



FDI ANNUAL REPORT

2018

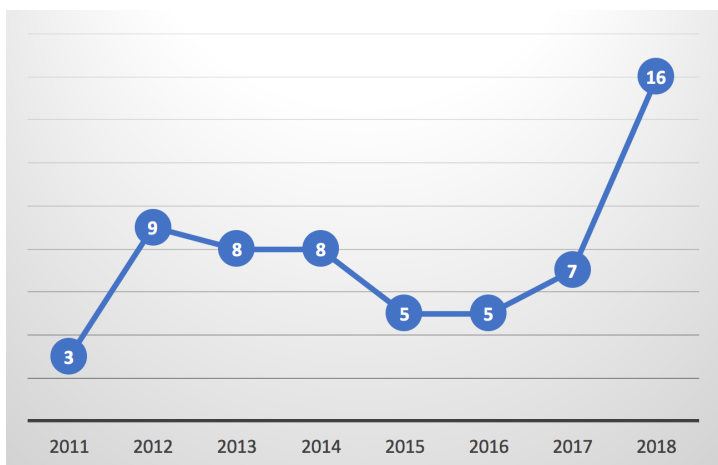
Department of Industry
Ministry of Economic Affairs

2018

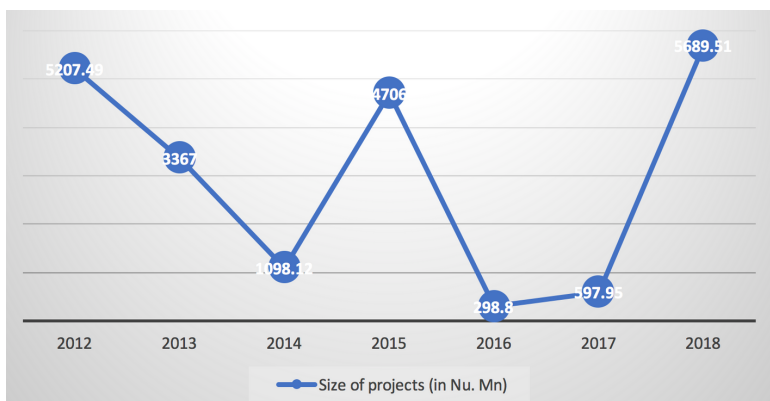
FDI TREND

FDI inflow in terms of the number of projects have increased significantly during the year with a recorded number of 16 projects approved. The chart below shows the trend of annual FDI project approval for the last eight years.

TREND IN APPROVAL



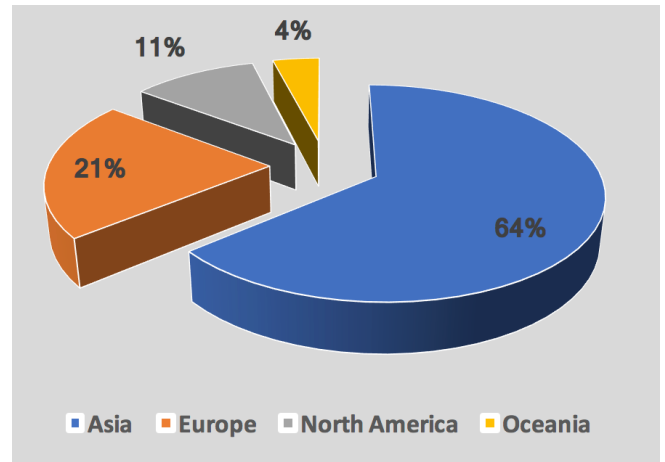
TREND IN FDI SIZE BY PROJECT COST



INCREASED BY 10 FOLD

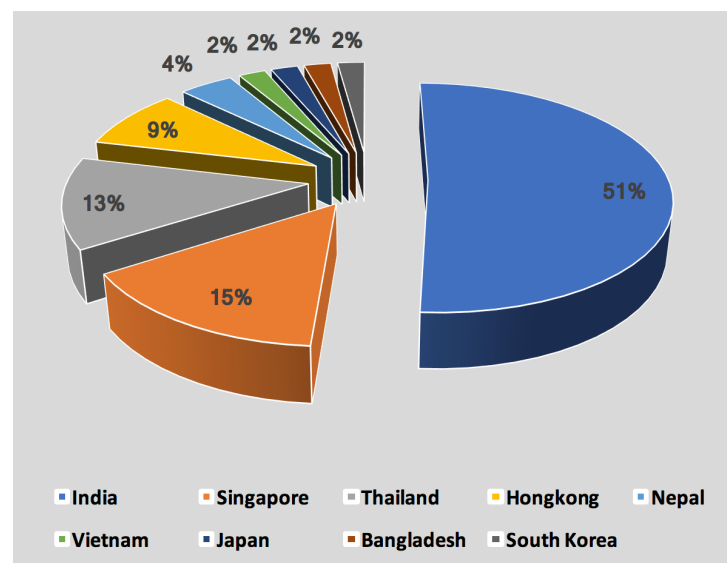
Size of projects approved as indicated by project cost has increased by almost 10 fold owing to huge capital intensive projects such as hotels being approved during the year.

ORIGIN OF INVESTORS



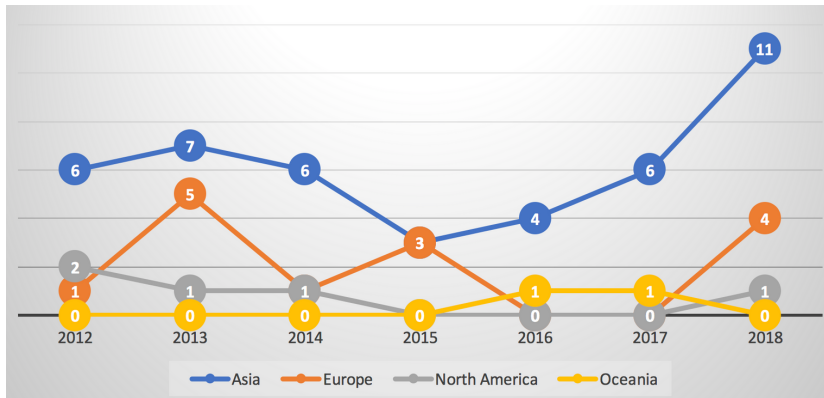
64 % IS FROM ASIA

From within Asia, India is the major source of investment in Bhutan followed by Singapore and Thailand.



TREND IN SOURCE COUNTRY

Year on year, Bhutan continues to receive FDIs mostly from Asian countries.



42%

of approved projects are in hotel sector followed by 15 % in IT/ITES.

Status of projects

64 % of approved projects have started commercial operation.

FDI PROJECTS AS OF 2018

Total number of projects increased to 73 from 57 in 2017 with 16 new projects approved.

2018: 73

2017: 57



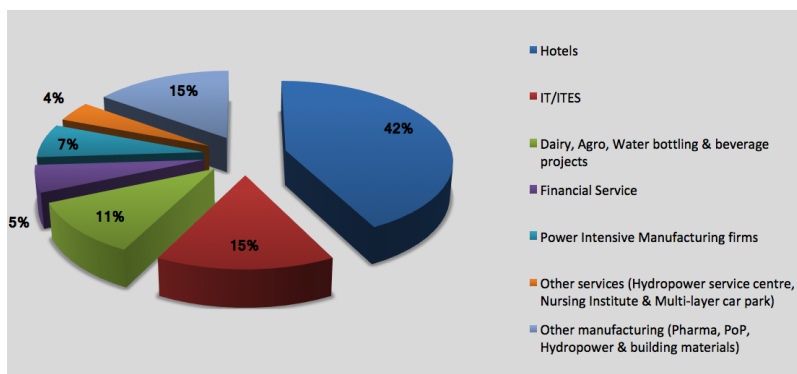
FDI BY LOCATION

62 % of FDI projects approved are located in Thimphu, Paro and Phuentsholing with highest number (34 %) being in Thimphu.

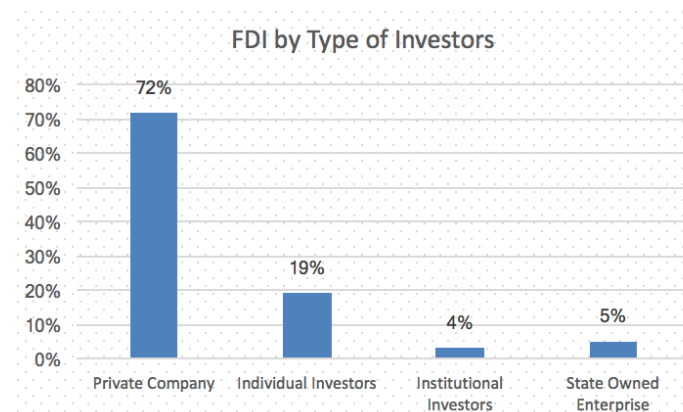
Thimphu is the preferred destination for FDI in service sector namely hotel and IT/ITES

SERVICE SECTOR DOMINATES WITH 65 %

SECTORAL SHARE OF FDI



FDI BY INVESTOR TYPE



Foreign investors in Bhutan are mostly private companies with a share of 72 % followed by individual investors with 19 % share.

FDI CONTRIBUTION

Annual survey conducted revealed some of the tangible impacts made by FDI as of **31st December, 2017**. The contribution are:

1. CAPITAL INFLOW

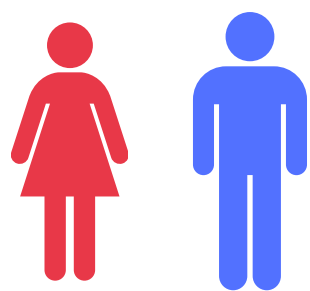
Capital inflow from foreign investors during the year as recorded from survey in Nu. million:

INR 22.2 US \$ 6.2

2. EMPLOYMENT:2018

A total of 4,336 Bhutanese were directly employed as regular employees by the operating FDI projects as of 31st December, 2018. Including 683 Bhutanese employed as casual workers, a total of 5,019 Bhutanese were employed during the year.

EMPLOYMENT BY GENDER: BHUTANESE



42% 58%

EMPLOYMENT TREND

FDI companies employed a total of 5,307 employees up from 4,895 employees in 2017, an increase of about 8.4 % from previous year.

2016



4871

2017



4,895

2018



5307

EXPATRIATES

23 Bhutaneſe for 1 Expat

FDI companies employed a total of 190 foreign workers, which is only 4.19% of total regular employees in the companies. For every single expat working in the country, there are 23 locals employed.

AVERAGE EMPLOYMENT GENERATED: Manufacturing Vs. Service



90



130

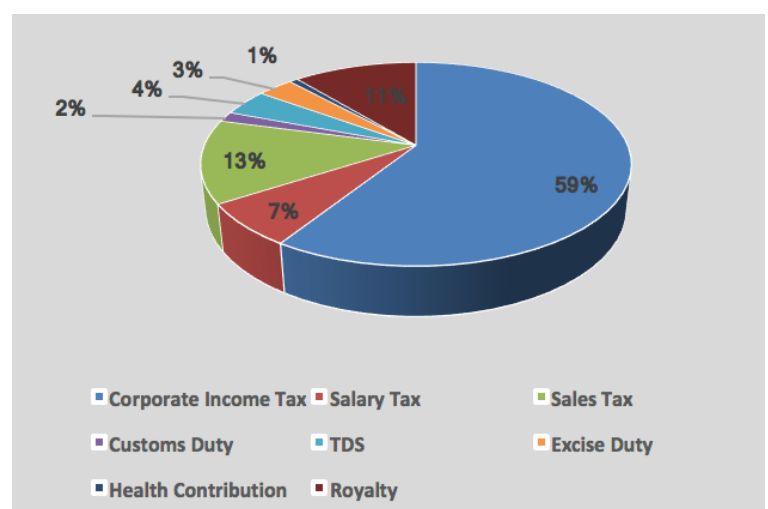
63 % by 7 companies

Seven companies employed 63 % of total regular employees during the year. Companies includes Mountain Hazelnut Ventures Private Limited, BoBL, BNBL, Bhutan Resorts private Limited, Bhutan Eco Ventures Private Limited, Scan Cafe Private Limited and Bhutan Ventures Hospitality Private Limited.

3. TAX CONTRIBUTION

Contribution made by operating FDI companies as of 31st December, 2017 as per the survey stands at Nu. 1565.16 million.

Tax composition



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