six of the projects are in the manufacturing sector, and the other 11 projects are in the service sector. The charts below show that the number of projects approved and project size have both increased during the year.

Chart I: No. of Projects Approved



PROJECT SIZE

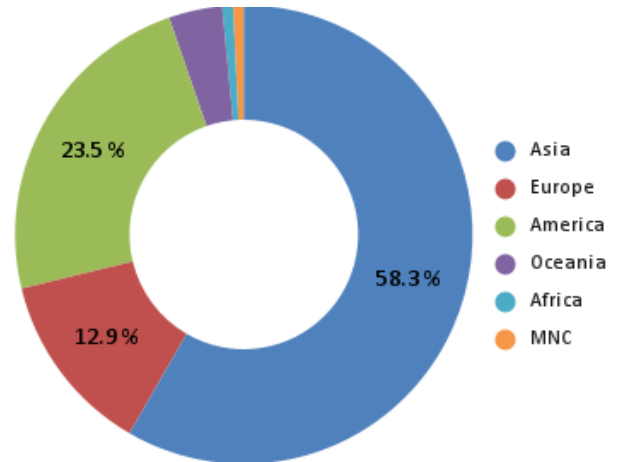
Chart II: Size of Project (by Project Cost)



ORIGIN OF FOREIGN INVESTORS

Fifty-eight percent of the FDI projects in the country are from investors based in Asia, followed by America (23.5%) and Europe (12.9%).

Chart III: Origin of Foreign Investors



TOP SOURCES IN ASIA

From within Asia, India remains the major source of investment in Bhutan with a 55 % share followed by Singapore (15 %) and Thailand (11 %).

FDI PROJECTS AS OF 2024

The total number of approved projects stands at 121, with 17 new projects approved during the year. Four FDI projects have withdrawn during the year: one project in Services and three in Production & Manufacturing.

2024: 121 Projects



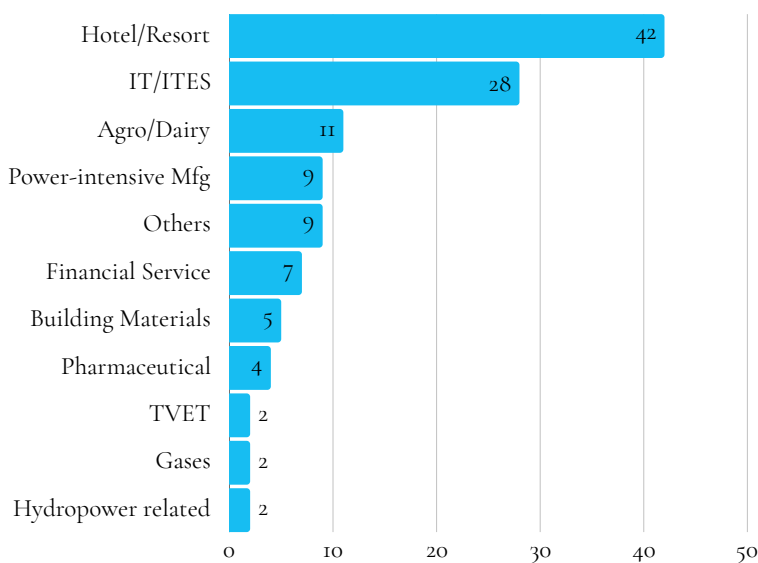
2023: 108 Projects

2024- FDI TREND & OUTLOOK

PROJECTS APPROVED IN PRINCIPLE

A total of 16 FDI projects were issued with FDI Registration Certificates in 2024, of which seven projects were approved (three in the manufacturing sector and four in the service sector) during the year. Nine projects (three in the manufacturing sector and six in the service sector) are in various stages of approval.

SECTORAL SHARE OF FDI



Hotel sector continues to attract the highest FDI, receiving 34.7% of the total, which corresponds to 42 projects. It is followed by the IT/ITES sector, which accounts for 23.14%, representing 28 projects.

KEY TRENDS IN FDI

- Share of Hotel sector to overall FDI slightly declined from 34.9% in 2023 to 34.7% in 2024.
- Share of IT/ITES has shown a slight increase from 21.7% in 2023 to 23.14% in 2024.
- With no new power-intensive manufacturing in 2024 the share to overall FDI has decreased from 8.5% in 2023 to 7.4% in 2024.
- The service sector dominated overall FDI with 65.2%, down 2% as compared to 2023.
- The value of FDI projects (as per the project report) stands at Nu. 60.841 billion as of 2024.
- About 80.33 % of the approved FDI projects fall in the priority sector.
- FDI projects are mostly located in Thimphu, Paro, and Chukha Dzongkhags.

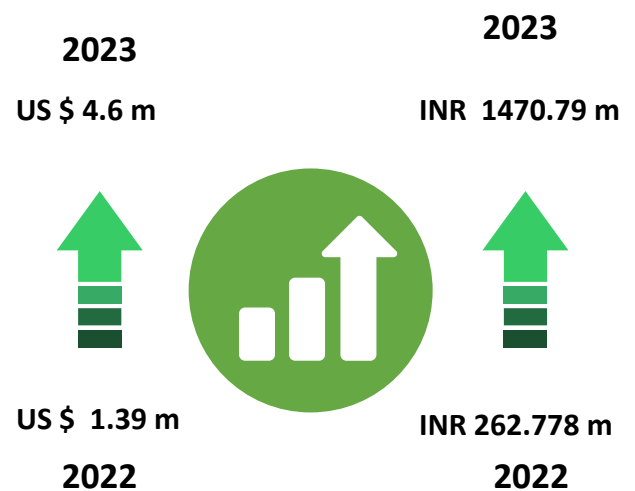
FDI Scenario in 2024

According to the UNCTAD World Investment Report, 2024, Global FDI flows fell 2% to \$1.3 trillion in 2023 as trade and geopolitical tensions weighed on a slowing global economy. FDI flows to developing countries dropped 7% to \$867 billion. Tight financing conditions led to a 26% fall in international project finance deals, critical for infrastructure investment. While prospects for 2024 remain challenging, the report says modest growth for the year remains possible, citing easing financial conditions and investment facilitation efforts in both national policies and international agreements.

An assessment of the scenario of FDI inflow in the country was carried out through a survey of FDI projects and validation of the information through audited accounts submitted to the Ministry. While an attempt was made to cover entire FDI projects, information from a few companies could not be collected due to the temporary closure of businesses and non-respondents on the survey.

CAPITAL INFLOW

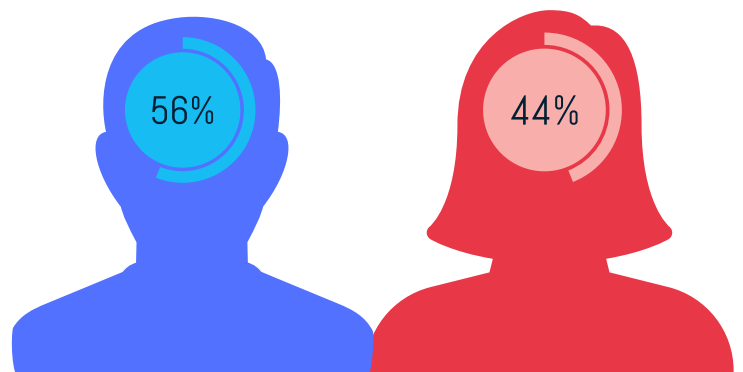
Information compiled reveals that the country has received capital inflows worth Nu. 6445.57 million in 2023, up from Nu. 5868.57 million in 2022. Inflows in convertible currency by the reported FDI projects were recorded at US\$ 4.6 million and that in Indian Rupee at INR 1470.79 million. The inflows in both the convertible currency and INR received during the year have increased from that of capital inflow received in 2022.



EMPLOYMENT (As of 2024)

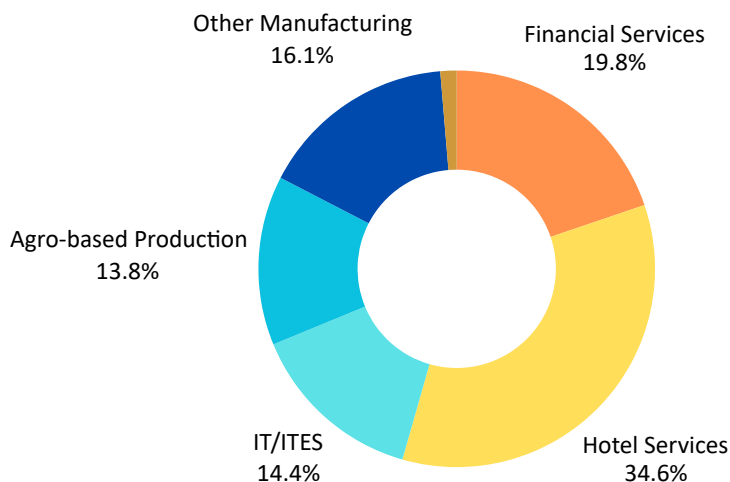
A total of 4366 Bhutanese were directly employed by the reported FDI projects as of December 2024. Of this workforce, 56% (2460 individuals) are male, while 44% (1906 individuals) are female.

EMPLOYMENT BY GENDER: BHUTANESE



Employment Scenario as of 2024

EMPLOYMENT BY SECTOR



BHUTANESE EMPLOYED IN HOTEL SECTOR

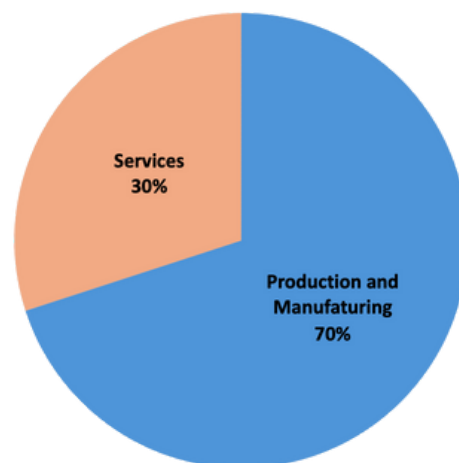
34.6%

As of 2024, hotel services is the sector that has generated the most jobs for Bhutanese, with a share of 34.6% from the total employment.

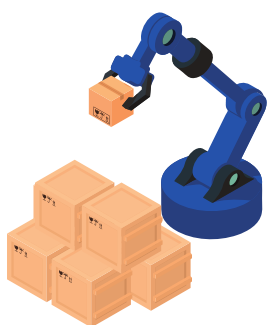
While employment share in financial and IT/ITES sectors has slightly declined compared to the previous year, the year saw an increase in employment in the hotel, other manufacturing, and services sectors as of date.

EMPLOYMENT BY INDUSTRY CATEGORY

The service sector employed 70% of the total employees, while the manufacturing sector employed 30% only.



AVERAGE EMPLOYMENT- Manufacturing Versus Services



Manufacturing sector not only accounted for a lower share of total employment but also has a lower average employment of Bhutanese as compared to the service sector. An average of 34 Bhutanese are employed in the manufacturing sector, while service sector employed 38 on average.

EXPATRIATE EMPLOYEES: BHUTANESE EMPLOYEES RATIO

FDI companies employed a total of 258 foreign/expatriate workers. For every single expat employed in the FDI companies, there are 16 Bhutanese employed. *Day workers from across the border are not covered in the analysis.

EXPAT TO LOCAL RATIO

of total Regular Employee

1:16

Expatriate: Bhutanese Employee Ratio- Sector wise Analysis

Sectoral analysis of the ratio reveals that for every expat employed, the Financial Sector has the highest locals of 421 employed in total followed by IT/ITES sector employing 35 locals in total for every expat. The Hotel Sector comes next, with a ratio of 1:30, indicating 30 Bhutanese employees for every expatriate. In the manufacturing sector, the ratio is only 1:6 (six Bhutanese for every single expat).

TAX CONTRIBUTION

Tax contributions by the reported FDI companies are recorded at Nu. 2078.47 million for the income year 2023. The contribution has increased by 37.38 % from the contribution recorded for the income year 2022, which was Nu. 1512.97 million. The figure is compiled from the survey and includes taxes such as salary tax, customs duties, corporate tax, etc.

FOR FURTHER INFO:

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