



**DEPARTMENT OF INDUSTRY**  
**MINISTRY OF INDUSTRY, COMMERCE AND EMPLOYMENT**



**ANNUAL  
INDUSTRY REPORT**  
Fiscal Year 2024-2025





# TABLE OF CONTENTS

ABBREVIATIONS.....	5
FOREWORD.....	6
OVERVIEW OF THE INDUSTRY SECTOR.....	9
0.1.1 Trend of Industries from 2023 to 2025.....	10
0.1.2. Trend of Industries by Scale.....	11
0.1.3 Trend of Industries by Classification.....	12
0.2 Active Industry Licenses in 2025.....	12
0.2.1 Industries by Dzongkhag and Scale .....	14
0.2.2 Industries by Dzongkhag and Classification.....	15
0.2.3. Industry by Legal Status (Ownership Type).....	16
CHAPTER 1 POLICY AND REGULATORY REFORMS.....	18
1.1. FDI Policy and Rules 2025.....	18
1.2. World Association of Investment Promotion Agency.....	18
1.2.1. Bhutan's Engagement with WAIPA.....	19
1.3. Rules and Regulation for Places of Entertainment 2024.....	20
1.4. Informal Sector Support Guideline 2024.....	20
1.5. Standard Operating Procedure for Land Lease at Industrial Estates/Parks 2024.....	20
1.6. Guidelines for the Issuance of Business Licence for Commercial Production of Alcoholic Beverages 2025.....	21
1.7. Standard Operating Procedure for Licensing, Monitoring and Supervising of Real Estate Agents for Anti-Money Laundering and Countering of Financing of Terrorism 2025.....	22
1.8. Government Notification on Use of Local Concrete Bricks in Public Infrastructure Constructions.....	22
1.9. Notification on Branch Licensing of Existing Commercial Establishments.....	23
1.10. Revision of Hotel Licensing Procedure.....	23
1.11. Review on Scale Categorization of Industries.....	23
CHAPTER 2 BUSINESS DEVELOPMENT SUPPORT SERVICES.....	25
2.1. Capacity building.....	25
2.1.1. Food Processing Training for Agro-based CSIs.....	25
2.1.2. Training on Process Requirement of ISO/IEC 17065 for CSIs.....	26





2.2. Business Advocacy Workshop.....	26
2.2.1. Workshop on Online Services of the Department and BTFN.....	26
2.3. Licensing and Facilitation for FDI.....	27
2.3.1. FDI Registration Certificate.....	27
2.3.2. FDI Project Approval.....	27
2.3.3. Other Post-License Facilitations.....	28
2.3.4. Investor Card and Work Permit with Multiple Entry Visa.....	28
2.4. New Licensing and Change of Licenses for Domestic Medium and Large Industries....	28
2.4.1. Approval of New Industrial Projects.....	28
2.4.2. Upgradation and Downgradation of Industries.....	29
2.4.3. Changes of Industrial Licenses.....	30
2.5. Post License Facilitation of Industries.....	31
2.5.1. Import License.....	32
2.5.2 Business Guest Visa.....	33
2.5.3.1. Fiscal Incentives for Capital Goods.....	35
2.5.3.2. Value Addition Certificate.....	35
2.5.3.3. Investment Allowance.....	36
2.5.3.4. Certificate for Local Manufacturers of Construction Materials.....	36
2.5.3.5. Recommendation for Concessionary Tax Rate Incentives.....	36
2.5.4. Facilitation of Access to Convertible Currency Clearance.....	36
2.5.5. Dissemination of Industrial Data.....	37
2.6. Environment Services.....	38
2.6.1. Environment Clearance Related Services.....	38
2.6.1.1 Trend in EC Services.....	39
2.6.2. Data Collection for the Greenhouse Gas Inventory of Industries.....	40
2.6.3. Quarterly Report Submission to the Department of Environment and Climate Change.....	41
2.6.4. Environmental Impact Assessment of Norbugang Industrial Park.....	42
2.7. One-Stop Business Support Services Provided.....	42
CHAPTER 3 ACCESS TO INFRASTRUCTURE.....	44
3.1. Industrial Park/Estate.....	44





3.1.1. Bjemina Industrial Estate.....	44
3.1.1.1. Industries by Sub-classification.....	45
3.1.1.2. Operational Status of Industries.....	45
3.1.1.3. Industries by Scale.....	46
3.1.1.4. Revenue and Employment Generation.....	47
3.1.1.5. Maintenance of Bjemina Industrial Estate.....	47
3.1.2. Pasakha Industrial Estate.....	48
3.1.2.1. Industries by Sub-classification.....	48
3.1.2.2. Operation Status of the Industries.....	49
3.1.2.3. Industries by Scale.....	50
3.1.2.4. Revenue and Employment Generation.....	50
3.1.2.5. Recent Developmental Activities carried out at Pasakha Industrial Estate..	51
3.1.3. Phuntshorabtenling Industrial Park.....	52
3.1.3.1. Sub-sector Classification.....	53
3.1.3.2. Operation Status of the Industries.....	54
3.1.3.3. Scale Classification.....	54
3.1.3.4. Trend of the Status of the Industries (MIP).....	55
3.1.3.5. Revenue and Employment Generation.....	56
3.1.3.6. Current Developmental Activities carried out at Phuntshorabtenling Industrial Park.....	56
3.1.4. Dhamdum Industrial Park.....	58
3.1.4.1. Sub-sector Classification.....	58
3.1.4.2. Operation Status of the Industries.....	59
3.1.4.3. Scale Classification.....	60
3.1.4.4. Trend of the Status of the Industries (DIP).....	60
3.1.4.5. Revenue and Employment Generation.....	61
3.1.4.6. Recent Developmental Activities carried out at Dhamdum Industrial Park.....	61
3.1.5.1. Sub-sector Classification.....	63
3.1.5.2. Operation Status of the Industries.....	63
3.1.5.3. Scale Classification.....	64
3.1.5.4. Revenue and Employment Generation.....	65





3.1.5.5. Recent Developmental Activities carried out at Norbugang Industrial Park.....	65
3.1.6. Changchey CSI Park.....	66
3.2. Waste Treatment Infrastructure- Leachate Treatment Plant.....	66
CHAPTER 4 PROMOTION OF INDUSTRIES.....	67
4.1. Industrial Development Roadmap.....	67
4.2. Industrial Transformation Map.....	67
4.3. Economic Development Board.....	68
4.4. Networking Event for FDI Hotels & CSI Women Entrepreneurs- An Initiative recognized as a best practice for Advancing Gender Equality in Investment Promotion by FDI Centre.....	69
4.5. Investment Roadshow.....	70
4.6. Publication and Launch of Industry Census Report 2024.....	74
4.7. Investment Portal.....	74
4.8. Support to Local Chain-link Manufacturing Industries.....	75
4.9. New Industrial Park Site Identification at Bokajuli, Samdrup Jongkhar.....	75
4.10. Informal Sector Support.....	77
4.11. CSI Forum.....	77
4.12. CSI Market within Bhutan.....	78
4.13. CSI Fair.....	79
4.14. Study on Non-performing Industries.....	80
4.15. Study on Fiscal Incentives Act/Rules.....	80
CHAPTER 5 MONITORING.....	82
5.1. Monitoring of Domestic Industries.....	82
5.2. Monitoring of FDI Projects.....	82
5.3. Monitoring of Import.....	83
5.4. Compliance Monitoring of Projects.....	84
5.4.1 Trend in Compliance Monitoring of Projects.....	85
5.5 Formalization of Informal Sector Support Beneficiaries.....	85
Annexure 1.....	86
Annexure 2.....	87
Annexure 3.....	88





Annexure 4.....89





# ABBREVIATIONS

1. ADB TA - Asian Development Bank Technical Assistance
2. AI - Additional Information
3. AML/CFT - Anti-Money Laundering and Countering of Financing of Terrorism
4. BTR - Biennial Transparency Report
5. BTFN - Bhutan TradeFin Net
6. CSIs - Cottage and Small Industries
7. DECC - Department of Environment and Climate Change
8. DoI - Department of Industry
9. EA Act 2000 - Environmental Assessment Act 2000
10. EC - Environment Clearance
11. EIA - Environmental Impact Assessment
12. FDI - Foreign Direct Investment
13. FDIRC - Foreign Direct Investment Registration Certificate
14. FY - Fiscal Year/Financial Year
15. GHG - Greenhouse Gas
16. HDPE - High-Density Polyethylene
17. ICT - Information and Communication Technology
18. IDR - Industrial Development Roadmap
19. IEE - Initial Environmental Assessment
20. IP/IE - Industrial Parks/Industrial Estates
21. IPPU - Industrial Processes and Product Use
22. JGSEE - Joint Graduate School of Energy and Environment
23. JIP - Jigmeling Industrial Park
24. KLD - Kiloliters per Day
25. LTP - Leachate Treatment Plant
26. MoENR - Ministry of Energy and Natural Resources
27. MoICE - Ministry of Industry, Commerce and Employment
28. NDC - Nationally Determined Contributions
29. NIP - Norbugang Industrial Park
30. DIP - Dhamdum Industrial Park
31. BIE - Bjemina Industrial Estate
32. PIE - Pasakha Industrial Estate
33. MIP - Phuntshorabtenling Industrial Park
34. P&M - Production and Manufacturing
35. ROICE - Regional Office of Industry, Commerce and Employment
36. SOP - Standard Operating Procedure
37. WAIPA – World Association of Investment Promotion Agencies
38. LLC - Land Lease Certificate





## FOREWORD

It is my pleasure to present the Annual Industry Report for the fiscal year 2024–2025, which outlines the key achievements, activities, and initiatives undertaken by the Department of Industry under the Ministry of Industry, Commerce and Employment during the fiscal year.



During the fiscal year 2024–2025, the Department focused on reinforcing the industrial landscape through policy enhancements, promotion of FDI, streamlined regulatory processes, enhancement and construction of industrial parks, and improved support services. Emphasis was placed on enabling a more business-friendly environment by identifying systemic challenges, fostering innovation and competitiveness, and providing targeted support to industries across all scales. The year also saw strengthened efforts toward reviving non-performing industries, improving monitoring and compliance frameworks, and expanding fiscal and technical support to industries with high potential for growth.

Moving forward, we remain committed to promoting inclusive and resilient industrial development, embracing green and digital transitions, service delivery and ensuring that our industries continue to contribute meaningfully to national economic goals. With collective efforts and a shared vision, we look forward to building a robust industrial ecosystem that drives long-term prosperity.

I take this opportunity to thank our industry partners, stakeholders, and the dedicated team at the Department for their continued support and contributions throughout the year.

A handwritten signature in black ink, appearing to read 'Chhime Tshering'.

**Chhime Tshering**  
**Director General**





# INTRODUCTION

The Department of Industry (DoI), under the Ministry of Industry, Commerce and Employment (MoICE), is mandated to promote and support industrial development in Bhutan. Its functions include implementing policies, providing regulatory oversight, promotion of FDIs, management and construction of industrial parks, and delivering services that facilitate a conducive environment and support the growth, and operation of industries across various sectors and scales.

This Annual Industry Report for the fiscal year 2024–2025 presents a comprehensive overview of the Department’s key initiatives, accomplishments, and developments over the year. It reflects the Department’s continued commitment to supporting the growth of cottage, small, medium, and large-scale industries, while also responding to emerging challenges and opportunities in an evolving industrial landscape.

The report captures major activities carried out by the Department and highlights efforts made toward policy enhancement, investment promotion, and the provision of business support services.

As Bhutan progresses toward a more inclusive and sustainable economic model under the 13th Five Year Plan, this report aims to provide insights into the Department’s strategic interventions and partnerships, which are designed to enhance industrial competitiveness, promote innovation, and drive long-term economic resilience.





## EXECUTIVE SUMMARY

The Annual Industry Report for the fiscal year 2024–2025 presents a comprehensive account of the Department of Industry’s achievements, initiatives, and services in promoting industrial development in Bhutan. The year marked a moderate recovery in the total number of active industry licenses, rising from 29,819 in 2024 to 30,666 in 2025, indicating a 2.84% growth. The report highlights a consistent rise in cottage industries and stable trends among medium and large industries, with small-scale industries continuing to dominate the industrial landscape.

Several key policy and regulatory reforms were undertaken to enhance the ease of doing business, including revisions to hotel licensing procedures, scale categorization of industries, and new guidelines for commercial production of alcoholic beverages. The Department also revised and introduced various Standard Operating Procedures (SOPs) to streamline land lease, licensing, and compliance processes. A study on non-performing industries was initiated, in line with the 13th Five Year Plan, to identify and revive industrial units with potential for economic contribution.

The Department facilitated numerous business development support services, including post-license support, fiscal incentives, capacity-building programs, and enhanced digital services such as one-stop business support via social media and online platforms. Notably, the number of import licenses and value addition certificates issued continued to grow, reflecting stronger trade facilitation and awareness of incentive schemes among industries.

Significant progress was also made in infrastructure development within industrial estates and parks, along with strengthened environmental services and monitoring mechanisms. The Department’s commitment to promoting a resilient, competitive, and inclusive industrial ecosystem is evident through its strategic interventions, international partnerships, and continuous stakeholder engagement.





## OVERVIEW OF THE INDUSTRY SECTOR

The industrial sector in Bhutan is categorized into four scales: large, medium, small, and cottage, based on capital investment and the number of employees. An industry is classified as large if it involves a capital investment of Nu. 100 million or more and employs a minimum of 100 employees. A medium-scale industry is defined by an investment between Nu. 10 million and Nu. 100 million, with a workforce ranging from 20 to 99 employees. Small-scale industries are those with investments between Nu. 1 million and Nu. 10 million, employing 5 to 19 people. Likewise, cottage industries are characterized by investments of less than Nu. 1 million and employ between 1 to 4 individuals.

*Table 1: Scale categorization of industries in Bhutan*

Scale	Investment	Employment
Large industries	> Nu. 100 million	100+
Medium industries	Nu. 10 million - Nu. 100 million	20 to 99
Small industries	Nu. 1 million - Nu. 10 million	5 to 19
Cottage industries	< Nu. 1 million	1 to 4

*Note: Investment and employment will apply; where there is a conflict, investment will take precedence.*

Bhutan's industrial sector is broadly categorized into three classifications: the Production and Manufacturing, the Service, and the Construction. The Production and Manufacturing (P&M) encompasses businesses involved in the transformation and value addition of primary raw materials into finished or semi-finished products. The P&M classification is further sub-classified as agro-based, forest-based, mineral-based and others. The Service sector includes businesses that provide various services to consumers, such as consultancy, travel agencies, hotels, restaurants, automobile workshops, salons, and financial services, among others, and the Construction sector refers specifically to businesses engaged in construction and related activities.



## 0.1 Trend of Active Industry License

For the purpose of this report, data on active industrial licenses as of 20th June 2023, 20th June 2024, and 20th June 2025 have been analysed to identify various trends as follows.

Table 2: Industry by sector and scale as of 20th June 2023, 2024, and 2025 respectively

Industry by Sector	Large & Medium Industries			Small Industries			Cottage Industries			Total 2025	Industry by %
	2023	2024	2025	2023	2024	2025	2023	2024	2025		
Production & Manufacturing	346	325	387	1,153	1120	1333	2,213	2394	2545	4265	14.2%
Services	563	459	485	17,601	15438	15153	7,506	8057	8253	23891	79.6%
Construction	457	420	380	1,849	1579	1436	19	27	29	1845	6.1%
<b>TOTAL</b>	<b>1,366</b>	<b>1,204</b>	<b>1252</b>	<b>20,603</b>	<b>18,137</b>	<b>17922</b>	<b>9,738</b>	<b>10,478</b>	<b>10827</b>	<b>30001</b>	<b>100%</b>

Note: Construction: Only W-2: Registration for Traditional Painting and Specialist Firms are eligible under CRC

### 0.1.1 Trend of Industries from 2023 to 2025

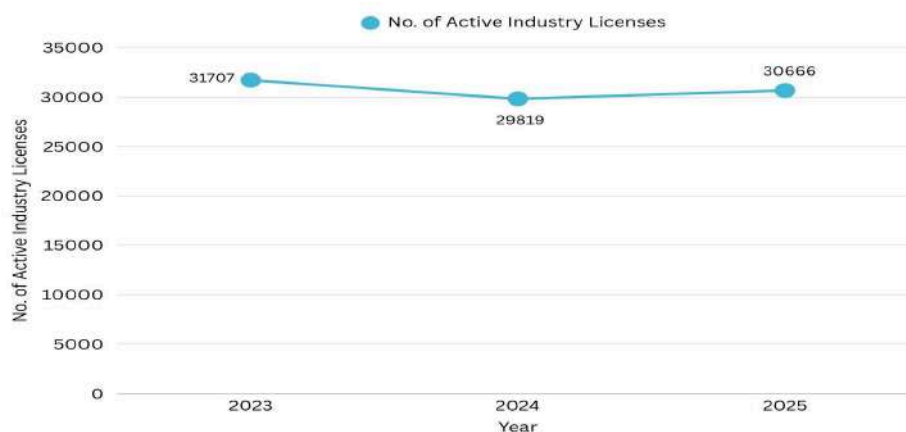


Figure 1: Trend of industries from 2023 to 2025





The trend in the number of active industry licenses over the period from 2023 to 2025 reveals a slight overall decline followed by a modest recovery. In 2023, there were 31,707 active industry licenses recorded. This number dropped to 29,819 in 2024, marking a decrease of approximately by 6%, which could be attributed to a combination of factors such as business closures and non-renewals. However, in 2025, the number of active licenses increased slightly to 30,666, indicating a growth of active licenses by 2.84% from 2024.

### 0.1.2. Trend of Industries by Scale

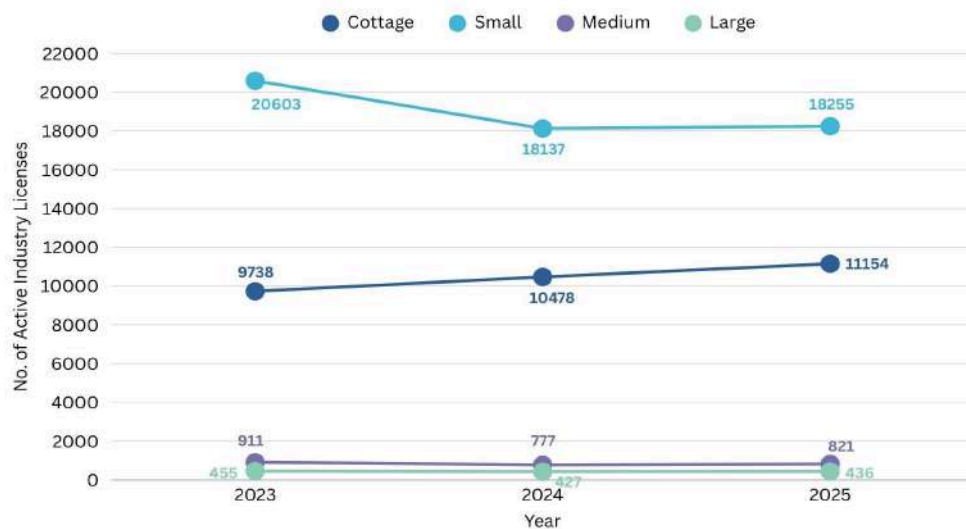


Figure 2: Trend of industries by scale

The distribution of active industry licenses by scale from 2023 to 2025 reveals shifting dynamics across industry scale categories. The small-scale industries continued to hold the majority share, although the number of active licenses declined steadily from 20,603 in 2023 to 18,137 in 2024, it increased slightly to 18,255 in 2025. In contrast, cottage industries demonstrated a consistent upward trajectory, growing from 9,738 licenses in 2023 to 10,478 in 2024, and reaching 11,154 in 2025. Medium-scale industries witnessed a slight decline from 911 licenses in 2023 to 777 in 2024, followed by a modest recovery to 821 in 2025. Meanwhile, large-scale industries maintained a relatively stable presence, with minor fluctuations from 455 in 2023, dipping slightly to 427 in 2024, and marginally rising to 436 in 2025. Overall, the data highlights a diversification of industrial activity, with sustained growth at the





cottage-scale level, slight contraction in the small-scale industries, and relative stability among medium and large industries.

### 0.1.3 Trend of Industries by Classification

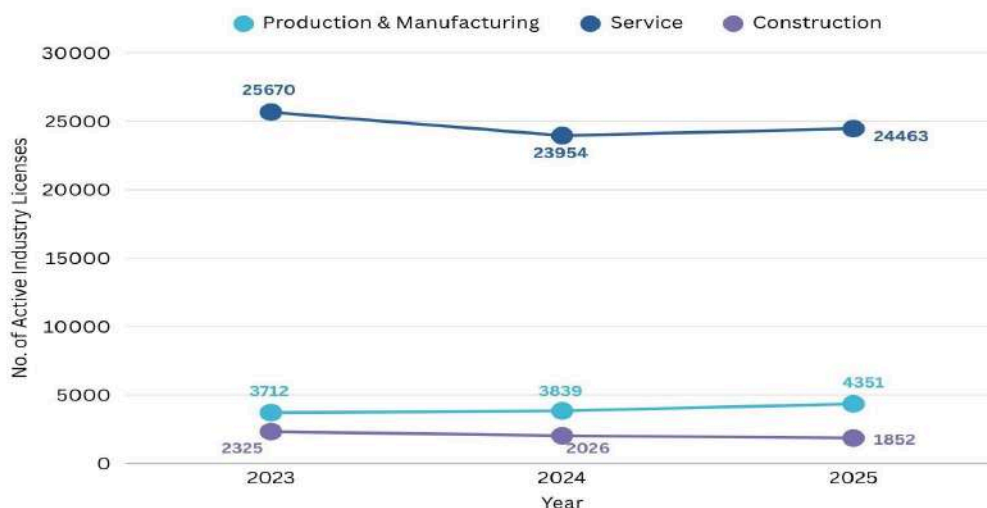


Figure 3: No. of industries by classification

The trend of industries by classification reveals notable shifts in sectoral dynamics from 2023 to 2025. The service sector consistently accounted for the largest share of active licenses, although it experienced a gradual decline from 25,670 licenses in 2023 to 23,954 in 2024, and slightly increased to 24,463 in 2025. In contrast, the production and manufacturing sector showed a steady upward trend, with licenses increasing from 3,712 in 2023 to 3,839 in 2024, and reaching 4,351 in 2025. On the other hand, the construction sector saw a continual decline in the number of active licenses, from 2,325 in 2023 to 2,026 in 2024, and down to 1,852 in 2025.

## 0.2 Active Industry Licenses in 2025

As of June 20, 2025, there were 30,666 active industrial licenses in the country, but not all of them should be considered as operational businesses. These licenses are valid/active as some industries are in the construction phase, while others simply renew to keep the business license active with the intention of starting or restarting the business in the future.



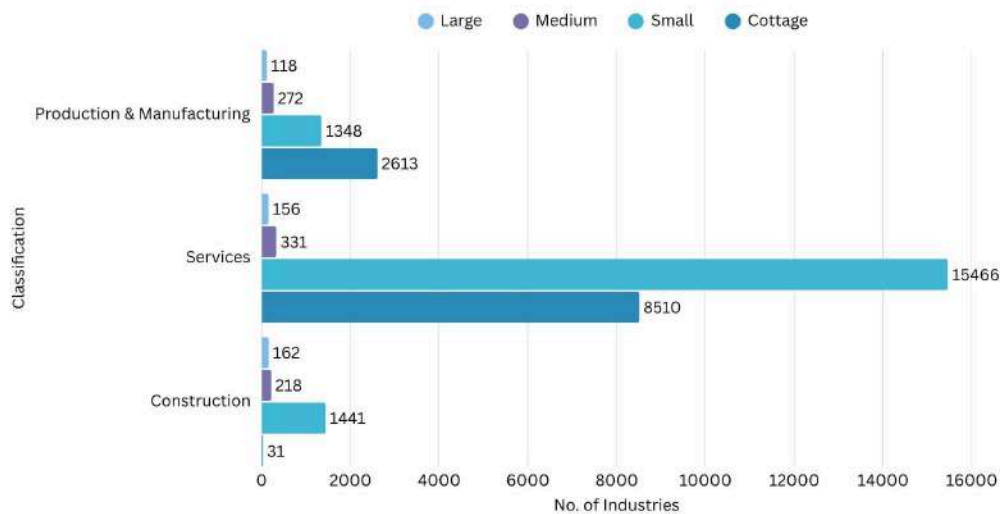


Figure 4: Industry by scale and classification

The figure above shows that the services sector dominates the industrial landscape, accounting for the highest number of industries overall, particularly within the Small (15,466) and Cottage (8,510) scale categories. This is followed by the Production & Manufacturing (P&M) sector, which also sees a significant concentration in the Cottage (2,613) and Small (1,348) industries. The Construction sector, while the smallest among the three, shows a similar trend, with 1,441 Small and 31 Cottage-scale industries. Across all sectors, Medium and Large industries make up a relatively small share, indicating a predominance of cottage and small-scale industries in Bhutan's industrial ecosystem.

## 0.2.1 Industries by Dzongkhag and Scale

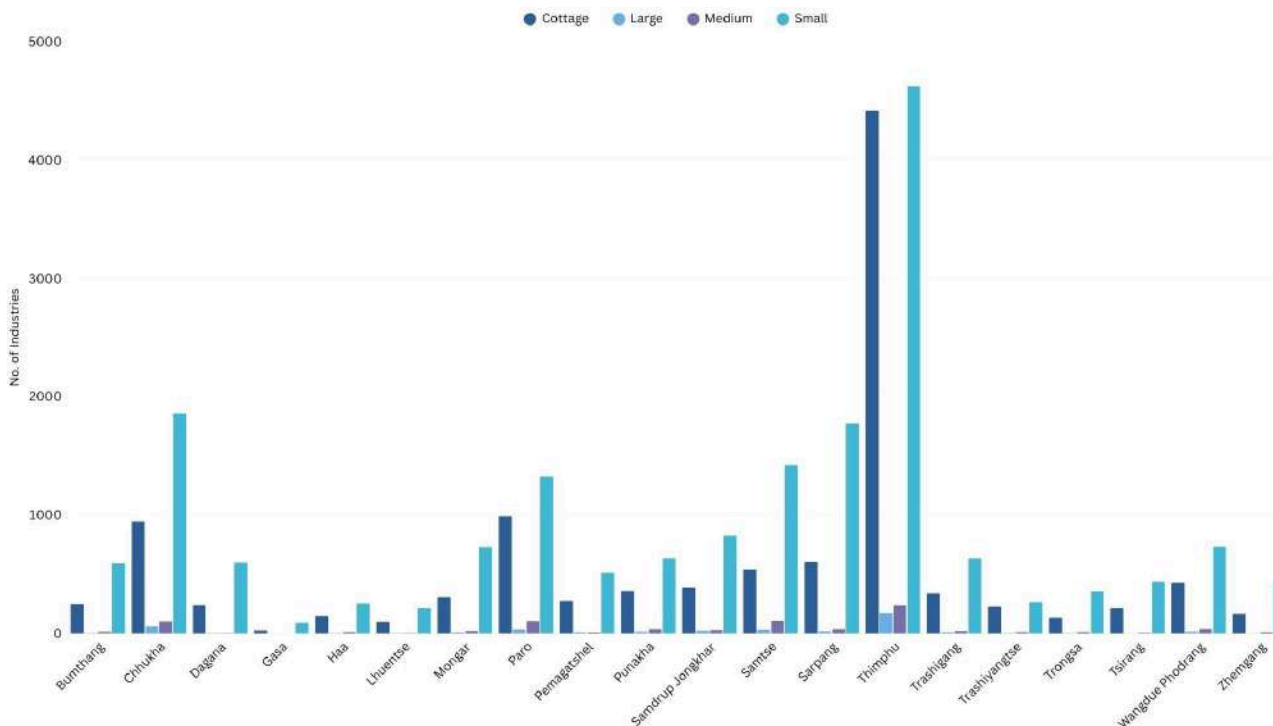


Figure 5: Distribution of industries by Dzongkhag and scale

The distribution of industries across Dzongkhags reveal significant regional disparities, both in terms of volume and scale. As observed in the above graph, Thimphu hosts the highest number of industries overall, followed by Chukha, Samtse, Paro, Sarpang, and Samdrup Jongkhar. A detailed tabular representation of the data of distribution of industries by Dzongkhag and Scale is available in Annexure 1.

Across all Dzongkhags, small-scale industries dominate the industrial landscape. In contrast, large-scale industries are minimal and concentrated in a few Dzongkhags such as Chukha, Samtse, Sarpang, and Thimphu areas with established industrial parks and/or proximity to the border for trade and transport.

Thimphu stands out with a notably high number of industries across all scales, particularly small and medium-scale industries. Paro and Pema Gatshel also show a relatively balanced mix of small and medium industries. Dzongkhags such as Dagana, Mongar, and Trashigang show moderate industrial presence, with small-scale industries again forming the bulk.





At the lower end, Dzongkhags like Gasa, Lhuentse, and Haa have the least number of industries, indicating underdeveloped industrial ecosystems, possibly due to geographic constraints, low population density, and limited infrastructure. The data also highlights that large industries are unevenly distributed and present only in a few western and southern Dzongkhags.

Overall, the graph illustrates a clear concentration of industrial activity in a few Dzongkhags, with small-scale industries forming the backbone of Bhutan's industrial base. This trend highlights the need for targeted regional industrial development policies, particularly for lesser-developed Dzongkhags, and for scaling up medium and large industries in strategically viable areas to promote balanced economic growth and industrial diversification.

### 0.2.2 Industries by Dzongkhag and Classification

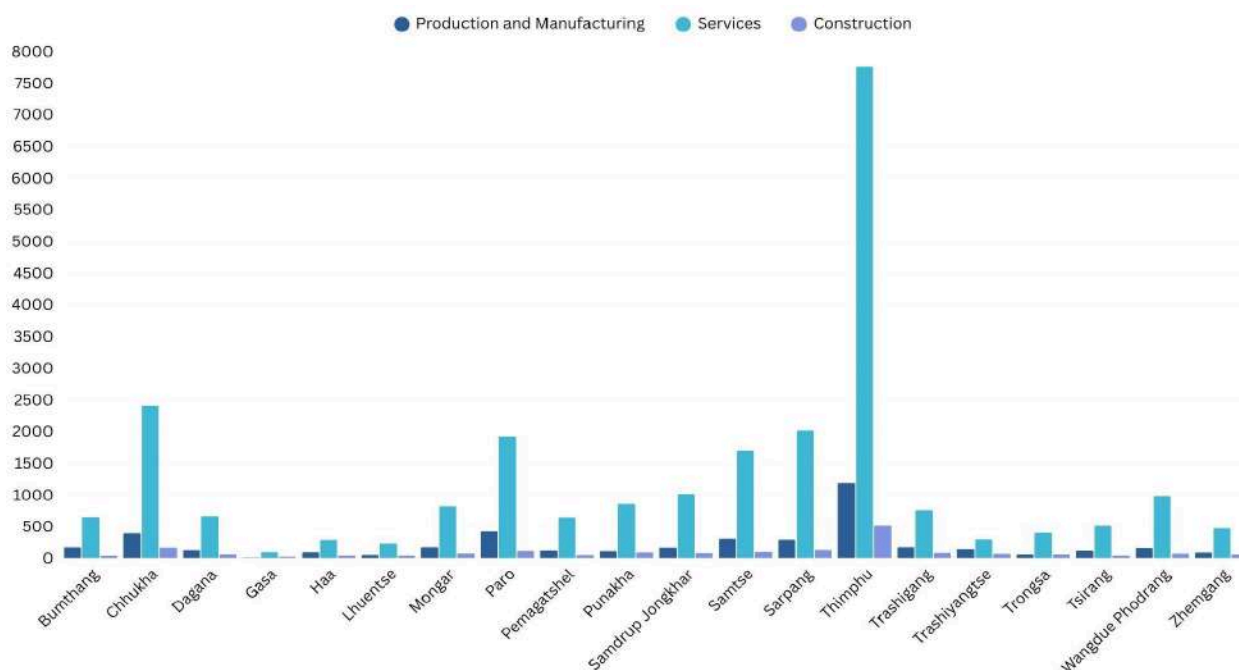


Figure 6: Distribution of industries by Dzongkhag and classification

The distribution of industries by Dzongkhag and classification reveals regional imbalances and a clear dominance of the services sector across the country, highlighting the country's service-driven industrial ecosystem. Thimphu leads overwhelmingly, especially in the Services sector, with a significantly higher





concentration of industries compared to all other regions. Chhukha, Paro, Sarpang, Samtse, and Mongar follow with notable industry presence, particularly in the Service sector and Production and Manufacturing sector. While most Dzongkhags show a dominant Services sector, the Production and Manufacturing sector has relatively stronger representation in Chhukha and Thimphu. In contrast, the Construction sector is comparatively small in all Dzongkhags.

Notably, Dzongkhags such as Gasa, Lhuentse, and Haa continue to report the lowest number of total industries, regardless of classification. This could be attributed to a combination of factors such as geographic remoteness, limited infrastructure, smaller markets, and demographic constraints. Another observation is that several Dzongkhags show limited diversification, with heavy reliance on a single type of industry. A detailed data on industrial distribution by dzongkhag and classification is provided in Annexure 2.

### 0.2.3. Industry by Legal Status (Ownership Type)

Industries are categorized based on legal status under sole proprietorship, partnership, company, and others (which include Groups, Cooperatives, Government-owned, Dratshang-owned, etc.). About 96% of the total active industries are owned by sole proprietors, 3% by incorporated companies, 1% by partnerships, and a negligible share by other types of ownership, as depicted in the table below.

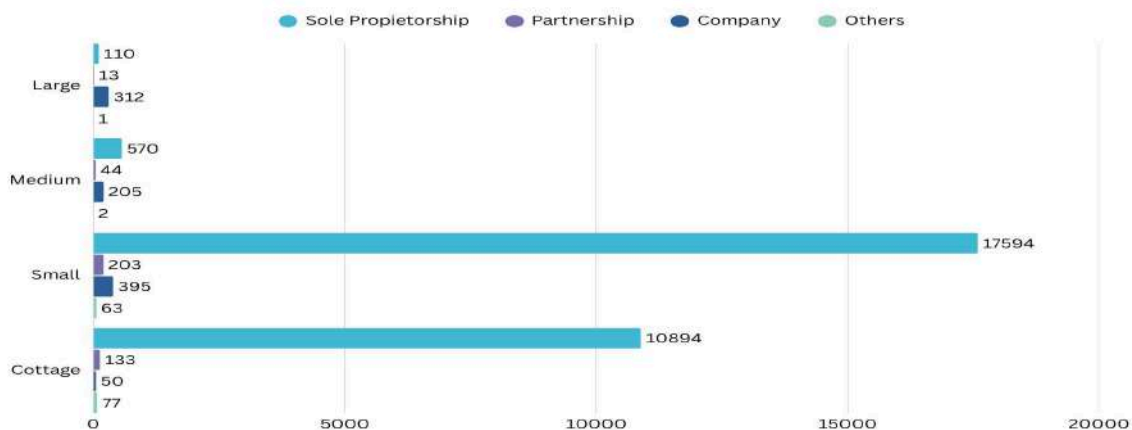


Figure 7: Distribution of industries by legal status (ownership type)

The above graph, reveals a clear dominance of sole proprietorships across all scales. This form of ownership is particularly prominent in the small and cottage industry





segments, with 17,594 and 10,894 active licenses respectively. As the scale of industry increases, there is a noticeable shift toward company ownership. In the large-scale category, 312 businesses are registered as companies, followed by 205 in the medium scale. In contrast, partnership firms play a relatively minor role across all categories, with their highest presence recorded in the small (203) and cottage (133) industries. Similarly, industries categorized under “Others,” which includes agencies, cooperatives, NGOs, or groups, remain minimal, with only a small presence in the cottage (77), small (63), medium (2), and large (1) industry categories. A detailed data on industrial distribution by dzongkhag and legal status (ownership type) is provided in Annexure 3.





# CHAPTER 1

## POLICY AND REGULATORY REFORMS

### 1.1. FDI Policy and Rules 2025

The FDI Policy and Rules 2025 is approved in principle by the Government. Key changes in the Policy and Rules include relaxed provisions regarding access to foreign currency, minimum foreign investor shareholding, and the removal of the lock-in period. Additionally, there are eased provisions for FDI in existing entities and downstream businesses, streamlined processes with defined turnaround times (TATs), clearer provisions on investor cards, improved access to expatriate work permits. Furthermore, the priority list of activities along with the minimum project cost have been reviewed to make it practical and relevant.

### 1.2. World Association of Investment Promotion Agency

The World Association of Investment Promotion Agencies (WAIPA) is an international non-governmental organization established in 1995 by Investment Promotion Agencies under the auspices of the United Nations Conference on Trade and Development (UNCTAD). It's a global reference point for FDIs where investment promotion agencies (IPAs) around the world engage in networking and share best practices of investment promotions.

WAIPA's core objectives focus on promoting understanding and cooperation among IPAs, strengthening information systems, and facilitating access to global investment data. It also provides training programs, technical assistance, and world-class capacity-building initiatives to enhance the effectiveness of its members. Through knowledge exchange and best practices sharing, WAIPA helps IPAs attract foreign direct investment (FDI) and strengthen their role in economic development. Additionally, the association plays an advocacy role, assisting IPAs in advising their governments on investment promotion policies and strategies. WAIPA also collaborates with elite partner organizations to organize high-impact events, ensuring its members stay at the forefront of global investment trends and opportunities.





### 1.2.1. Bhutan's Engagement with WAIPA

Pursuant to cabinet approval C-3/12(7)/2024/101 dated May 15, 2024, Bhutan became a member of WAIPA in 2024 along with 11 other members. Since its membership, Bhutan has attended the 28th World Investment Conference and three masterclass sessions (virtual).

Bhutan actively participated in the 28th World Investment Conference (WIC) 2024, organized by the World Association of Investment Promotion Agencies (WAIPA), under the theme “Harnessing Digital Transformation and Sustainable Growth: Scaling Investment Opportunities.” It was held in Riyadh, Saudi Arabia, in November 2024 and was hosted by Invest Saudi, which is the national investment promotion brand under the Saudi Investment Promotion Authority (SIPA). The conference served as a premier platform for global investment dialogue. As the largest and most prestigious gathering of its kind for over 27 years, WIC brought together leaders from business, government, and international organizations to explore investment opportunities and policies shaping the future of global economies. Through multiple conference tracks, expert-led discussions, and hands-on learning experiences, the event provided unmatched opportunities for learning, networking, and collaboration, helping IPAs, ministers, CEOs, policymakers, and international institutions to forge meaningful partnerships and develop strategies for sustainable economic growth.

As part of the WAIPA's initiative, Bhutan attended three masterclass sessions aimed at strengthening investment promotion capabilities. The session on "Digital Frontiers: Leveraging AI and ICT for Competitive Advantage for IPAs" explored the role of emerging technologies in modern investment attraction. The second session, "Investment Magnets: Investor Targeting, Aligning with Outward IPAs & Incentive Schemes," provided strategic insights into investor outreach, aligning national incentives with global trends, and collaborating with outbound investment agencies. Lastly, the "Beyond Investment: Mastering Aftercare and Advocacy" session emphasized the importance of investor retention, post-investment support, and advocacy for long-term investment success. These sessions equipped Bhutan with valuable knowledge to enhance its investment promotion strategies, strengthen investor engagement, and improve competitiveness in the global market.





### **1.3. Rules and Regulation for Places of Entertainment 2024**

In keeping with the changing times and aligning with new policy initiatives, the Department amended the *Rules and Regulations for the Places of Entertainment 2022* and issued *The Rules and Regulations for the Places of Entertainment 2024*. The amendment of the rules was carried out in consultation with relevant stakeholders. Some of the key changes include a shift in the authority to approve and issue permits for short-term entertainment activities from Dzongkhag/Thromde/delegated LG authorities to the Entertainment Licensing Committee. Further, entertainment centers like Karaoke, Discotheque, Live Music and Snooker are permitted to operate all days in a week with extended business hours until 3:00 AM. The amended Rules and Regulations for the Places of Entertainment 2024 was shared with Dzongkhags and Thromdes.

### **1.4. Informal Sector Support Guideline 2024**

Recognizing the vital role of the informal sector in driving the local economy, the Department continues to extend targeted support to informal economic activities. This support is provided in accordance with the procedures and conditions outlined in the Informal Sector Support Guidelines 2022.

To enhance implementation efficiency, the Department revised the guidelines in 2024. Under the revised Informal Sector Support Guideline 2024, the activities are directly executed by the Department. This marks a shift from the earlier model, where the activities were executed as deposit works by the Dzongkhags.

Furthermore, the maximum support ceiling has been revised from Nu. 1.00 million to Nu. 0.30 million based on past trends where the average support amount requested is around Nu. 0.30 million.

### **1.5. Standard Operating Procedure for Land Lease at Industrial Estates/Parks 2024**

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. To support the effective implementation of this requirement, a Standard Operating Procedure (SOP) was developed and implemented in 2022.

Subsequently, as per the directive issued by the National Land Commission Secretariat on May 21, 2024, the responsibility for executing lease agreements, collecting rent, and monitoring activities within Industrial Estates/Parks was delegated back to the Department of Industry from the respective Dzongkhags and Thromdes. Accordingly, the SOP developed in 2022 has been revised to align with these responsibilities. The SOP aims to not only standardize the process of issuing the LoI but also the execution of lease agreements, rental collection, monitoring, and overall management of the Industrial Estates/Parks by the Department in a transparent and efficient manner.

## **1.6. Guidelines for the Issuance of Business Licence for Commercial Production of Alcoholic Beverages 2025**

Considering the economic benefit and employment potential, the guidelines for the issuance of licence for commercial production of alcoholic beverages were adopted on 4 February 2025. The guidelines were developed in accordance with the decisions of the government, permitting the commercial production of alcoholic beverages at any percentage. The guidelines apply to the Department of Industry, six Regional Offices of Industry, Commerce and Employment (RoICE) as the primary contact points for processing applications and issuing licenses to potential domestic and foreign investors for commercial production of alcoholic beverages. The guidelines describe the application procedures, sectoral clearance requirements, assessment and approval criteria, and the responsibilities of the manufacturers after issuance of approval and license.





## **1.7. Standard Operating Procedure for Licensing, Monitoring and Supervising of Real Estate Agents for Anti-Money Laundering and Countering of Financing of Terrorism 2025**


In accordance to the relevant sections of the Anti-Money Laundering and Countering of Financing of Terrorism Act of Bhutan 2018, and the requirement of the Financial Action Task Force's 40 recommendations, the standard operating procedure for licensing, monitoring and supervising of real estate agents for anti-money laundering and countering of financing of terrorism (AML/CFT) were implemented on 28 January 2025. The SOP was adopted to ensure effective compliance with AML/CFT obligations stipulated in the AML/CFT Guidelines for Designated Non-Financial Businesses and Professions 2023 by the real estate agents. The SOP designates the Department of Industry and the Regional Offices of Industry, Commerce and Employment as the supervisors, the Financial Intelligence Department of the Royal Monetary Authority of Bhutan as the secretariat and real estate agents as the reporting entities. The SOP states the licensing and monitoring procedures and responsibilities of the supervisors, mandates of the secretariat and the obligations of the reporting entities.

## **1.8. Government Notification on Use of Local Concrete Bricks in Public Infrastructure Constructions**

In an effort to promote and support the local industries, the Department of Industry proposed to the government for the issuance of a notification on the use of local concrete bricks over imported red bricks in government infrastructure development projects. Subsequently, as per the directives of the government, on 21 October 2024, the Ministry of Finance issued a notification on the use of local concrete bricks in public infrastructure constructions, reinforcing the previous government order issued on 9 December 2015. The notification requires all budgetary agencies of the government to use local concrete bricks certified by the Bhutan Standard Bureau. It mandates the manufacturers to ensure premium quality, consistent supply and competitive prices of the concrete bricks. The notification also encourages the use of local concrete bricks in private infrastructure projects. To ensure effective compliance with the notification, the Ministry of Industry, Commerce and Employment (MoICE) has issued the accountability







measures set for four parties: procuring agency, local manufacturers and bidders, contractors and regulatory agencies.

## **1.9. Notification on Branch Licensing of Existing Commercial Establishments**

As a regulatory agency, the department ensures that all the commercial entities in the country adhere to the Trade and Industry Rules 2023. In accordance with Clauses 42 and 48 of the Rules, the notification on mandatory licensing for commercial branch entities was issued on 15 October 2024. The notification was issued to ensure all commercial branch entities obtain activity-based licenses to operate in a specific location.

## **1.10. Revision of Hotel Licensing Procedure**

During the fiscal year 2024–2025, the Department initiated a review of the existing hotel licensing procedure with the aim of streamlining the process and improving service delivery for both hoteliers and service providers. The current system requires multiple licenses for various services offered within a single hotel establishment, prompting the need for a more integrated and efficient approach.

As part of this initiative, the Department carried out a study in consultation with relevant stakeholders (Department of Tourism and Regional Office of Industry, Commerce and Employment, Thimphu) and based on the review of the existing rules and regulations and international practices. Recommendations have been submitted to the Ministry for consideration, including a proposed framework to categorize hotel licenses based on the range of services offered. The proposal seeks to align with existing regulations and enhance ease of doing business within the sector. Further details will be shared upon approval of the proposal by the Ministry.

## **1.11. Review on Scale Categorization of Industries**

In the fiscal year 2024–2025, the Department conducted a study to review the current framework for industrial scale categorization. The aim was to assess the relevance and accuracy of the existing model, which classifies industries into cottage, small, medium,



and large based on capital investment and employment size. While this dual-criterion approach has served as the basis for licensing and regulatory functions under the Trade and Industry Rules 2023, the study recognized the need for a more dynamic scale categorization framework that better reflects the evolving nature and actual scale of industrial operations.

For this review, the Department analyzed turnover data of industries, reviewed international practices, and consulted relevant stakeholders (Department of Revenue and Customs). Based on these insights, a revised scale categorization model has been proposed, with distinct approaches tailored for different industrial sectors. The recommendation seeks to enhance data accuracy and make informed decisions for effective policy and support mechanisms. The final report has been submitted to the Ministry for further review and approval.





## CHAPTER 2

# BUSINESS DEVELOPMENT SUPPORT SERVICES

### 2.1. Capacity building

#### 2.1.1. Food Processing Training for Agro-based CSIs

CSI entrepreneurs generally lack essential skills and knowledge required for effective operation of their businesses. They rely on low and semi-skilled workers who tend to shift their jobs frequently. This results in operational disruptions and seriously impacts the long-term growth of CSIs.

To address this, the Department conducts capacity building training in sector-specific areas focused on technical, operational, and business management skills. The training programs aim to empower entrepreneurs to manage operations independently, and improve productivity, product quality, and overall business competitiveness.

During FY 2024-25, the Department provided capacity building training to 78 existing agro-based CSIs in Food Processing. The training was conducted in collaboration with M/s NLD Training Institute, a private firm based in Thimphu. The participants were taught fundamental aspects of food processing and food preservation techniques, quality control and assurance, knowledge on product shelf life, food safety standards and certifications, and development of food formulation recipes.

The CSI participants were nominated by Dzongkhags and Regional Offices of Industry, Commerce and Employment.





Figure 8: Food Processing Training for Agro-based CSIs

### 2.1.2. Training on Process Requirement of ISO/IEC 17065 for CSIs

The training on process requirements for ISO/IEC 17065 certification on products mandated by Bhutan Food and Drug Authority was conducted at Hotel Amochu River in Phuntsholing from 3-4th October 2024. The 30 CSIs attended the training. The program was conducted under ADB TA for improving market linkages for CSIs.




Figure 9: Training on Process Requirement of ISO/IEC 17065 for CSIs

## 2.2. Business Advocacy Workshop

### 2.2.1. Workshop on Online Services of the Department and BTFN

The Department conducted a three-day workshop on online services of the Department and Bhutan TradeFin Net System (BTFN) in Gelephu from 4–6 November 2024 to raise awareness among local entrepreneurs about the Department's various



online services and support programs. The sensitization program covered the following topics:

- Business Licensing Procedures;
- Online application procedure and documentations for import license, Business Guest Visa, and Value Addition Certificate;
- Using Industry Information System for providing industry information annually; and
- Various support programs and schemes of the Department, including informal sector support, capacity building training.

The program was conducted in collaboration with the Gelephu Regional Revenue and Customs Office, under ADB TA for improving market linkages for CSIs. The program was attended by 30 CSIs from the Gelephu region.

## **2.3. Licensing and Facilitation for FDI**

### **2.3.1. FDI Registration Certificate**

The Department of Industry facilitates the issuance of FDI Registration Certificates within five working days after receiving a complete registration application. The FDIRC is valid for a period of one year from the date of issue and the investor shall submit the documents for project approval within the FDIRC validity period. Upon issuance of an FDIRC, the business shall be entitled to a minimum of five work permits for professional, managerial and technical expatriates during the business establishment phase.

In the fiscal year 2024-2025, the Department issued a total of 25 FDIRCs for 25 different FDI companies. Additionally, the Department also issued 37 FDIRCs to Bank of Bhutan limited (BoBL) in the country.

### **2.3.2. FDI Project Approval**

The Department appraises and reviews FDI projects for approval and issuance of business licenses. In the fiscal year 2024-2025, a total of 17 new projects worth Nu. 4659.67 million were approved for licensing creating employment opportunities for 442 Bhutanese. Of the 17 projects, 9 projects were in the services sector, and the remaining 8 were in the production & manufacturing sector.



### **2.3.3. Other Post-License Facilitations**

The Department also facilitates the change in project cost, transfer of shares, approval for additional location, recommendation for work permits and multiple entry visas and approval for additional foreign investors. In the fiscal year 2024-2025, the Department has approved the change in project cost for 2 industries and the transfer of shares for 11 projects.

### **2.3.4. Investor Card and Work Permit with Multiple Entry Visa**

The Department facilitates the issuance of recommendations for the Investor Card and its renewal for Investors/Promoters of FDI companies. An investor card allows an investor of the FDI Company multiple entries and exits in the country. The card is issued for a period of one year and should be renewed annually. FDI companies must apply for a recommendation letter with a copy of their passports to the Department of Industry. The particular investor must be physically present at the Department of Immigration to get his/her investor card. During the fiscal year 2024-2025, the Department verified and recommended 45 investor cards including renewals followed by 74 work permits with multiple entry visas for the FDI companies to enable them to recruit the expatriate professionals for the duration of one year and can be renewed on an important basis.

## **2.4. New Licensing and Change of Licenses for Domestic Medium and Large Industries**

### **2.4.1. Approval of New Industrial Projects**

The Department appraises and approves new medium and large production and manufacturing (P&M) and service industrial projects. In the fiscal year 2024-2025, a total of 106 medium and large industrial projects were approved, compared to 56 projects approved in the last fiscal year, indicating a growth rate of 89.3%. Of the total approved, 85 were medium industries (73 P&M and 12 services) and 21 were large industries (12 P&M and 9 services). The significant growth of new medium and large industries was contributed by the government's concessional loans through the Economic Stimulus Program. The approved industries' projected investment amounts



to Nu. 22,290.07 million, and they are expected to employ 49,278 people during their operations.

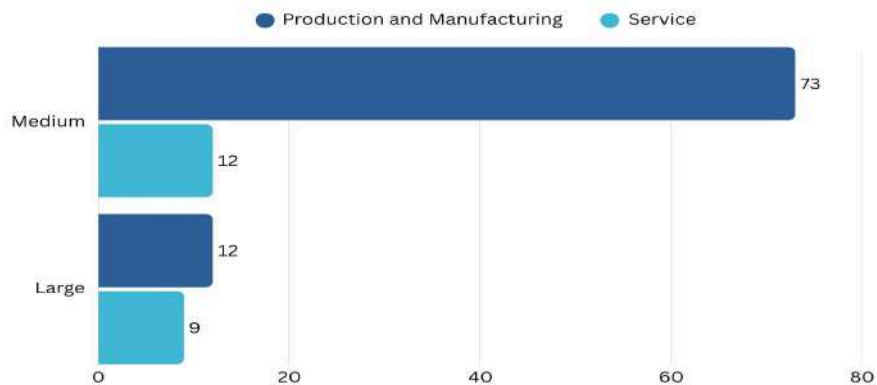


Figure 10: Newly approved medium and large industrial projects by scale and classification

### 2.4.2. Upgradation and Downgradation of Industries

The Department encourages and facilitates the upgradation of industries from one scale to another, mainly based on the increase in actual investment, installation of additional machines and equipment, and extension of manufacturing sheds. In the fiscal year 2024-2025, a total of 47 industries were upgraded, compared to 9 industries in the last fiscal year, indicating a growth rate of 422.2 percent. Of the total, 44 industries were upgraded from cottage/small to medium (31 P&M and 13 services). However, only 3 industries were upgraded from medium to large (2 P&M and 1 service). The exponential growth in upgradation of industries was largely due to the concessional loans provided by the government through Economic Stimulus Program.

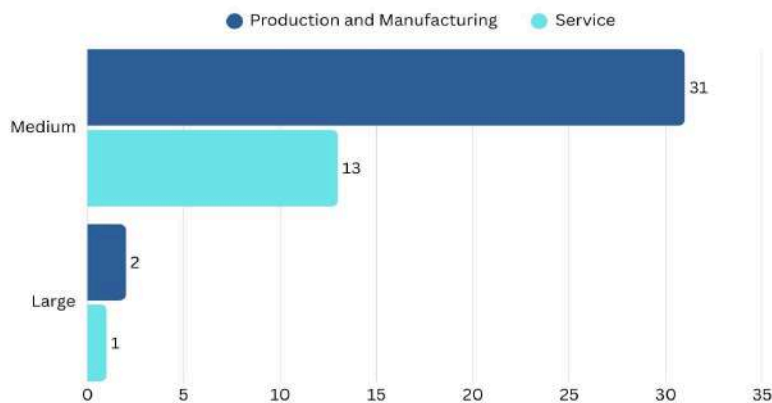


Figure 11: Upgradation by scale and classification





With a decrease in actual investment, a total of 3 industries were downgraded including 1 production and manufacturing industry (downgraded from large to medium) and 2 service industries (downgraded from large/medium to small scales).

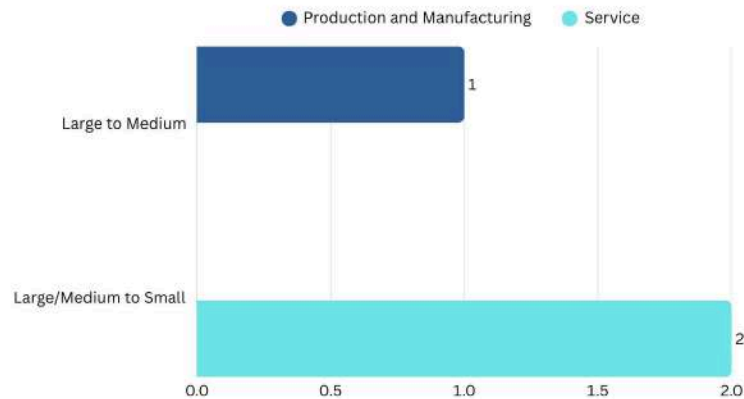


Figure 12: Downgrading of industries by scale and classification

### 2.4.3. Changes of Industrial Licenses

The Department approves other changes of industrial licenses, such as ownership change, establishment name change, capacity change, location change, and activity change and addition of activity. In the fiscal year 2024-2025, the Department approved 30 industries for other changes, of which, 12 were ownership changes, 8 were establishment name changes, 5 were capacity changes, 4 were location changes, and 1 was an addition of activity.

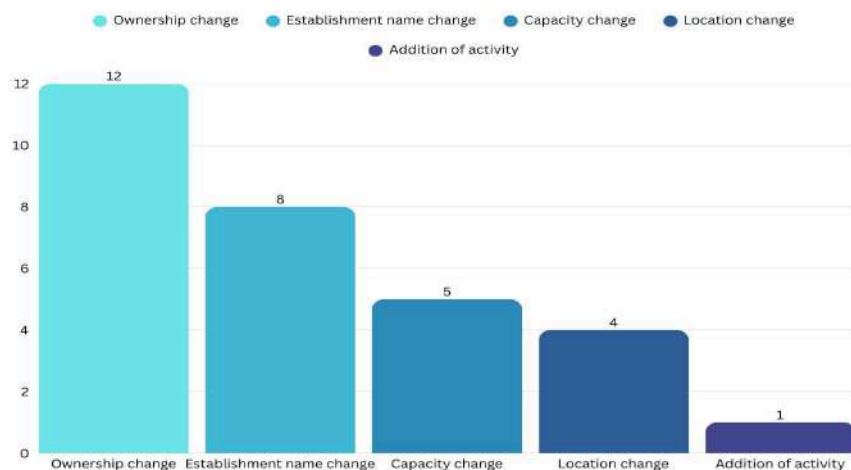


Figure 13: Other changes of license







## 2.5. Post License Facilitation of Industries

The Department facilitates several post-license support services for the sustained growth of Bhutan's industries, such as the facilitation of import licenses, fiscal incentives, clearance and approval for business guest visas & permits, work permit renewal services and dissemination of industrial data.

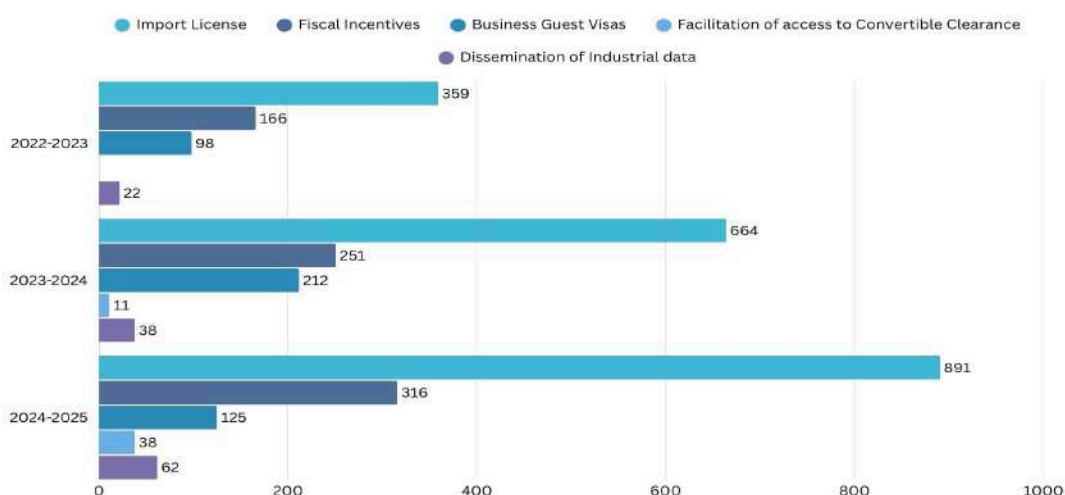


Figure 14: Trend of post license services facilitated

The three-year trend from the fiscal year 2022-2023 to 2024-2025 across various industry services reveals a strong and continuous growth in support services rendered to industries, particularly in the area of import licensing. The number of import licenses issued rose significantly each year, from 359 in 2022–2023 to 664 in 2023–2024, and reached 891 in 2024–2025. This reflects Bhutan’s growing industrial demand for imported goods and a strengthening pace of trade facilitation. Fiscal incentives followed a similar upward trend, with the number of applicants increasing from 166 in 2022–2023 to 251 in 2023–2024, and further to 316 in 2024–2025. This suggests continued government support to stimulate industrial growth and an increase in awareness of the incentives, particularly the indirect tax incentives.

The issuance of business guest visas also saw an overall rise, with a notable jump from 98 in 2022–2023 to 212 in 2023–2024, before slightly declining to 125 in 2024–2025. A significant improvement is also seen in the facilitation of access to convertible currency clearance, which increased from 11 in 2023–2024 to 38 in 2024–2025. This





points to improved institutional responsiveness in supporting industries with foreign currency transactions, essential for import-intensive businesses.

Likewise, the dissemination of industrial data has gradually improved, increasing from 22 in 2022–2023 to 62 in 2024–2025, indicating growing demand for industrial information and greater transparency in policy-making and business planning.

### 2.5.1. Import License

The Department facilitates the import of machinery/equipment, raw materials (including packaging materials), spare parts, and accessories from Countries other than India (COTI). The Department also facilitates the import of lubricants, temporary import of machines, and import of second-hand raw materials (HDPE bags), required for the smooth functioning of all industries, irrespective of the scale of business.

Under the Import License service, the Department facilitates new import licenses, import amendments, import cancellations, and import extensions, which are all facilitated online through the Bhutan TradeFin Net (BTFN) system. The Department also facilitates the import of lubricants, import of second-hand raw materials (HDPE bags), and temporary import applications, which are facilitated manually (offline). Since November 2024, the Department has decentralised the facilitation of the import of lubricants, the import of second-hand raw materials (HDPE bags), and temporary import to the six ROICEs of the Ministry.

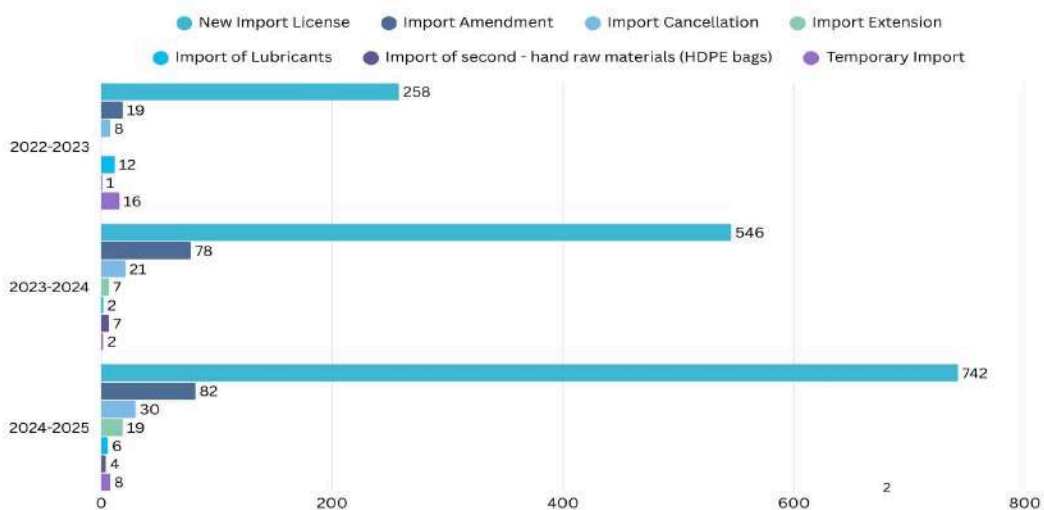


Figure 15: Trend of import license services facilitated





The figure above reveals a clear upward trend in industrial import activities in Bhutan in three fiscal years from 2022-2023 to 2024-2025. The most significant growth is observed in the issuance of new import licenses, which increased from 258 in 2022-2023 to 546 in 2023-2024, and further to 742 in 2024-2025. Similarly, the number of import amendments rose substantially from 19 in 2022-2023 to 78 in 2023-2024 and 82 in 2024-2025. Import cancellations also saw a gradual increase over the years, from 8 in 2022-2023 to 30 in 2024-2025.

Import extensions recorded 19 applications in 2024-2025. The import of lubricants, which stood at 12 in 2022-2023, declined sharply to 2 in 2023-2024 and slightly increased to 6 in 2024-2025. Likewise, the import of second-hand raw materials (specifically HDPE bags) recorded 1 application in 2022-2023, 7 applications in 2023-2024, and 4 applications in 2024-2025. Temporary imports showed a fluctuating trend, declining from 16 in 2022-2023 to 2 in 2023-2024 before increasing to 8 in 2024-2025, likely in response to project-specific requirements.

### 2.5.2 Business Guest Visa

The Department facilitates the issuance of recommendations for business guest visas as per the requirements of the Department of Immigration, Ministry of Home Affairs. All industries inviting business guests and investors must submit an application with other required documents to avail recommendations for business guest visas from the Department of Industry. The detailed Standard Operating Procedure for this is available on the Ministry and Department website for information.

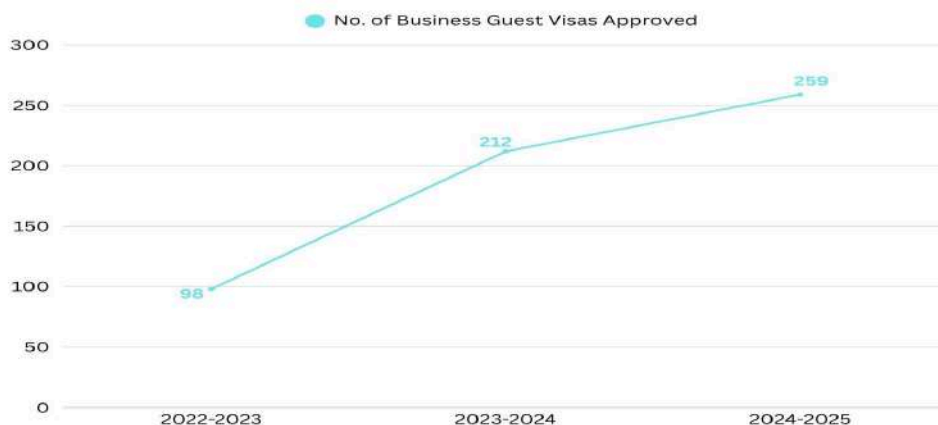


Figure 16: Trend of business guest visa approvals





In the fiscal year 2024-2025, the Department verified and approved 259 Business Guest Visa applications, which shows a modest increase from the 212 applications in the fiscal year 2023-2024. Of these 259 applications, 125 were from the domestic industries and the remaining 134 were from the Foreign Direct Investment(FDI) industries.

### 2.5.3 Fiscal Incentives

The Department provides services that facilitate and support all industries in availing different types of fiscal incentives as per the Fiscal Incentives Act of Bhutan 2021, such as fiscal incentives for the import of capital goods, import of primary raw materials and packaging materials, investment allowance, and recommendation for concessionary tax rate incentives. Recommendation for investment allowance, recommendation for concessionary tax rate incentives, and certificate for local manufacturers of construction materials are a few direct tax incentives that require the Department's recommendation (sectoral clearance required for DRC's approval). Meanwhile, a value-added certificate and recommendation for the tax exemption on the import of capital goods are the indirect tax incentives that require the Department's recommendation (sectoral clearance required for DRC's approval).

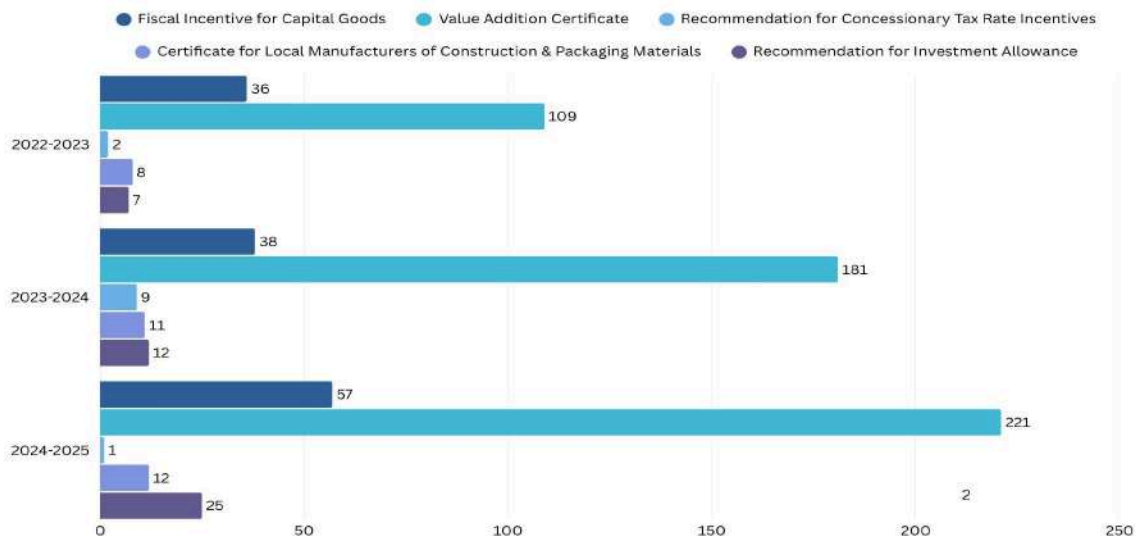


Figure 17: Trend of fiscal incentives services facilitated

The three-year analysis of fiscal incentives and related certifications from the fiscal year 2022-2023 to 2024-2025 shows a growing trend of fiscal incentives related and





investment-related facilitation services availed by the industries. Among all categories, the Value Addition Certificate recorded the highest growth, increasing consistently from 109 in 2022–2023 to 181 in 2023–2024, and reaching 221 in 2024–2025. This rising trend highlights the increasing awareness of indirect tax incentives, specifically on the import of raw materials (and packaging materials).

The Fiscal Incentive for Capital Goods also demonstrated a steady upward trend. From 36 applications in 2022–2023, the number rose to 38 in 2023–2024 and significantly to 57 in 2024–2025. Likewise, the Recommendation for Investment Allowance saw a sharp rise from 7 in 2022–2023 to 12 in 2023–2024 and doubled again to 25 in 2024–2025. Similarly, the Certificate for Local Manufacturers of Construction Materials witnessed a modest increase across the three fiscal years, growing from 8 to 11 and then to 12, respectively. This increase in trend highlights the growing increase in awareness within the Bhutanese industries. The Recommendation for Concessionary Tax Rate Incentives showed some fluctuation, starting at 2 in 2022–2023, peaking at 9 in 2023–2024, and then falling to just 1 in 2024–2025. This downward movement in the latest year could indicate reduced industrial uptake and decreasing awareness of this particular incentive.

Overall, the data shows a very small growth and some even decreasing trend of industries availing recommendation for direct tax incentives from the Department, but an increasing trend of industries availing indirect tax incentives.


### **2.5.3.1. Fiscal Incentives for Capital Goods**

Import of capital goods (machines/equipment) from India and third countries are imposed sales tax and customs duty as per the government rules. However, these levies are exempted for industries subject to the recommendation from the Department as per the Rules on the Fiscal Incentives Act of Bhutan 2021.

### **2.5.3.2. Value Addition Certificate**

All traders importing raw materials (including packaging materials) from India and third countries are liable to pay sales tax and customs duty as per the government rules. However, these levies are exempted for industries subject to the issuance of the





Value Addition Certificate by the Department as per the Fiscal Incentives Act of Bhutan 2021.

#### **2.5.3.3. Investment Allowance**

The Department facilitates industries to avail the Investment Allowance from the government with the issuance of a recommendation letter as per the Fiscal Incentives Act of Bhutan 2021.

#### **2.5.3.4. Certificate for Local Manufacturers of Construction Materials**

The Department issues industries with the certificate for local manufacturer of construction materials to assist industries in gaining a competitive advantage in the market by allowing its customers to avail fiscal incentives on using locally manufactured construction materials (30% additional tax deduction) as per the Rule on the Fiscal Incentives Act of Bhutan 2021. The certificate for local manufacture of construction materials is issued to the industries producing the construction materials, excluding timber, cement, sand, and stone chips & aggregate.

#### **2.5.3.5. Recommendation for Concessionary Tax Rate Incentives**

The Department facilitates all eligible industries to avail concessionary tax rate incentives as per the requirements of the Rules on the Fiscal Incentives Act of Bhutan 2021.

#### **2.5.4. Facilitation of Access to Convertible Currency Clearance**

The Department facilitates and assists industries to access Convertible Currency Clearance (foreign currency) from the government in order to help the industries import goods (raw materials, and packaging materials), remain in production, and compete in the market.

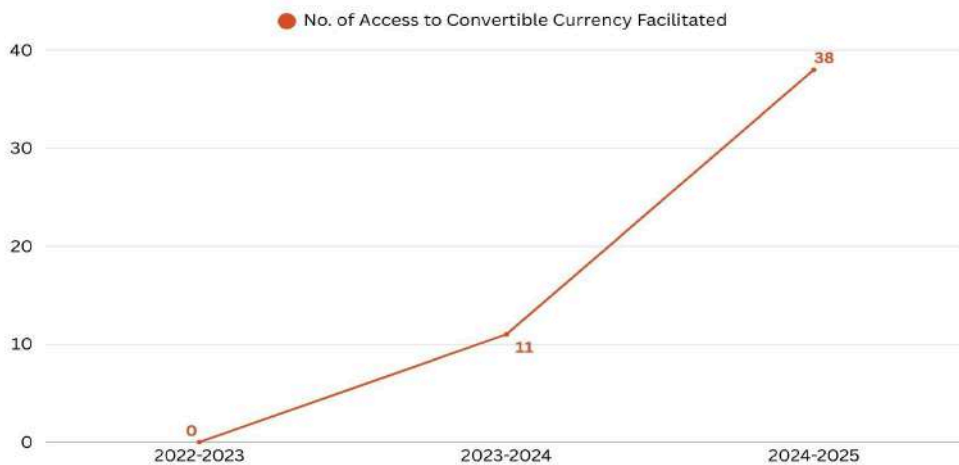


Figure 18: Trend of access to convertible currency facilitated

In the fiscal year 2024-2025, the Department facilitated 38 applications for access to convertible currency clearance, which shows a significant increase from 11 applications in 2023-2024.

### 2.5.5. Dissemination of Industrial Data

The Department compiles industrial data generated from the business licensing system(s) and disseminates this information to relevant agencies and individuals, including researchers and academicians. The agencies or individuals must formally write the request to the Department to access the data.

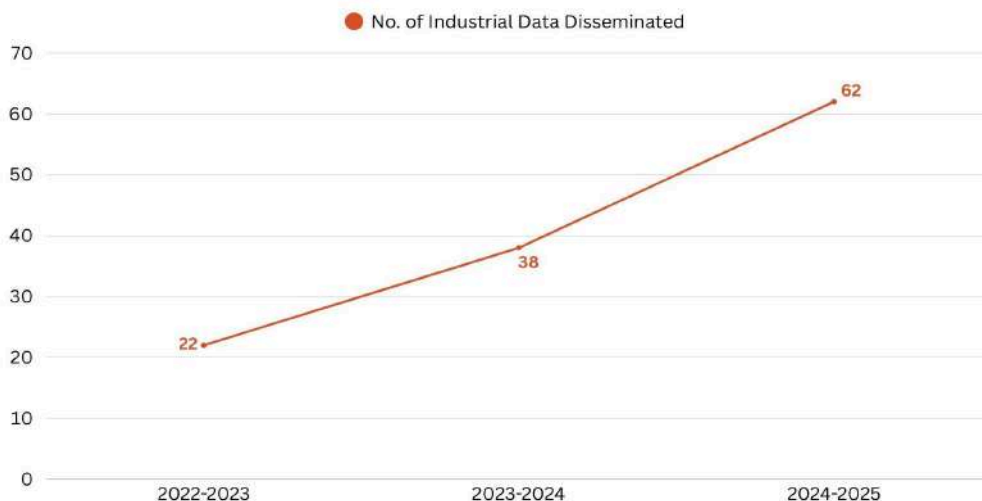


Figure 19: Trend of industrial information disseminated





In the fiscal year 2024-2025 the Department compiled and disseminated industrial data 62 times, which reflects a significant rise from the 38 data disseminations carried out in 2023-2024.

## **2.6. Environment Services**

### **2.6.1. Environment Clearance Related Services**

The Department provides services related to Environment Clearance (EC) such as verification of the documents and the issuance of new EC, renewal of EC, ownership transfer and name change of EC, location Change and upgradation of scale for the delegated activities in the EC within the specified Turn Around Time (TAT) (Within 2 working days). EC is a prerequisite to the issuance of any development consent (Activities only requiring Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) that falls under the blue and red category list respectively (Refer to A Guide to Environmental Clearance Application Procedure-May 2022), Department also guides the applicants to apply for new EC and assist in familiarizing the procedures to obtain documents prior to obtaining license.

Annexure 4 shows the list of the delegated activities (Blue category) of the Department that is extracted from the “A Guide to Environmental Clearance Application Procedure-May 2022”.

Additionally, the Department also forwards the projects delegated to DECC with the complete set of documents for further review and subsequent EC facilitation. Other applications received that are delegated to other competent authorities are being forwarded to the respective authority.







Figure 20: EC services facilitated in the fiscal year 2024-2025

The above chart depicts that in the fiscal year 2024-2025, 57 numbers of new EC were issued, 140 were renewed, 5 upgraded, 7 ownership transferred, 138 forwarded to the DECC to facilitate any EC-related services and 5 other changes made in the EC. Other changes include the changes in the name of the project and the location change.

### 2.6.1.1 Trend in EC Services

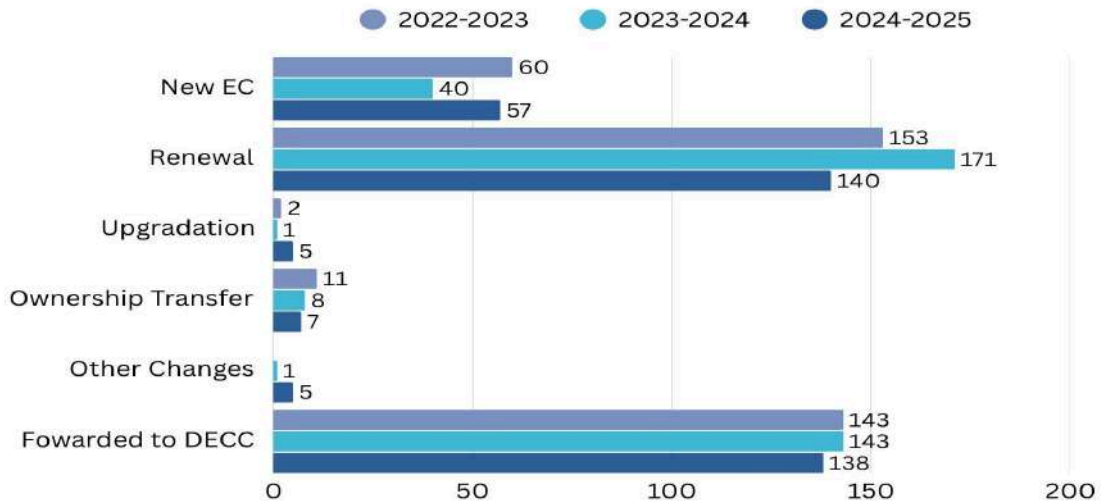


Figure 21: Trend in EC services facilitated

The provided table and graph illustrate a three-year analysis of EC services, covering fiscal years 2022-2023 through 2024-2025. An overarching downward trend is





observed, largely influenced by the validity periods of previously issued ECs, which are two years for renewals and five years for new approvals. This trend is further compounded by policy changes, particularly the exemption of ECs for wood-based industries such as furniture units, sawmills, and briquettes. It is also significant to note that the peak in EC renewals occurred during fiscal year 2023-2024. The number of new ECs approved has demonstrated a V-shaped trend over the years, showing higher figures in fiscal years 2022-2023 and 2024-2025, and a decrease in fiscal year 2023-2024. The issuance of new ECs, as well as the upgradation, ownership changes, and other modifications, could directly depend on people's interest and lifestyle.

### **2.6.2. Data Collection for the Greenhouse Gas Inventory of Industries**

The data collection for the Greenhouse Gas Inventories is solely for the Biennial Transparency Report (BTR) which is coordinated and developed by the Department of Environment and Climate Change under the Ministry of Energy and Natural Resources (MoENR). The BTR1 was submitted in 2025 and the report is developed every 2 years, with the BTR2 due in 2026. The Department being the lead agency for the Industrial Processes and Product Use (IPPU) sector is responsible for collection of data from the industries that contribute to the Greenhouse Gas emission. It is crucial as it provides significant association to learning the country's Greenhouse Gas emissions and progress towards achieving climate goals.

In accordance with the Paris Agreement, Bhutan's BTR seeks to guarantee accountability and transparency. Its main goal is to give a thorough summary of Bhutan's Nationally Determined Contributions (NDCs) implementation status, including its inventory of greenhouse gas emissions and other pertinent data. Additionally, the BTR seeks to showcase Bhutan's endeavors to reduce the effects of climate change, adapt to them, and receive and support these efforts.

Furthermore, an ex-country program was also organized in coordination with the DECC on the theme capacity building training on GHG Inventory and NDC tracking by the Joint Graduate School of Energy and Environment (JGSEE) in Bangkok, Thailand. The training was conducted batch wise consisting of 2 batches in total. The training aimed at enhancing participants' understanding of reporting requirements and methodologies for conducting GHG inventories and support the development of higher-tier GHG



inventories, including designing inventory frameworks, data collection strategies, and establishing country-specific emission factors and to facilitate knowledge sharing on best practices in GHG inventories with relevant entities in Thailand.



*Figure 22: Certificate Awarded to the Second Batch at JGSEE*

The Department also conducted a workshop on the sensitization of Greenhouse Gas Inventory Data Collection for relevant staff from the Industrial Park Management Office, representatives from the Association of Bhutanese Industries, and inspectors from the Regional Office of Industry Commerce and Employment (ROICE) from 14th to 16th May 2025. The program aimed at improving the accuracy and completeness of GHG inventory data, foster Foster collaboration and coordination among the agencies, and enhance the capacity for data collection and reporting in BTRs.

### **2.6.3. Quarterly Report Submission to the Department of Environment and Climate Change**

The department being the competent authority, submitted the 1st quarterly report of 2025, on the EC-related services provided to the DECC in compliance with the Environmental Assessment (EA) Act, 2000 and also as per the ministries' directives to submit the annual reporting every quarterly. The report included the details on the number of EC-related services for delegated activities provided in the 1st quarter of 2025, status of the activities, and are in compliance to EC terms and conditions.

#### 2.6.4. Environmental Impact Assessment of Norbugang Industrial Park

The Progressive Research and Consultancy Services was hired to conduct the Environmental Impact Assessment (EIA) of the Norbugang Industrial Park (NIP). The final EIA was submitted on 2nd April 2024 to the DECC as per the work plan. However, due to some missing information, the DECC sought the requirement of additional information (AI). The Department duly submitted the AI to the DECC along with the IEE forms for each development consent activity and the scheduled fees were remitted. The EC for all the relocated ferro alloys from Jigmeling Industrial Park (JIP) to NIP has been facilitated and issued by the DECC.

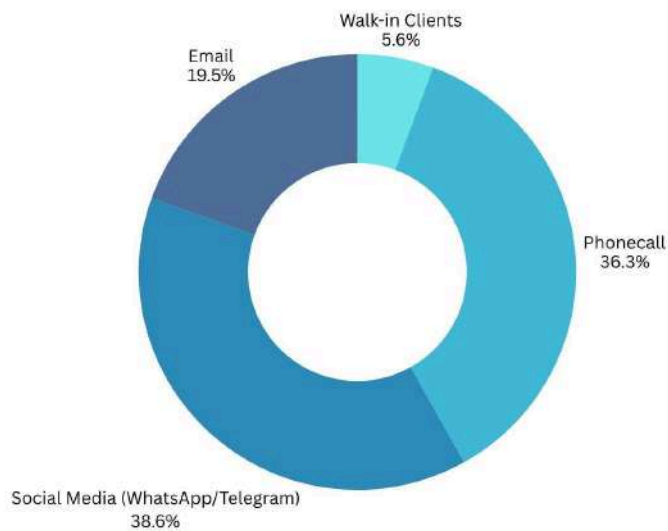
#### 2.7. One-Stop Business Support Services Provided

The Department also provides one-stop business support services in the form of information dissemination, one-to-one training, and business advisory services. The table and chart below illustrates the modes through which one-stop business support services were provided by the Department. The data shows that social media platforms (WhatsApp/Telegram) were the most utilized channel, accounting for 38.6% (2305) of total services rendered. This indicates a strong preference among clients for quick and accessible communication platforms. Phone calls followed closely at 36.3% (2166), highlighting the continued importance of direct verbal interaction in service delivery.

Email comprised 19.5% (1164), showing moderate usage while walk-in clients represented the smallest share at 5.6% (336), reflecting a shift towards more digital modes of service delivery.

Table 3: One-Stop Business Support Services Provided in the fiscal year 2024-2025

Sl. No.	One-Stop Business Support Services Provided	Total no. of Services Rendered
1	Walk-in Clients	336
2	Phone Call	2166
3	WhatsApp/Telegram	2305
4	Email	1164
<b>Grand Total</b>		<b>5971</b>



*Figure 23: One-Stop business support services provided in the fiscal year 2024-2025*

Overall, the data suggests that the Department's business support services are increasingly accessed through digital and mobile communication channels, reinforcing the need to further strengthen and optimize these platforms for efficiency and responsiveness.





# CHAPTER 3

## ACCESS TO INFRASTRUCTURE

### 3.1. Industrial Park/Estate

The Department develops and maintains industrial parks and estates. Currently, there are four industrial parks and two industrial estates. They are Phuntshorabtenling Industrial Park in Samdrup Jongkhar, Dhamdum Industrial Park and Norbugang Industrial Park in Samtse, Changchey CSI Park in Tsirang, Pasakha Industrial Estate in Chhukha and Bjemina Industrial Estate in Thimphu. The industrial parks and estates are connected with basic infrastructures like road, power and water to promote and support industries.

#### 3.1.1. Bjemina Industrial Estate



Figure 26: Bjemina Industrial Estate





Strategically located at Bjemina under the Thimphu Dzongkhag, Bjemina Industrial Estate spans over 32.75 acres. As of June 2025, the estate accommodates 32 domestic industries.

### 3.1.1.1. Industries by Sub-classification

The Bjemina Industrial Estate accommodates 32 domestic industries. By sub-classification, 2 are agro and food-based industries, 8 are wood and forest-based industries, 6 are mineral and chemical-based industries, 6 are fabrication units, 2 are service industries (automobile workshop and technical services), 8 are other types of industries like concrete bricks, ceramic, water recycling industries.

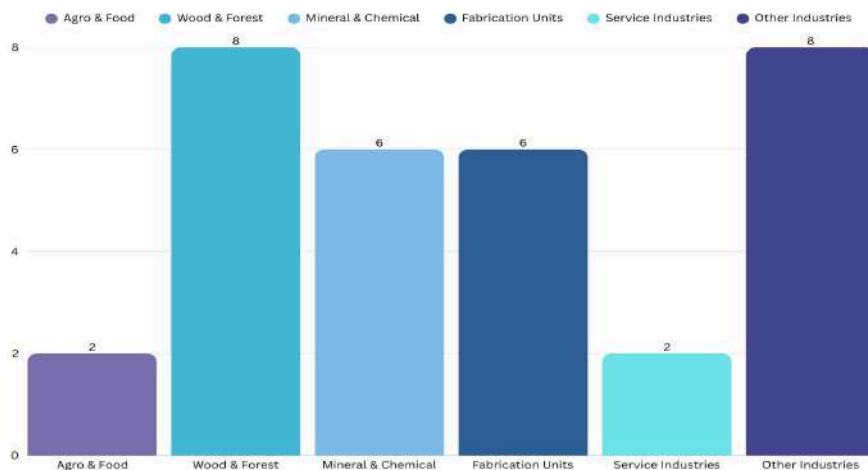


Figure 27 : Industries at Bjemina Industrial Estate

### 3.1.1.2. Operational Status of Industries

From the total of 32 industries in the estate, 26 are fully operational, 2 are under construction, 1 is awaiting for drawing approval and 3 are non-operational.



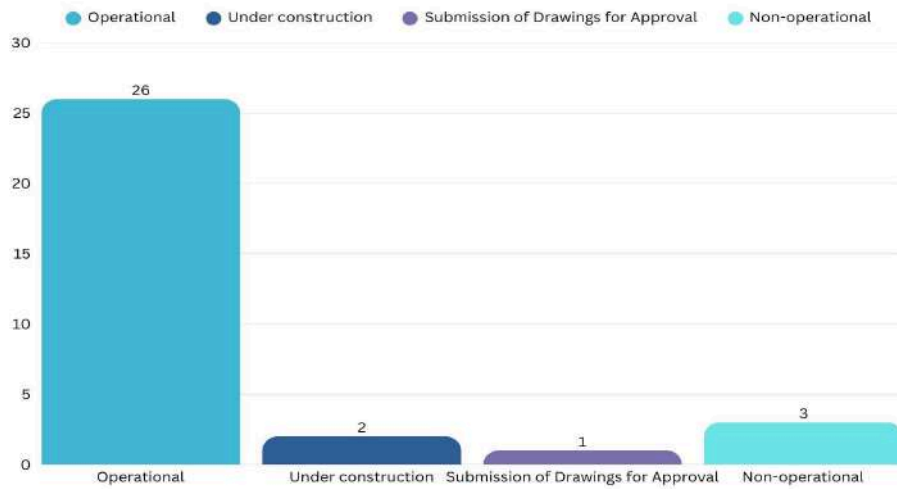


Figure 28 : Status of industries at Bjemina Industrial Estate

### 3.1.1.3. Industries by Scale

As shown in the chart below, the Bjemina Industrial Estate has the highest concentration of small-scale industries at 14, followed by 11 medium scale, and 7 cottage-scale industries. The estate currently does not have any large scale industries.

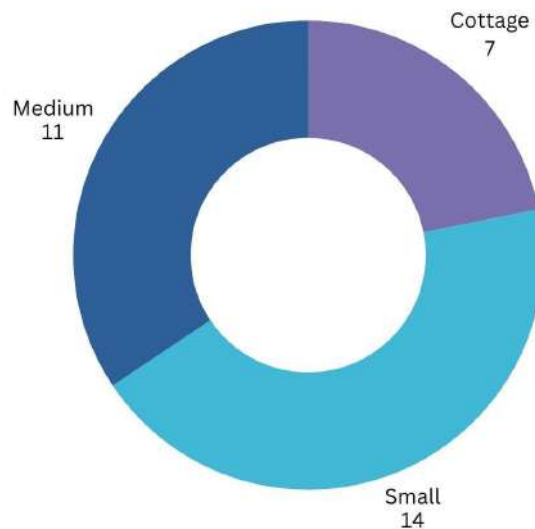


Figure 29 : Scale Classification of industries at Bjemina Industrial Estate







### 3.1.1.4. Revenue and Employment Generation

In the fiscal year 2024-25, the Bjemina Industrial Estate generated Nu. 3.54 million in revenue through lease rentals and land lease certificate (LLC) fees. Besides economic output, it also serves as a critical employment hub, sustaining 339 employees, of which 221 workers are Bhutanese nationals, complemented by 59 skilled non-nationals.

### 3.1.1.5. Maintenance of Bjemina Industrial Estate

In the fiscal year 2024-2025, the department spent around Nu. 0.184 million for the maintenance and upgradation of infrastructure such as street lighting systems, clearing of overgrown grasses and earth debris, concrete restoration near water reservoirs and remediation of toilet leakage.

1. Maintenance of street lighting systems



2. Comprehensive clearing of overgrown grass and earth debris



3. Concrete restoration adjacent to reservoir tanks



4. Toilet facility leakage remediation





### 3.1.2. Pasakha Industrial Estate

Spread across 188 acres, Pasakha Industrial Estate in Chhukha accommodates 37 industries as of June 2025.



Figure 30 : Pasakha Industrial Estate

#### 3.1.2.1. Industries by Sub-classification

Pasakha Industrial Estate currently hosts 36 industries, of which, 30 are domestic and 6 are FDI companies. The 36 industries are distributed across seven sub-sectors. There are 13 metal and chemical-based industries, 7 consumer goods and specialty industries, 5 plastic and polymer manufacturers, 4 building and construction material producing industries, 3 agro and food-based industries, 3 fabrication units and engineering and 1 other type of industry.



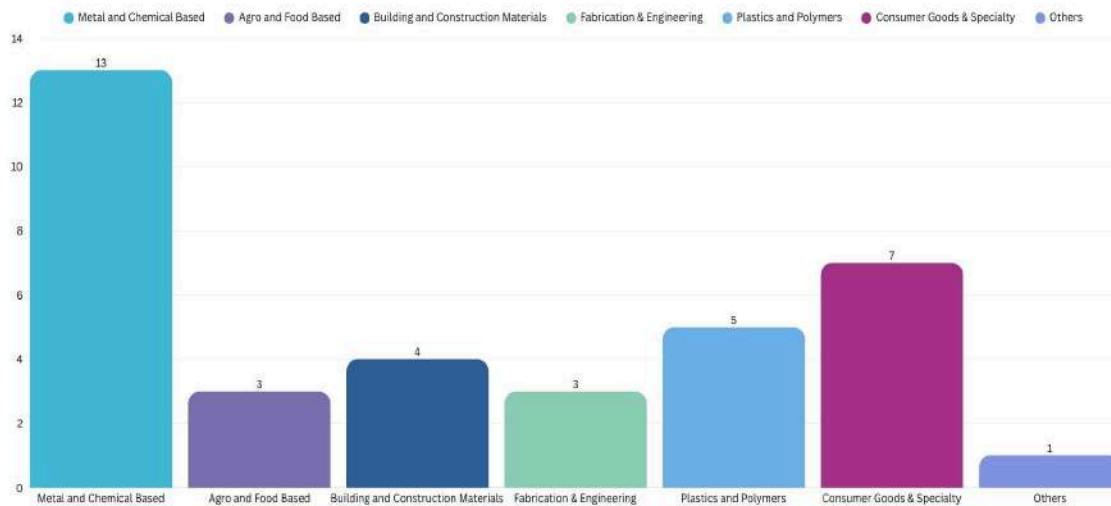


Figure 31 : Sub-sector classification of industries at Pasakha Industrial Estate

### 3.1.2.2. Operation Status of the Industries

Out of 36 industries in Pasakha Industrial Estate, 25 are fully operational, 9 are temporarily non-operational, 1 is under construction stage and another 1 under submission of drawings for approval.

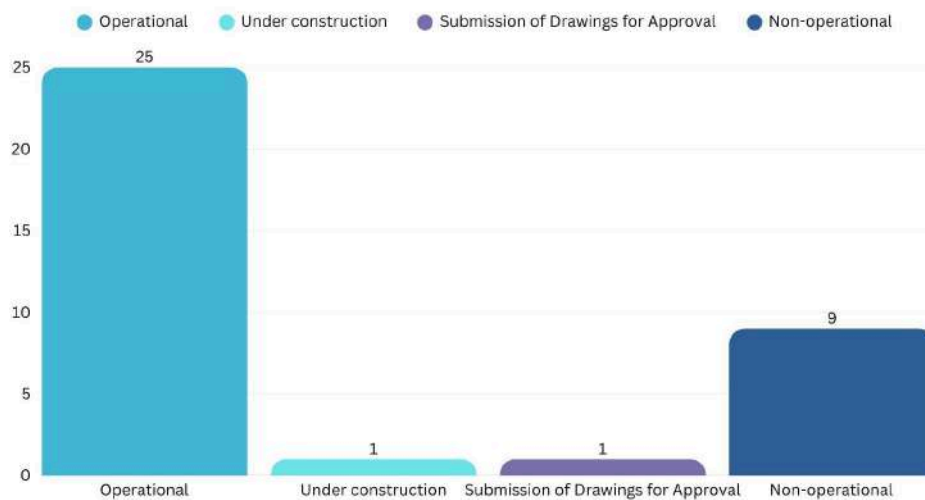


Figure 32 : Status of industries at Pasakha Industrial Estate





### 3.1.2.3. Industries by Scale

In terms of scale, Pasakha Industrial Estate has the highest concentration of medium industries at 17, followed by large industries at 14 and small industries at 6. There are no cottage industries in the estate.

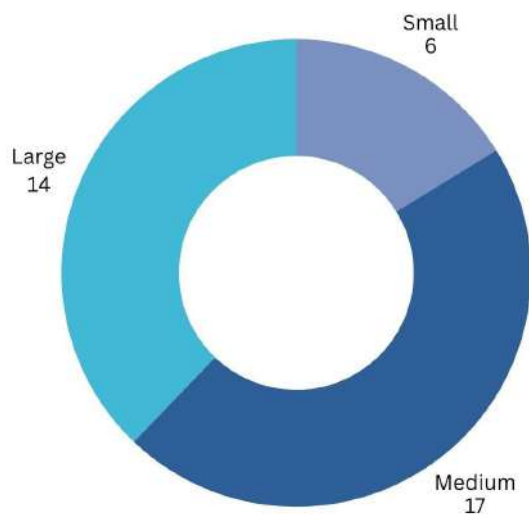


Figure 33 : Scale classification of industries at Pasakha Industrial Estate

### 3.1.2.4. Revenue and Employment Generation

In the fiscal year 2024-25 , the Pasakha Industrial Estate generated Nu. 37.03 million in revenue through lease rentals and LLC fees. Also, about Nu. 3.7 million was collected from waste disposal fees. The estate also serves as an employment hub, sustaining 2723 employees, of which 1857 workers are Bhutanese, supplemented by 866 skilled non-nationals.





### 3.1.2.5. Recent Developmental Activities carried out at Pasakha Industrial Estate

With the expenditure of Nu. 41.9 million, the department carried out the maintenance and upgradation of infrastructure at Pasakha Industrial Estate. The major maintenance and upgradation works included construction of rigid pavement along the park's patrolling road, maintenance of streetlights, installation of weighbridge accessories and clearing of grass and earth debris from storm water drains and road surface.

- 1. Construction of rigid pavement road - Completed
- 2. Maintenance of Streetlights - Completed



- 3. Installation of Weigh bridge accessories at landfill - Completed



- 4. Clearing of grass and earth debris from storm drain and road surface - Completed





5. Construction of Flood protection measures along Singyechu - Completed



6. Levelling of Waste - Completed



### 3.1.3. Phuntshorabtenling Industrial Park

Previously known as Motanga Industrial Park, Phuntshorabtenling Industrial Park is strategically located near the Indian Border under Samdrup Jongkhar Dzongkhag with an area of 159 acres. As of June 2025, the Park accommodates 28 industries, which is an increase of 3 as compared to FY 2023-2024.





Figure 34 : Phuntshorabtenling Industrial Park

### 3.1.3.1. Sub-sector Classification

Phuntshorabtenling Industrial Park currently hosts a total of 28 industries, including 5 FDI companies. These industries are distributed across five sub-classifications. 11 are mineral and chemical-based industries, forest and wood based industries, agro and food-based industries, 3 fabrication and metal works industries, and 4 service industries.

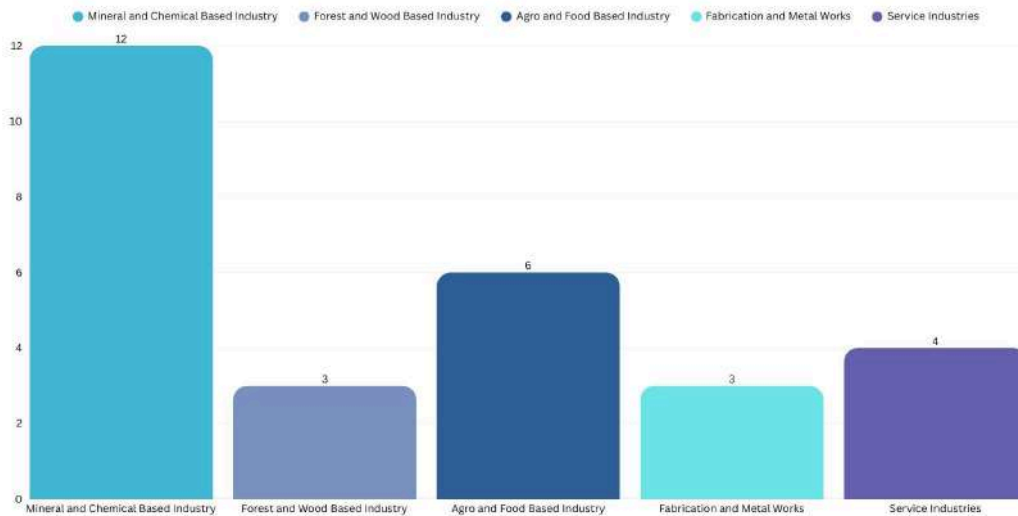


Figure 35 : Sub-sector Classification of Industries at Phuntshorabtenling Industrial Park





### 3.1.3.2. Operation Status of the Industries

Out of 28 allotted industries at Phuntshorabtenling Industrial Park, 14 are fully operational, 4 are under construction, and 4 are under the process for submitting business licenses. 1 has however shut down.

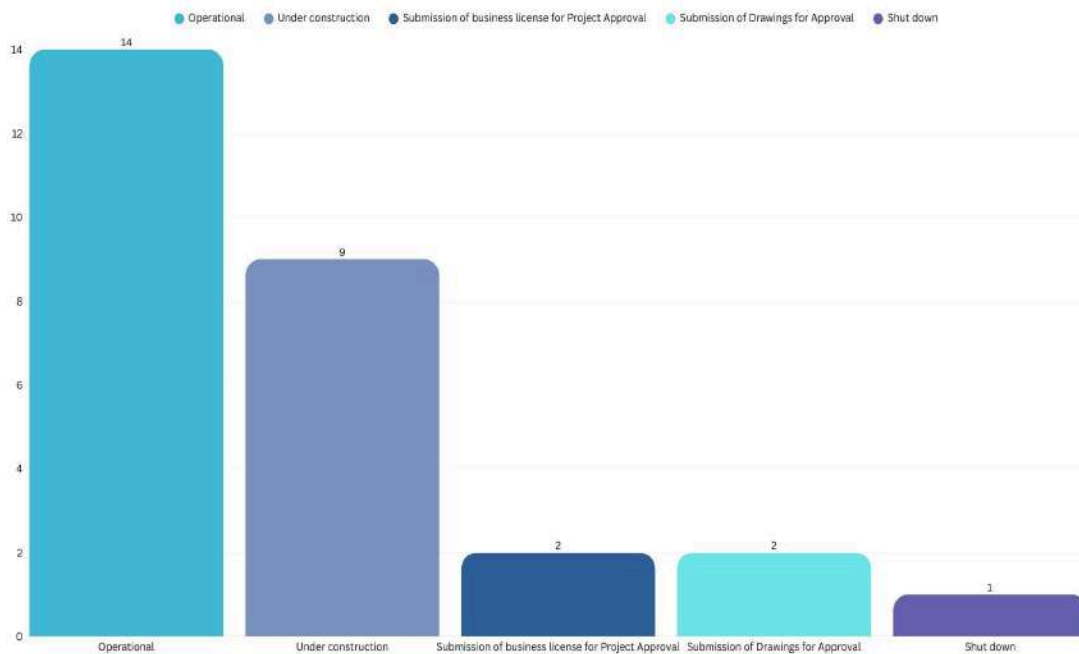


Figure 36 : Status of Industries at Phuntshorabtenling Industrial Park

### 3.1.3.3. Scale Classification

Phuntshorabtenling Industrial Park hosts 11 small-scale and 10 Large scale industries, followed by 5 medium-scale industries. There are currently no cottage scale Industries at the park. The chart below shows the percentage of industries classified as per the investment scale.





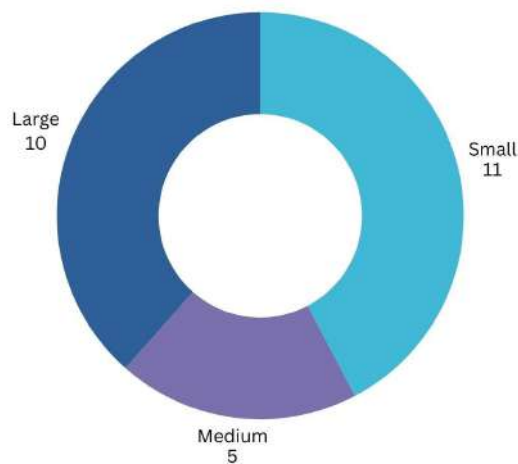


Figure 37 : Scale classification of industries at Phuntshorabtenling Industrial Park

### 3.1.3.4. Trend of the Status of the Industries (MIP)

Table 5: Trend of Status of industries at MIP

Status of the Industries	2023-2024	2024-2025
Operational	9	14
Under construction	10	9
Submission of Drawings/Drawing Approval	1	2
License under process	4	2
Shut down	1	1
Total Allotted	25	28

The industrial trend at Phuntshorabtenling Industrial Park from FY 2023-2024 to 2024-2025 shows steady increase in the industrial development processes. The number of operational industries rose from 9 to 14. While industries under construction slightly decreased from 10 to 9, submission of drawings increased from 1 to 2. The number of licenses under process dropped from 4 to 2, meaning that some industries have moved to more advanced stages. Overall, the total number of allotted industries increased from 25 to 28, showing moderate but consistent growth.





### 3.1.3.5. Revenue and Employment Generation

In the fiscal year 2024-25, the Phuntshorabtenling Industrial Park generated Nu. 8.48 million in revenue through lease rentals and LLC fees. The Park currently employs 929 employees, out of which 631 workers are Bhutanese nationals and 298 are skilled non-nationals.

2. Staff Quarter - Work Ongoing (Physical Progress 24%, Financial Progress 15%)

### 3.1.3.6. Current Developmental Activities carried out at Phuntshorabtenling Industrial Park

DANTAK, with support from the Government of India, is developing the following key infrastructure projects at the Phuntshorabtenling Industrial Park.

1. Road to Landfill - Completed



2. Staff Quarter - Work Ongoing (Physical Progress 24%, Financial Progress 15%)



3. Associated structures at landfill - Work Ongoing (Physical Progress 9%, Financial Progress 3%)



4. River Training works (Gabion wall) - Work Ongoing (Physical Progress 97%, Financial Progress 95%)





5. Construction of Public toilet - Work Ongoing  
(Physical Progress 52%, Financial Progress 40%)



6. Construction of Watchtower - Work Ongoing  
(Physical Progress less than 5%, Financial Progress 3%)



Apart from projects carried out by the Dantak, the Department spent approximately Nu. 0.311 Million for the following maintenance activities.

1. Clearing of grass - Completed



2. Maintenance of Streetlights - completed



### 3.1.4. Dhamdum Industrial Park



*Figure 38 : Dhamdum Industrial Park*

Located about 3 kilometers away from Samtse town, the Dhamdum Industrial Park is spread across 349 acres. As of June 2025 it accommodates 64 industries which is an increase of 20 industries as compared to 2024. While many new provisional letters were issued, few allotments were terminated or withdrawn.

#### 3.1.4.1. Sub-sector Classification

Dhamdum Industrial Park is well known for accommodating only clean-tech and low-polluting industries. The Park currently hosts 61 domestic industries and 3 FDI's, distributed across five sub-sectors. Of the total 64, 17 are Agro & Food-based industries, 10 are Wood & Forest-based industries, 9 are Mineral & Chemical-based industries, 8 are Fabrication units, 8 service industries, and 12 fall under the Others sub-sector.

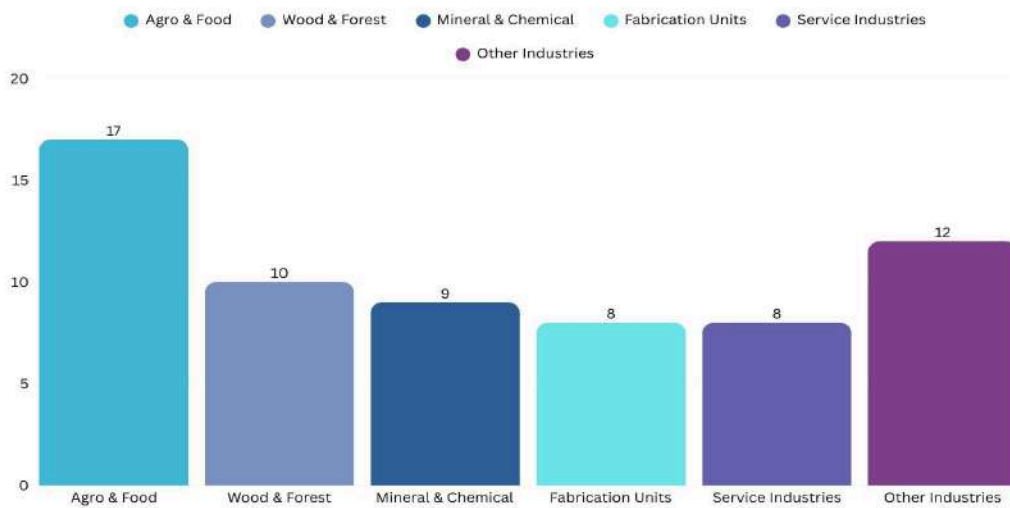


Figure 39: Sub-sector classification of industries at Dhamdum Industrial Park

### 3.1.4.2. Operation Status of the Industries

Of the 64 industries at Dhamdum Industrial Park, 22 are fully operational, 26 are under construction, 10 are in the process of obtaining business licenses, and 6 industries are processing land lease certificates and lease agreements.

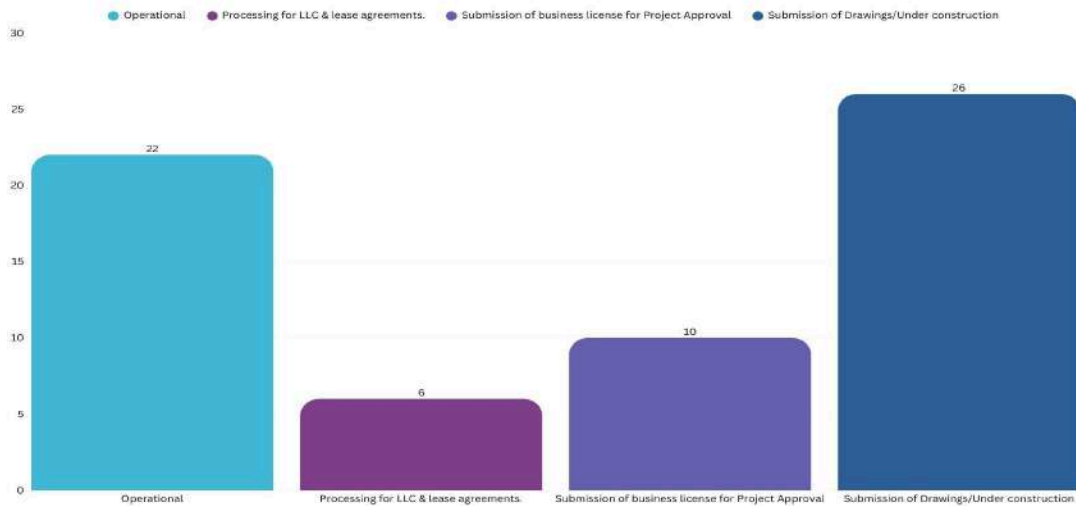


Figure 40 : Status of industries at Dhamdum Industrial Park





### 3.1.4.3. Scale Classification

The Dhamdum Industrial Park has the highest concentration of medium-scale industries (33), followed by small-scale (20), large-scale (8), and cottage industries (3). The chart below shows the distribution of industries by investment scale.

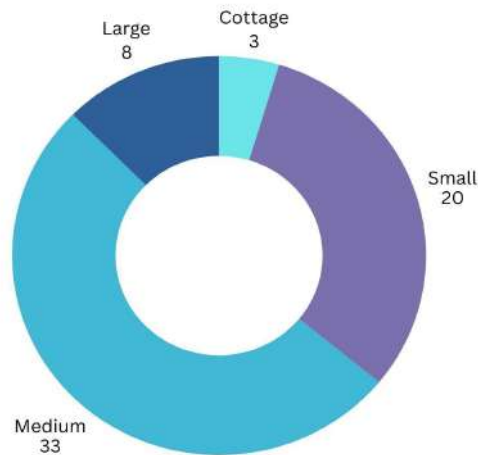


Figure 41 : Scale classification of industries at Dhamdum Industrial Park

### 3.1.4.4. Trend of the Status of the Industries DIP

Table 4: Trend of the operation status of industries at DIP

Status of the Industries	2023-2024	2024-2025
Operational	16	22
Submission of Drawings/Under construction	15	26
License under process	13	10
Processing for LLC & lease agreements.	0	6
Total Allotted	44	64

The industrial development trend at Dhamdum Industrial Park for the FY 2024-25 shows substantial growth from FY 2023-2024. The number of operational industries





rose from 16 to 22, and those under construction or drawing submission increased from 15 to 26, indicating strong development momentum. While industries with license under process slightly decreased from 13 to 10, six new industries entered the processing stage for LLC and Lease agreements, which had none in the previous year. Overall, the total allotment grew from 44 to 64, reflecting increased business proponents in the park.

### 3.1.4.5. Revenue and Employment Generation

In the fiscal year 2024-25, Dhamdum Industrial Park and Norbugang Industrial Park generated Nu. 15.48 million in revenue through lease rentals and LLC fees. The Dhamdum Industrial Park provides employment opportunities for 153 employees, of which 94 workers are Bhutanese nationals and 59 are skilled non-nationals.

### 3.1.4.6. Recent Developmental Activities carried out at Dhamdum Industrial Park

The department spent approximately Nu. 92.164 million for the maintenance and upgradation of infrastructure at Dhamdum Industrial Park.

1. River Training Works (DIP) - 92% completed



2. Maintenance of Streetlights - completed





3. Clearing of grass (bushes) - completed



4. Maintenance of DIP office - completed



5. Construction of signboard - completed



### 3.1.5. Norbugang Industrial Park



Figure 42 : Norbugang Industrial Park







Norbugang Industrial Park is located in Samtse Dzongkhag abutting the Samtse–Sipsu highway and adjoining the Diana riverbed. The site is relatively in a flat river bank bounded by hills to the south, river Diana in the north and Sipsu-Samtse highway in the east.

The park has an area of 183.86 acres, Norbugang Industrial Park currently accommodates 10 industries as of June 2025.

### 3.1.5.1. Sub-sector Classification

Norbugang Industrial Park hosts a total of 10 industries of which 9 are Ferro industries. Altogether there are 6 domestic and 4 FDI's which are distributed into 1 Wood & Forest-based industry and 9 Mineral & Chemical-based industries sub-sectors.

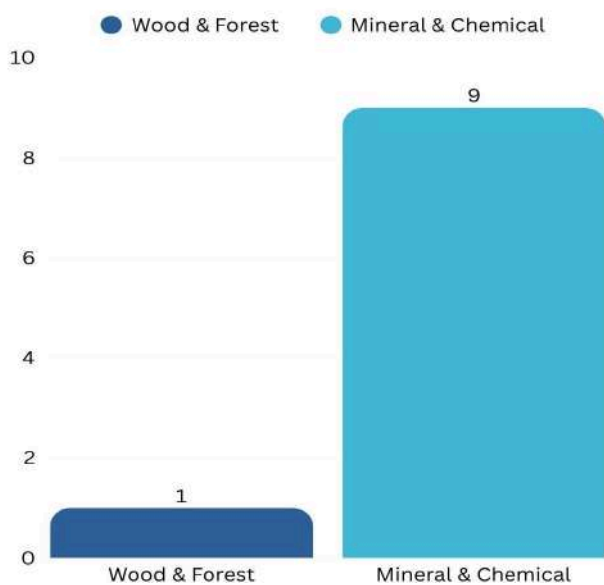


Figure 43 : Sub-sector classification of industries at Norbugang Industrial Park

### 3.1.5.2. Operation Status of the Industries

There are a total of 10 industries at Norbugang Industrial Park of which 9 industries are under construction and 1 industry is in processing for development.



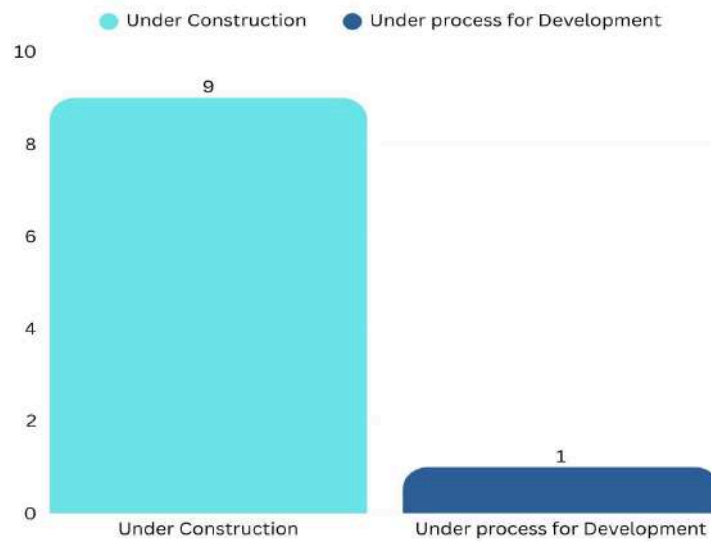


Figure 44 : Status of industries at Norbugang Industrial Park

### 3.1.5.3. Scale Classification

Norbugang Industrial Park has the highest concentration of large-scale (9) followed by the only (1) Medium-scale industry. The chart below shows the percentage of industries classified as per the investment scale.

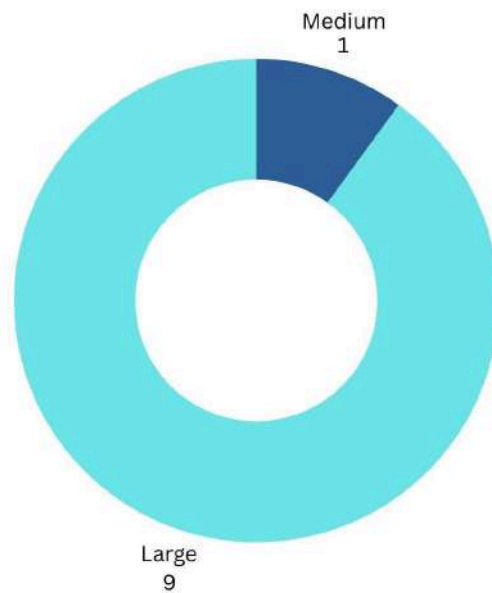


Figure 45 : Scale classification of industries at Norbugang Industrial Park



### 3.1.5.4. Revenue and Employment Generation

In the fiscal year 2024-25, the Norbugang Industrial Park and Dhamdum Industrial Park together generated Nu. 15.48 million in revenue through lease rentals and LLC fees. The Park currently sustains 678 employees, of which 655 workers are Bhutanese nationals and 23 are skilled non-nationals.

### 3.1.5.5. Recent Developmental Activities carried out at Norbugang Industrial Park

The cumulative expenditure to date for the development of the Norbugang Industrial Park is Nu. 608.054 Million starting FY 2023-2024. For FY 2024-25, the development target was set at 75%, against which the department has achieved 76.1% for the following activities.

Table 5: Recent developmental activities carried out at NIP

Activity	Physical Progress (%)	Financial Progress (%)
Road, side drain, storm water drain, cable duct, street lights and water distribution network - Work Ongoing	65	69.36
Construction of flood protection measures along the Dipu river, Diana river and the stream at NIP - Work completed	100	84.68
Construction of water supply scheme - Work Ongoing	81.2	80.87
Construction of Boundary wall - Work ongoing	54	49.12
Water Treatment Plant - Work Ongoing	100	94
Construction of Estate Management Office, WatchTowers and Barracks - Work Ongoing	25	26.96

### 3.1.6. Changchey CSI Park

Located in Semjong Gewog, Tsirang Dzongkhag, the Changchey CSI park spans 2.49 acres with a total of 9 plots. As of June 2025, only one proponent (small-scale food-based) has been allotted and is processing for business licenses.

The park is equipped with machinery and equipment procured by the Department to address limited technological facilities impeding Cottage and Small Industry (CSI) growth. This includes drying and packaging machines accessible at any time, which individual startups and CSIs cannot afford independently.

### 3.2. Waste Treatment Infrastructure- Leachate Treatment Plant

The leachate Treatment Plant (LTP) at Pasakha Industrial Estate has been proposed with the installed capacity of 10 KLD. The methodology is the Chemical Precipitation process which demands numerous technologies and processes in each of the units. The installation and set up of the LTP has been completed and the testing will be performed in July 2025.

The flow-chart below illustrates the brief working principle of the LTP.

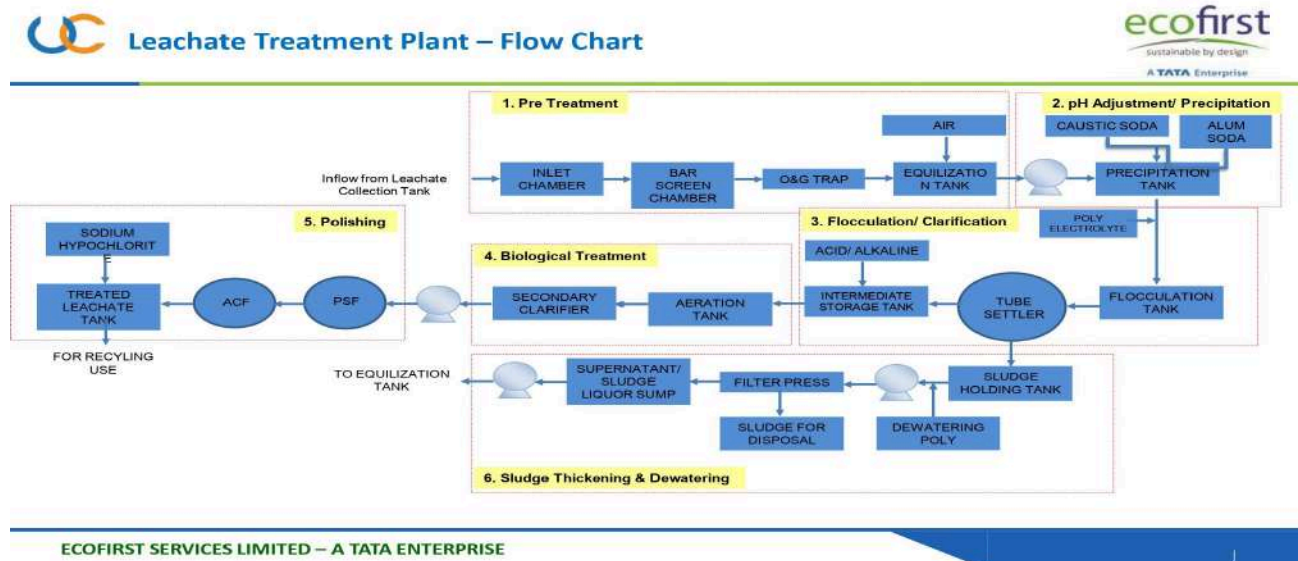


Figure 46: Flow Chart of LTP



## CHAPTER 4

# PROMOTION OF INDUSTRIES

### 4.1. Industrial Development Roadmap

To build a dynamic, inclusive, and sustainable industrial sector, the Industrial Development Roadmap (IDR) of Bhutan was developed with a clear mission to enable resilient industrial growth through strategic policy support, infrastructure and investment facilitation, skill development, resource optimization, and job creation to achieve sustainability and social equality. The IDR aligns with the Bhutan 21st Century Economic Roadmap. It is a short, medium and long-term industrial development policy with specific focus areas and action points for identified lead agencies and collaborating agencies. It prioritizes ten sectors: agro-industries, creative industries, data center industries, education industries, forestry-based industries, ICT industries, medical product industries, mineral industries, renewable industries, and tourism industries. The roadmap was developed with the aims to address youth unemployment and demographic shift, diversify the economy, enhance exports and reduce trade deficit, develop the private sector, ensure balanced regional development, encourage environmental sustainability, and align industrial sector growth with the principles of Gross National Happiness. The roadmap has identified fiscal incentives, access to affordable financing, and foreign direct investment attraction strategies as the key catalysts for industrial development in Bhutan.

### 4.2. Industrial Transformation Map

In collaboration with UNDP, the Department has developed Industrial Transformation Maps (ITMs) for three key sectors: (i) Agro-based industries, (ii) Information and Communications Technology, and (iii) Cosmetics and Personal Care products. While the ITM initiative commenced in FY 2022-2023, the finalization of all three ITMs was completed in FY 2024-2025. The ITM for the Cosmetics and Personal Care sector was further validated through a local consultancy firm engaged by UNDP.





In addition to these, the Department also developed an ITM for the wood-based industry through an in-house task team. The ITM report was presented to the Policy Planning and Coordination Meeting of the Ministry and is intended to serve as a mother-document for guiding the transformation and strategic development of the wood industry sector.

The ITM initiatives were undertaken with the objective of developing value chain-specific strategies for prioritized industrial sectors to enhance their productivity, strengthen coordination, and foster collaboration and partnership with the private sector.

### 4.3. Economic Development Board

The Government through executive order C-2/2024/4 dated 29th January 2024 announced the establishment of the Economic Development Board (EDB) chaired by Hon'ble Prime Minister with members from government and private representatives and the Department of Industry as the Secretariat to EDB. The primary mandate of the EDB is to attract and promote Foreign Direct Investments (FDI) in the country. With the institution of EDB, 12 meetings have been held so far with 8 meetings being held during fiscal year 2024-25. The meetings discussed issues faced by the private sector, in particular FDIs in the country, discussed the investment opportunities and promotions in the country. Some of the major outcomes are:

- Investment Roadshow in India – Conducted Investment Roadshow in three cities (Delhi, Mumbai and Bengaluru) in India to engage investors, attract investments, and promote tourism. 31 private sector representatives, including the State-owned Enterprises from Bhutan, joined the roadshow.
- Bill Discounting for Government Contracts: Bill Discounting is a financial product/instrument wherein a contracting firm can obtain immediate cash from a bank or financial institution by discounting their bill receivables from government agencies. This initiative aims to improve liquidity in the construction sector by providing timely access to funds and ensuring smooth business operations by addressing cash flow gaps by converting receivables into immediate cash.



→ Environment Restoration Bond (ERB): ERB is a financial security for environment restoration and mine closure. EDB approved it to be submitted in the form of a Bank Guarantee and other financial instruments, which were initially required to be deposited in cash. This policy change is expected to enhance market liquidity and improve business efficiency, ultimately improving ease of doing business.

#### 4.4. Networking Event for FDI Hotels & CSI Women Entrepreneurs- An Initiative recognized as a best practice for Advancing Gender Equality in Investment Promotion by FDI Centre.



Figure 47 : Networking Event for FDI Hotels and CSI Women Entrepreneurs

The Department organized a networking event for FDI Hoteliers and CSI women entrepreneurs in its effort towards advancing gender equality through FDI. The primary objective of the event was to create a win-win scenario for both high-end hotels that strive to offer unique guest experiences and local entrepreneurs looking for market access. The event brought together 20 entrepreneurs and 20 representatives from 13 FDI Hotels.

The event started with the Department presenting case studies on how successful collaborations are created between high-end hoteliers and local entrepreneurs. Entrepreneurs were provided an opportunity to exhibit their products, deliver compelling pitches through storytelling, showcasing the value and uniqueness of their

products. The event facilitated meaningful connections, with seven entrepreneurs initiating supply arrangements to the participating high-end hotels. The event garnered strong interest and enthusiasm from both hoteliers and entrepreneurs, with many expressing the desire to institutionalize it as an annual event.

#### 4.5. Investment Roadshow

The Invest Bhutan division, Department of Industry conducted the Foreign Direct Investment (FDI) roadshows in three cities of India: New Delhi, Mumbai and Bangalore from 7th to 14th January, 2025. The roadshow was led by His Excellency Lyonpo Namgyal Dorji, Minister of Industry, Commerce and Employment including participants from the Economic Development Board (EDB), relevant government agencies, State-Owned Enterprises (SoEs) and private sector participants.

The primary objective was to engage with potential investors, showcase investment opportunities in Bhutan and present the country as an investment and tourism destination. This landmark event provided a robust platform for Bhutanese delegates and Indian investors to connect, share ideas, and explore potential collaborations.



Figure 48 : Investment Roadshow in India



#### 4.5.1. Pre-Roadshow Preparatory Works

The roadshow was initially targeted to promote four key sectors, namely; tourism and wellness sector, IT/ITES, agro-based sector and the forest-based sector. Promotional materials were developed for these target sectors along with brochures on general investment regime. The Department of Industry invited interested private individuals and State-Owned Enterprises (SoEs) with projects falling in these sectors. A total of 41 investment projects were compiled for the roadshow from 22 private-sector representatives and nine SoEs

#### 4.5.2. Main Event

The roadshow featured presentations highlighting the investment landscape and investment opportunities, tourism sector and the Gelephu Mindfulness City (GMC). Promotional videos on Invest in Bhutan, Tourism and the GMC were showcased. Two-third of the time was allocated for networking sessions, which allowed for direct interactions and helped establish personal rapport between the Bhutanese delegates and their Indian counterparts.



Figure 49 : Investment Roadshow - Main Event

Moreover, to make the best of the visit, the Department with the support of the CII and the RBE arranged field visits for the delegation in Delhi & Bangalore to three companies, namely; Mother Dairy Plant, Software Technology Park Limited and Infosys.



Figure 50 : Field Visits during the Investment Roadshow

### 4.5.3. Participants at a Glance

#### Bhutanese Delegates



#### Potential Investors' Turnout



Figure 51 : Participants of Investment Roadshow

#### 4.5.4. Key Achievements

The investment roadshow has yielded significant and measurable success, both in terms of direct investment interest and long-term strategic positioning. This initiative has proven to be an effective platform for showcasing high-potential ventures, building investor confidence, and strengthening the country's visibility both in terms of investment and tourism.

##### 4.5.4.1. Investor Engagement




Figure 52 : Overview of Investor Engagement

- Over 191 investors attended the forum in three cities.
- 350 one-on-one B2B meetings were held. A total of 80 serious contacts were established during the roadshow.
- Several investors have entered into due diligence or follow-up discussions.
- Two projects due for signing of MoU between foreign investor & local investor.
- 6 Potential Investors have visited Bhutan following the Investment roadshow.

##### 4.5.4.2. Capital Mobilization

Nu. 750 million in soft commitments across various projects (Bamboo, CNG Gas, Hotel, IT/ITES).

- A local company (Dralha Bamboo Revolution Private Limited) licensed to manufacture Bamboo Flooring, Furniture and Other Decorative materials will be signing an agreement with KNK Renewables, a prominent Indian enterprise at the forefront of renewable and sustainable technologies.
- CNG Gas and Hydrogen Gas: KNK Renewable will be collaborating with Dralha to set up a CNG Plant in Samtse. However, the location will depend on the land availability for Napier gas cultivation.

- 
- Investment in Hotel: Orchid Hotels have visited Bhutan following the roadshow. The company has expressed intention of investing in an existing 3-star property to upgrade the same to 4 stars.
  - Best of Breed Software Solutions Private Limited has expressed interest to set up an IT company in Bhutan with one of the roadshow participants.

#### **4.5.4.3. Partnership Opportunities (including with local delegates)**

- Bhutan Livestock Development Corporation Limited (BLDCL) is collaborating with Aviagen India to set up a broiler hatchery in Samrang, Samdrup Jongkhar.
- Bhutan Board Products Limited (BBPL) and Green Bhutan Corporation Limited (GBCL) signed an MoU where BBPL will supply wood particle boards, ready-to-assemble furniture, and organic fertilizers to GBCL for environmental and developmental projects.
- Druk Green Power Corporation Limited identified synergies with Green Bhutan Corporation Limited for reforestation initiatives and many private firms networked within themselves to source from each other.

### **4.6. Publication and Launch of Industry Census Report 2024**

In 2024, the first-ever industry census was conducted, covering 13,008 operational cottage, small, medium, and large industries, including FDI companies. The census was conducted to determine the industrial sector's contribution to gross domestic product and employment generation, understand issues and challenges and gather recommendations from the industries. It was also to understand the distribution of industries across Dzongkhags, Thromdes, regions, rural and urban areas. The Industry Census report was published and launched by the Minister, Ministry of Industry, Commerce, and Employment on 16 August 2024.

### **4.7. Investment Portal**

To provide information on investment opportunities in different sectors and key information that an investor would want to know while deciding to choose an investment destination, the Department has developed Investment Portal and officially launched the Invest Bhutan Web Portal for Foreign Direct Investment (FDI),



one of the many initiatives towards promotion of FDI, on 16th August, 2024, along with the FDI Promotional Video. It provides complete information on FDI policy, processes, incentives, etc., and connects local partners with foreign partners and vice-versa. For the fiscal year 2024-25, information on investment opportunities have been updated and services such as business guest visa and investor card to be provided through the portal have been developed and rolled out during the next fiscal year. Additionally, the portal will be enhanced to include new features and other offline services to be provided through the portal in the upcoming fiscal year..

#### **4.8. Support to Local Chain-link Manufacturing Industries**

With the goal to promote and support domestic industries, the department proposed to the government for procurement of chain-link and its associated materials from the local chain-link manufacturers. Considering the potential of the local chain-link manufacturers, the Ministry of Finance conveyed the government's approval to limit chain-link fence procurement tendering to local manufacturers. Subsequently, the Ministry of Agriculture and Livestock procured chain-link fence and barbed wire components from local chain-link manufacturers for nationwide chain-link fencing project aimed at addressing human-wildlife conflict. It was observed that the chain link supplied by the local manufacturers were cheaper and of high quality compared to that procured in the past years.

#### **4.9. New Industrial Park Site Identification at Bokajuli, Samdrup Jongkhar**

In line with the 13th Five-Year Plan, a new industrial park site has been identified at Bokajuli, Samdrup Jongkhar. A joint site verification was conducted on 9th March 2025 by the Department of Industry and the Samdrup Jongkhar Dzongkhag Administration.

The identified site has an area of approximately 148.72 acres, comprising 54.32 acres of relatively flat, fallow private *chuzhing* land and 94.40 acres of gentle sloping, developable State Reserved Forest land.



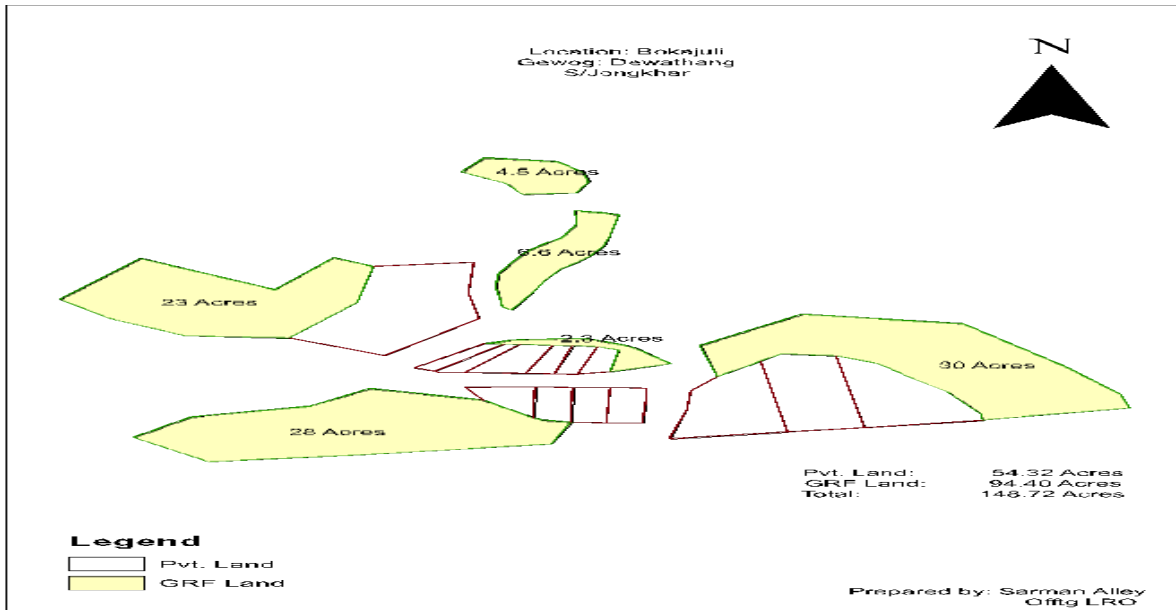


Figure 53 : Site of new industrial park at Bokajuli, Samdrup Jongkhar

#### Water Source:

A perennial stream running through the site is available to meet both potable and industrial water demands. Potential monsoon flood risks can be mitigated through river training.

#### Forest Clearance:

The land does not fall within a protected biological corridor and hosts no endangered flora or fauna. Forest clearance is deemed feasible based on the assessment from the Samdrup Jongkhar Forest Division.

#### Current Accessibility:

The site is currently accessible via a rough road through India with a travel time of approximately 5 minutes from the Phuntsho Rabtenling Industrial Park gate.

#### Connectivity Plan:

It is proposed to connect the identified site with Phustho Rabtenling Industrial park with the construction of a 2.4 km internal road. The proposed road would eliminate the need for major bridge construction and also would avoid the requirement of a new cross-border entry/exit point with India.



## Next Step

- Feasibility study of the site.
- Initiation of the land acquisition process, including compensation and substitution.
- Preparation of the Detailed Project Report (DPR) for the development of the industrial park.

### 4.10. Informal Sector Support

During the FY 2024-2025, the department supported 14 informal activities with equipment and machinery. In FY 2023-2024, 8 informal activities were provided machinery and equipment support. The activities supported include wood works, milk processing, pineapple and nettle fibre extraction, tailoring, noodle making, etc. across seven dzongkhags. The beneficiaries will obtain a business license and formalize their businesses within one year from the date of receiving the support.

### 4.11. CSI Forum

The Department of Industry conducted the CSI Forum at Pemako in Thimphu on 16th August 2024. The program was aimed to ensure regular, proactive, two-way public private dialogue between the CSI sector and relevant agencies. The objective of the CSI forum was to facilitate the support and development of the CSI sector through interactive public-private dialogue, disseminate vital policy changes/support measures, and discuss issues and challenges faced by the CSI sector. The forum discussed market access, regulatory and financing issues faced by the CSI sector. The CSI sector also sought clarification on ESP Fund. The program was funded under ADB TA for improving market linkages for CSIs.

The Cottage, Small and Medium Industries Association led by the President and other entrepreneurs and the officials from the relevant agency attended the forum.

### 4.12. CSI Market within Bhutan

During the fiscal year, the Department established a CSI Market in Samdrupjongkhar town, in collaboration with a local entrepreneur. The main objective of establishing the



CSI Market was to enhance market access for Made in and Grown in Bhutan products – one of the main barriers that hampers growth and development of CSIs.

The CSI Market in Samdrup Jongkhar provides a dedicated platform for CSIs products, particularly for those in the East and South. In addition, it also caters to foreign travelers as Samdrup Jongkhar serves as an additional entry and exit point for tourists. Furthermore, it is envisaged to encourage the CSIs to enhance value addition, upscale and generate employment opportunities in the country.

The Market was opened on 30 December 2024 and is the third of its kind. The first CSI Market was established in Thimphu in 2020, followed by a second one in Paro in 2023. The CSI Market in Samdrup Jongkhar was established with fund support from ADB TA for improving market linkages for CSIs.



Figure 54: Opening of CSI Market in Samdrup Jongkhar

### 4.13. CSI Fair

To commemorate the birth anniversary of Her Royal Highness The Gyalsem, the Department in collaboration with Bhutan Association of Women Entrepreneurs (BAOWE) and Pelden Enterprise Limited conducted CSI Fair from 13-15 September 2024 at Clock Tower Square in Thimphu coinciding with the annual Thimphu Tshechu.

A total of 45 participants consisting of CSIs, Startups and members of clusters and associations of artisans and grassroots rural entrepreneurs exhibited their products.





The Fair served as a platform to showcase and promote local products and native cuisines, encouraged inter-business networking for long-term relationships, and provided opportunities for youth and women entrepreneurs to market their products. Such events raise public awareness on the locally manufactured products and help gain patronage from the customers.



Figure 55: CSI Fair

#### 4.14. Study on Non-performing Industries

In line with the 13th Five Year Plan, the Department has initiated a study to identify and revive non-performing industries with the potential to contribute meaningfully to national economic growth. A concept note for this initiative has been submitted in this fiscal year, with study-related activities scheduled to begin from the next fiscal year.

The initiative aims to address industrial units that are inactive or underperforming. As of March 31, 2025, Bhutan's industrial ecosystem comprises a significant number of active industrial licenses, 30,739. However, a considerable portion of these, particularly in the dominant services sector (which accounts for 80% of licensed units) and the crucial Production and Manufacturing (P&M) sector (14%), are either non-operational or struggling, as highlighted in the Bhutan Industrial Census 2024.

For the purpose of this study, a sick industry is defined as one that has either failed to pay loan installments for six consecutive months or incurred cash losses for at least two consecutive years. The proposed study will focus on industries that have been in



commercial operation for at least two years. The primary objective is to identify sick but viable industries, detect early signs of sickness, and recommend targeted revival strategies. The study aims to lay the groundwork for future interventions, with the goal of revitalizing the production and manufacturing sector of Bhutan's industrial landscape.

#### **4.15. Study on Fiscal Incentives Act/Rules**

The Department has undertaken a study to assess the effectiveness and impact of the Fiscal Incentives Act of Bhutan 2021 on Bhutanese industries. The primary objective of this study was to evaluate how these incentives have influenced industrial development and economic activity across the country.

The study employed a mixed-method approach, combining both primary and secondary data sources to provide a comprehensive analysis. Secondary data was obtained from the DRC, while primary data was collected through an online survey. To ensure representative participation across all sectors and regions, a simple random sampling method was adopted. This approach allowed each industry an equal chance of selection and minimized selection bias. Due to the complexity in identifying the total number of operational industries and beneficiaries, no fixed sample size was determined.

Findings from the study indicate that fiscal incentives have played a significant role in stimulating industrial activity, particularly by reducing operational costs, supporting business expansion, generating employment, and contributing to revenue growth. However, their full potential has yet to be realized. While 66.4% of respondents were aware of the available incentives, only 35.25% had actually availed them, suggesting considerable barriers related to access and procedural complexity. Notably, over 80% of beneficiaries accessed only the Tax Holiday incentive, with limited uptake of other options such as Investment Allowances and Concessionary Tax Rates. This reflects a heavy reliance on a narrow set of tools and the underutilization of more targeted incentives.

Cottage and small-scale industries, though comprising the majority of Bhutan's industrial base, were significantly underrepresented among beneficiaries. This





underrepresentation is largely attributed to low awareness, administrative hurdles, and limited institutional capacity. Additionally, the concentration of beneficiaries in Thimphu, Samtse, and Chhukha points to regional imbalances in access and utilization.

Despite these challenges, the estimated Nu. 754 million in foregone government revenue between 2021 and 2024 can be viewed as a strategic investment that has yielded measurable benefits in enhancing cost competitiveness, improving business viability, and supporting job creation. These outcomes affirm the role of fiscal incentives as a key policy instrument for promoting private sector growth and industrial development in Bhutan.





# CHAPTER 5

## MONITORING

### 5.1. Monitoring of Domestic Industries

The Department carries out monitoring of medium and large industries through site visits to update their operational status after approval and issuance of licenses. The monitoring is also aimed at gathering information that contributes to their overall health, growth and resilience, and to understand their issues and challenges.

In the fiscal year 2024-2025, a total of 20 industries were visited, of which, 14 were manufacturing and 6 were service industries. From the monitoring, it was observed that 8 industries were in full operation, 10 industries were under construction, and 2 were non-operational. It was also observed that the majority of the industries were keen on adopting automation and to collaborate with foreign partners through franchise and management contracts. In terms of challenges, access to affordable finance, shortage of skilled labor, and regulatory and policy issues were the main challenges faced by the industries.

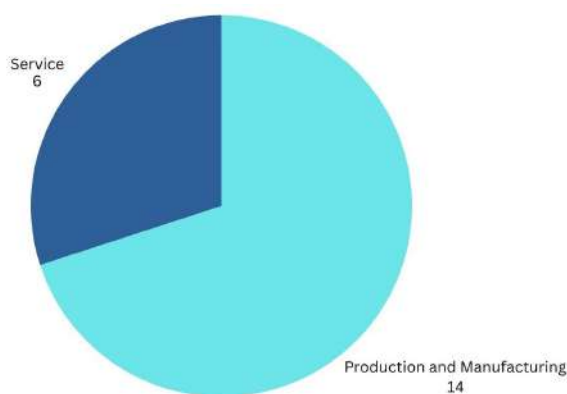


Figure 56: Monitored industries by classification

### 5.2. Monitoring of FDI Projects

The Department of Industry conducted monitoring visits to 14 Foreign Direct Investment (FDI) companies in Thimphu from 23rd to 30th December 2024, and in





Phuentsholing, Chhukha from 6th to 11th January 2025. The visits focused on assessing project status, equity injection, employment, compliance, and operational challenges. These engagements aim to create a more conducive environment for FDI businesses while ensuring alignment with regulatory requirements. Of the 14 companies monitored, eleven operate in production and manufacturing, and three in the services sector. Ten were found to be fully operational, three partially operational, and one still under construction. Most companies had received their full equity injections after three years of operation.

The 14 FDI companies collectively employ 641 individuals, with Bhutanese nationals making up 87.8% of the workforce. However, high staff turnover and skill shortages particularly in manufacturing, IT, and other specialized areas remain pressing issues. FDI companies were found to actively implement environmental and safety measures, maintain compliance through valid licenses, and engage in Corporate Social Responsibility (CSR) efforts, including community development and skills training. Despite these positive trends, challenges such as weak market demand, bureaucratic delays, and logistical constraints continue to impede business growth. These findings underscore the need for improved infrastructure, streamlined government coordination, and targeted workforce development to strengthen Bhutan's FDI led economic growth.

### **5.3. Monitoring of Import**

In accordance with the Monitoring and Regulatory Framework for the Import of Raw Materials by Manufacturing Industries, 2002, the Department carried out industrial monitoring visits in Thimphu and Chhukha in the FY 2024-2025. The objective was to assess the import of capital goods, raw materials, and packaging materials sourced from third countries. A total of 20 industries were monitored, comprising 8 small, 7 large, 4 medium, and 1 cottage-scale industry. Of these, 17 industries belonged to the production and manufacturing sector, while 3 were from the service sector.

Among the industries monitored, 17 were operational and 3 were non-operational due to reasons such as being under construction, operating seasonally, or functioning as a CSO/NGO. The monitoring found that 19 out of 20 industries had imported items in accordance with their approved licenses, and 15 had availed indirect tax incentives,





particularly exemptions on sales tax and customs duties. One industry, which sourced materials from India instead of using its approved import license for China, was advised to cancel the license, which was subsequently done. Overall, the monitoring exercise confirmed a high level of compliance with import regulations and provided valuable insights into industry operations and license utilization.

## 5.4. Compliance Monitoring of Projects

The Department is responsible to monitor the compliance of the industries as per the clause 39.3 of the EA Act 2000 which states that a competent authority shall “Monitor, control and enforce the terms of the environmental clearance attached to the development consent, including ordering sanctions and compensation for environmental damage”. In the fiscal 2024 to 2025, 142 and 40 numbers of delegated activities were inspected in other regions and in Thimphu respectively. The Department also participated in the Annual joint compliance monitoring for mines/quarries and industrial projects in the country to ensure compliance with the terms and conditions of the EC in coordination with the DECC.

Furthermore, Pasakha Industrial Estate is monitored daily for ambient air quality and compliance with the Environmental Standards 2020 and EC terms and conditions. This rigorous oversight is crucial to ensure adherence to environmental regulations, protect public health from industrial emissions, prevent ecological damage to the surrounding environment, and promote sustainable industrial practices. Additionally, regular monitoring of Effluent Treatment Plants (ETP) in food and beverage industries is conducted, with parameters compared against the Environmental Standards 2020.

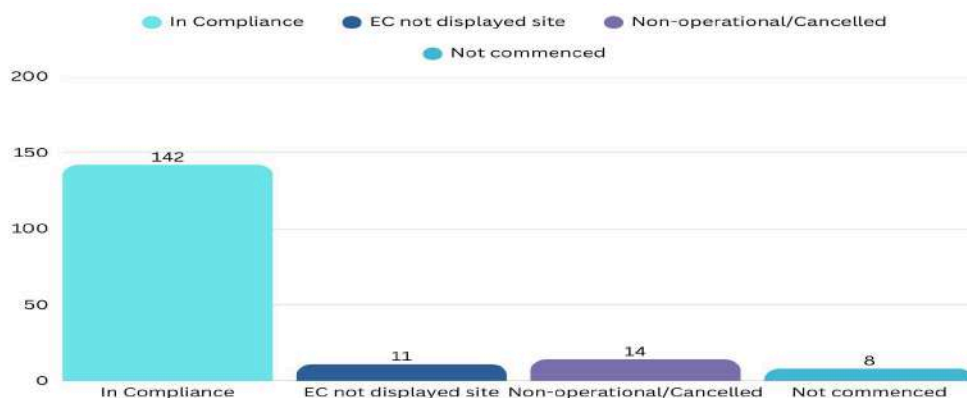


Figure 57: Observation from the inspection of delegated activities





The chart shows that 81.1% of delegated activities were found to be in compliance with EC terms and conditions. Conversely, approximately 7% did not display a copy of their EC at the site. Furthermore, around 8% were either non-operational or cancelled due to financial or other reasons, and 4.6% had not yet commenced despite holding valid ECs.

### 5.4.1 Trend in Compliance Monitoring of Projects

The graph below demonstrates a trend of increasing industry inspections. While there was a gradual rise from 103 in fiscal year 2022-2023 to 106 in 2023-2024, fiscal year 2024-2025 saw a significant increase, with 175 industries inspected.

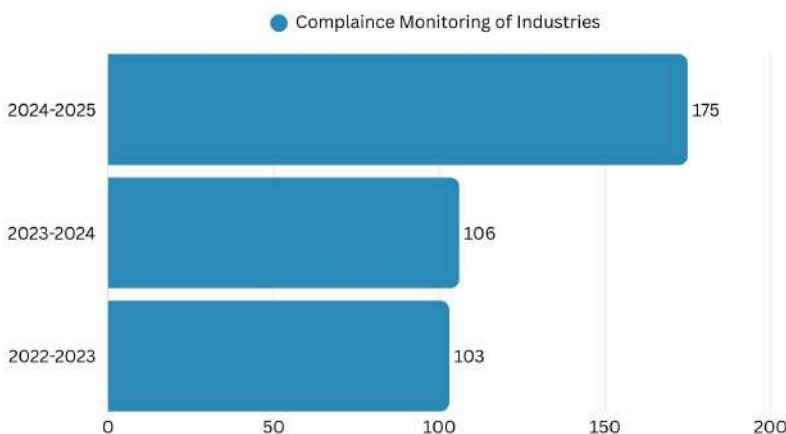


Figure 58: Trend in compliance monitoring of industries

### 5.5 Formalization of Informal Sector Support Beneficiaries

The Department provides support to the informal sector—particularly in production and manufacturing - through the provision of machinery and equipment. To ensure effective utilization of the machinery and equipment support, the Department conducted field monitoring in Haa, Chhukha, and Punakha Dzongkhags from 5th to 9th June 2025. The monitoring focused on beneficiaries who received support during the Fiscal Year 2023–2024. Two out of six were found operational and three out six had formalized by obtaining the industry license.



# Annexure 1

**Distribution of Industries by Dzongkhag and Scale Categorization**

Dzongkhag	Cottage	Small	Medium	Large	Grand Total
Bumthang	247	593	15	4	859
Chhukha	949	1857	100	63	2969
Dagana	238	599	5	3	845
Gasa	26	91	0	0	117
Haa	148	252	13	5	418
Lhuentse	97	216	5	3	321
Mongar	306	729	23	8	1066
Paro	990	1327	103	35	2455
Pemagatshel	274	514	10	11	809
Punakha	362	637	36	16	1051
Samdrup Jongkhar	385	823	30	24	1262
Samtse	539	1419	104	33	2095
Sarpang	605	1774	38	18	2435
Thimphu	4418	4621	236	175	9450
Trashigang	342	637	20	11	1010
Trashiyangtse	230	262	13	4	509
Trongsa	133	357	13	3	506
Tsirang	217	436	7	2	662
Wangdue Phodrang	429	732	39	16	1216
Zhemgang	166	432	11	2	611
<b>Grand Total</b>	<b>11101</b>	<b>18308</b>	<b>821</b>	<b>436</b>	<b>30666</b>



## Annexure 2

### Distribution of industries by Dzongkhag and Classification

Dzongkhag	Production and Manufacturing	Services	Contract	Grand Total
Bumthang	175	647	37	859
Chhukha	393	2407	169	2969
Dagana	126	663	56	845
Gasa	5	90	22	117
Haa	90	289	39	418
Lhuentse	48	235	38	321
Mongar	177	818	71	1066
Paro	424	1921	110	2455
Pemagatshel	119	643	47	809
Punakha	109	853	89	1051
Samdrup Jongkhar	171	1012	79	1262
Samtse	307	1691	97	2095
Sarpang	291	2014	130	2435
Thimphu	1186	7753	511	9450
Trashigang	177	753	80	1010
Trashiyangtse	148	298	63	509
Trongsa	54	398	54	506
Tsirang	113	510	39	662
Wangdue Phodrang	166	982	68	1216
Zhemgang	87	471	53	611
<b>Grand Total</b>	<b>4366</b>	<b>24448</b>	<b>1852</b>	<b>30666</b>

## Annexure 3

**Distribution of industries by Dzongkhag and Legal Status (Ownership Type)**

Dzongkhag	Sole Proprietorship	Partnership	Company	Others	Grand Total
Bumthang	826	7	21	5	859
Chhukha	859	19	125	8	1011
Dagana	2969	163	11	0	3143
Gasa	845	8	1	1	855
Haa	117	0	12	3	132
Lhuentse	418	18	6	1	443
Mongar	321	8	26	9	364
Paro	1066	31	87	9	1193
Pemagatshel	782	4	19	4	809
Punakha	1051	52	36	3	1142
Samdrup Jongkhar	1262	54	48	16	1380
Samtse	2095	137	74	7	2313
Sarpang	2435	56	31	5	2527
Thimphu	9450	411	366	38	10265
Trashigang	506	16	32	7	561
Trashiyangtse	498	0	9	2	509
Trongsa	1216	55	11	2	1284
Tsirang	611	13	6	3	633
Wangdue Phodrang	30666	1257	35	9	31967
Zhemgang	0	0	6	11	17
<b>Grand Total</b>	<b>57993</b>	<b>2309</b>	<b>962</b>	<b>143</b>	<b>61407</b>



## Annexure 4

### List of EC delegated activities of the Department

Sl. no.	Activity	Scale
1.	Manufacturing of dairy products	Cottage and small
2.	Manufacturing of Micro Brewery	Cottage and small
3.	Hollow Blocks manufacturing	All scale
4.	Establishment/setting of printing press	All scale
5.	Setting up of Bakery/ Confectioneries	Medium and Large scale
6.	Oil mill, Flour mill, Rice mill	Medium and Large scale
7.	Establishment of Digital Photo Studio	Medium and Large scale
8.	Carpet and textile production using dyes	All scale
9.	Making of paper and cardboard packaging products	Cottage and Small
10.	Establishment and operation of Fuel Depot/ Fuel Station	All scale
11.	Tyre rethreading activities	All scale
12.	Fabrication activities	All scale

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# DEPARTMENT OF INDUSTRY

MINISTRY OF  
INDUSTRY, COMMERCE  
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