



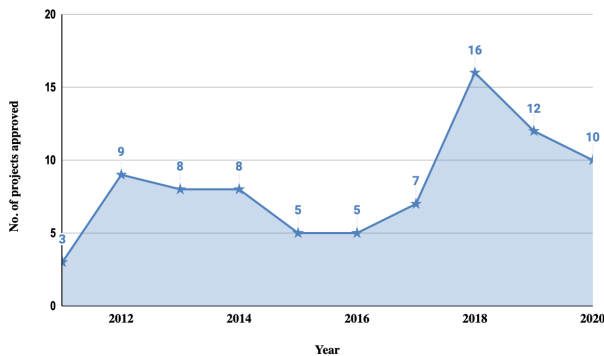
# **FDI ANNUAL REPORT 2020**

**Department of Industry  
Ministry of Economic Affairs**

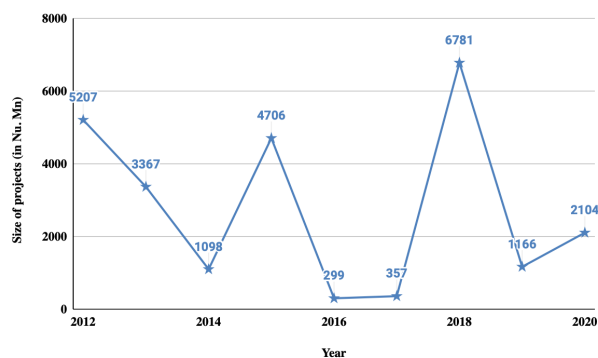
## FDI TREND

Amidst the global pandemic, the Department has approved a total of 10 FDI projects, five in the manufacturing sector and five in the service sector. While the number of projects approved declined slightly during the year as shown in the chart below, the value of projects approved increased by 80 percent; up from Nu. 1166 million to Nu. 2104 million.

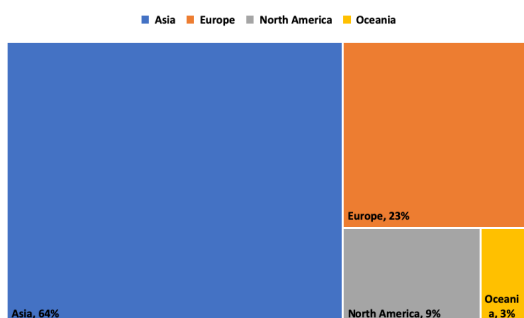
## PROJECT APPROVAL



## PROJECT SIZE



## ORIGIN OF INVESTORS



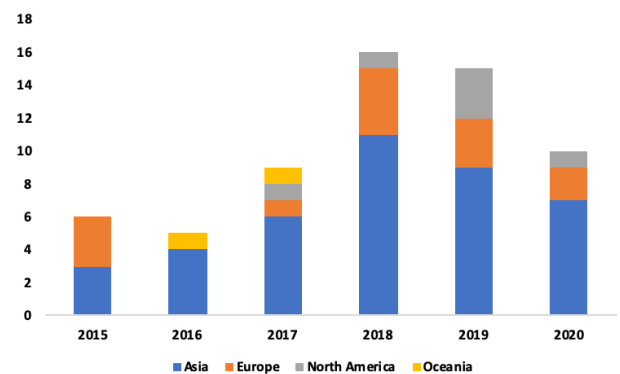
64 % IS FROM ASIA

## Top Source Countries in Asia:

From within Asia, India remains the major source of investment in Bhutan with 47 % followed by Singapore (19 %) and Thailand (11 %).

## TREND IN SOURCE COUNTRIES

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



## FDI PROJECTS AS OF 2020

The total number of projects stand at 92 with 10 new projects approved during the year. Two FDI projects were converted to domestic project during the year.

2020:92

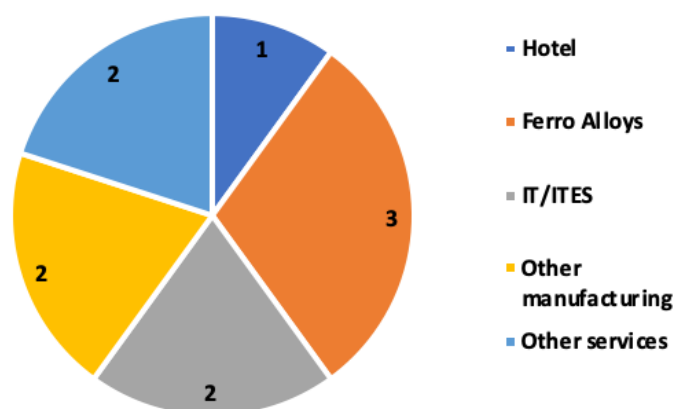
2019: 83



A total of 9 projects were issued FDI Registration Certificate in 2020, of which 3 projects were approved and remaining 6 are under process for approval.

# Attractive Sectors for 2020

Unlike the previous years, the year 2020 saw only one project in the Hotel. Manufacture of Ferro Alloys and IT are the most attractive sectors for FDI in 2020.



Share of IT/ITES increased from 19 % to 21 % while that of hotel decreased from 42 % to 39 %. Share of power intensive manufacturing increased from 5 % to 8 % of overall FDI in the country.

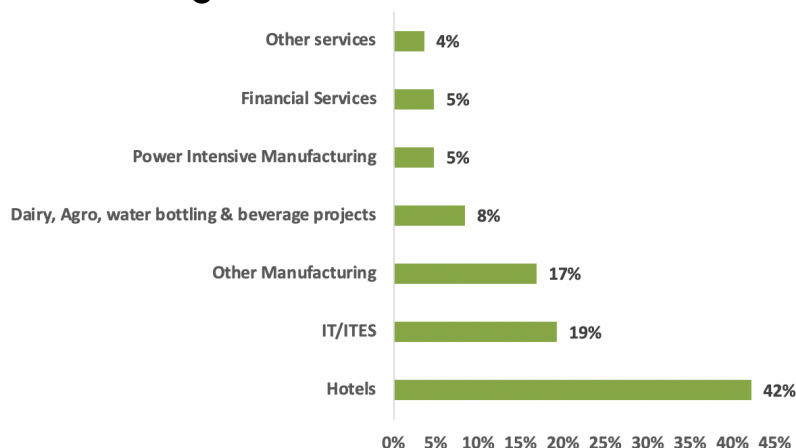
**SERVICE SECTOR  
DOMINATES OVERALL  
FDI WITH 70 %.**

## Status of projects

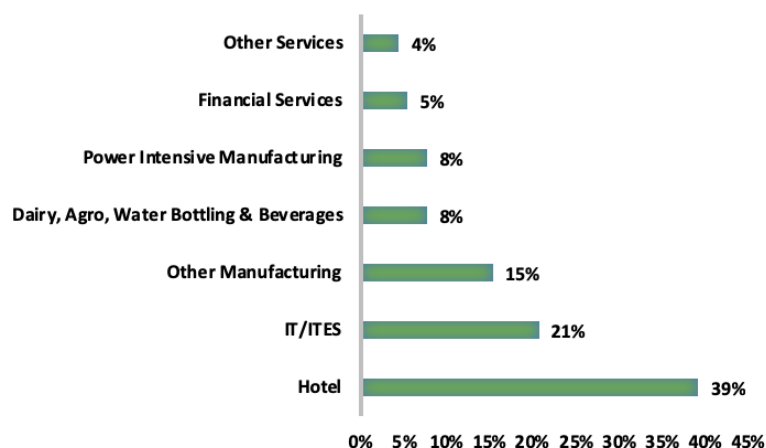
64 % of approved projects have started commercial operation.

## CHANGE IN OVERALL SECTORAL SHARE

**2019**



**2020**

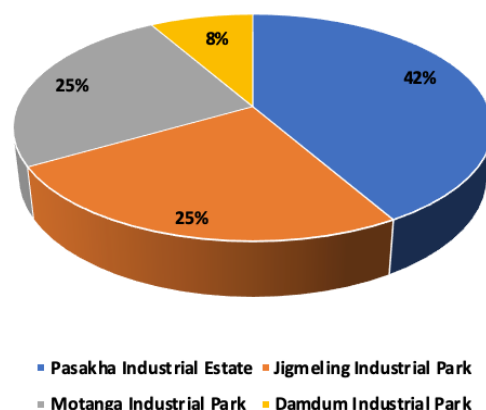


## FDI BY LOCATION

66 % of FDI projects approved are located in Thimphu, Paro and Chukha with highest number ( 38%) being in Thimphu.

**44 % of the FDI projects in the manufacturing sector are located in the industrial estates/parks. Breakups are as shown in the chart below.**

## PROJECTS IN INDUSTRIAL PARK/ESTATE



# FDI Contribution in 2019

The contributions of FDI project to the economy is captured through annual surveys carried out. Annual survey for the year ending 2019 was conducted in 2020 and covered all FDI projects including those under construction. Few companies were not able to provide data as they were closed during the year due to the pandemic. Available data from the respondents revealed some of the tangible impacts made by FDI projects. The contribution are:

## 1. CAPITAL INFLOW

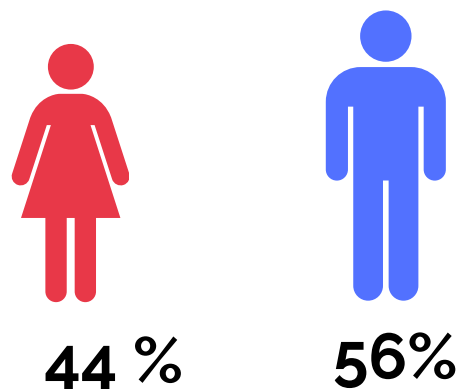
Capital inflow from foreign investors were mostly received in convertible currency during the year 2019. Annual survey revealed an amount of US\$ 22.98 million being received which is almost the same amount received during the previous year. Inflow from Indian investors were recorded at INR 766.38 million, three times the inflow received in the year 2018.



## 2. EMPLOYMENT

A total of 4,486 Bhutanese were directly employed as regular employees by the operating FDI projects as of December, 2019. With 777 Bhutanese employed as casual workers, FDI projects employed a total of 5,263 Bhutanese during the year.

### EMPLOYMENT BY GENDER: BHUTANESE



## EMPLOYMENT TREND

FDI companies employed a total of 5,752 employees (local & expatriate) up from 5307 employees in 2018, an increase of about 8% from the previous year.

# FDI Contribution in 2019

2017



4895

2018



5307

2019



5752

## EXPATRIATES

### 25 Bhutanese for 1 Expat

FDI companies employed a total of 183 regular foreign workers, which is only 3.9 % of total regular employees in the companies. For every single expat working in the country, there are 25 locals employed. \*Day workers from across the border are not covered in the analysis.

## AVERAGE EMPLOYMENT

GENERATED: Manufacturing Vs. Service as of 2019



53

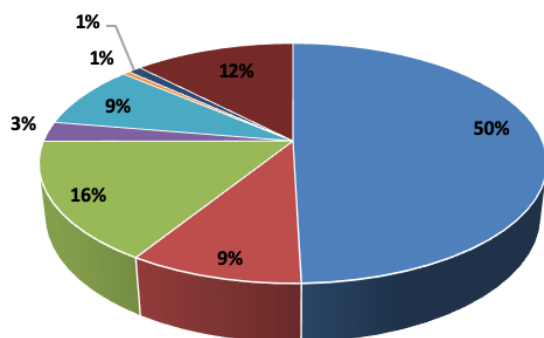


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## 3. TAX CONTRIBUTION

Tax contribution made by operating FDI companies as of 31st December, 2019 as per the survey stands at Nu. 1530.65 million. The contribution is a decline by 12 % from that of 2018. The decline could partially be explained by few companies failing to submit the annual survey during the year.

### Tax composition



■ Corporate Income Tax ■ Salary Tax ■ Sales Tax  
■ Customs Duty ■ TDS ■ Excise Duty  
■ Health Contribution ■ Royalty

#### 4. EXPORT CONTRIBUTION: FDI in Manufacturing

Manufacturing sector contributes a significant share toward the export basket. In total, **10 FDI projects** in the **manufacturing** sector have exported goods worth **Nu. 3.7 billion** of which Nu. 3.6 billion is to India and the remaining to other countries. Exports during the year have declined as compared to the previous year. The reasons for the decline is the drop in the number of manufacturing projects with the conversion of 2 FDI projects to domestic project. This export figure also excludes the export of electricity by Dagachhu Hydropower Corporation Limited, a FDI project.

#### FOR FURTHER INFO:

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