

INDUSTRY CENSUS OF BHUTAN 2024



Conducted by
DEPARTMENT OF INDUSTRY
MINISTRY OF INDUSTRY,
COMMERCE AND EMPLOYMENT



**NATIONAL
STATISTICS BUREAU**

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INDUSTRY
CENSUS
OF BHUTAN 2024

FOREWORD



It is with immense pride that we present to you the first-ever Industry Census Report of Bhutan 2024. The Department of Industry, Ministry of Industry, Commerce and Employment in close collaboration and coordination with the National Statistics Bureau accomplished the successful completion of this pioneering census that provides a detailed look at the industrial sector of Bhutan.

The Department of Industry shoulders the critical responsibility of fostering the growth of industries in the country. While industries form an indispensable component of the private sector, there has been a dearth of credible information to fully study and understand the critical aspects of the industrial sector apart from possessing a few basic insights on industry scale, classification and distribution. Therefore, this industry census was initiated to address the pre-existing knowledge and information gap by collecting comprehensive data on establishments, employment, and economic activity across all industries.

This report bridges the above-mentioned gap in Bhutan's industrial landscape with particular reference to domestic cottage, small, medium and large industries and Foreign Direct Investments. It further sheds light on the challenges faced by the industries and proposes recommendations to enhance the overall business environment and create a conducive situation for attracting new investments and promoting industrial development.

In conclusion, we are hopeful that the data-driven insights in this report will equip policy-makers to develop effective industrial policies, plans, and programs that propel industrial and economic growth in Bhutan.

I take this opportunity to congratulate the Department of Industry and the National Statistics Bureau on this timely and significant achievement. Moreover, my sincere gratitude goes to all the involved stakeholders, notably the participating industries and the dedicated census team, for their invaluable engagement and commitment to bringing this ambitious initiative to fruition.

I am optimistic that such a level of cooperation and support sets a positive precedence for future initiatives aimed at bolstering Bhutan's industrial sector.

Tashi Delek

Lyonpo Namgyal Dorji

PREFACE



The first-of-its-kind Industry Census Report 2024 offers a comprehensive analysis of Bhutan's industrial sector and its related activities. The report captures detailed statistics of the operational industries in the country, drawing from the reference period of January 1 to December 31 of the calendar year 2023.

To ensure comprehensive data collection, a dedicated team of 113 enumerators conducted the census between February 17 and April 10, 2024, supervised by 19 officials and 6 Dashboard Managers from the Department of Industry, National Statistics Bureau, and Regional Offices of Industry, Commerce, and Employment. The census team leveraged the World Bank's Survey Solution, a robust Computer Assisted Personal Interviewing (CAPI) system, to record the questionnaire and responses in a digital format.

The census was designed and conducted to achieve several key objectives. One of the primary objectives was to measure the industrial sector's contribution to Gross Domestic Product. It was also aimed to assess employment generation.

Further, it was intended to study the distribution of Bhutan's industries across various categories, namely classifying between production and manufacturing industries, service industries, contract/construction industries and Foreign Direct Investments. Additionally, the census studied the composition of industries by scale, separating cottage, small, medium, and large-scale operations, in order to provide a clearer picture of the overall industry profile in Bhutan.

Furthermore, the census sought to identify the specific challenges faced by industries. Additionally, this report presents recommendations to improve Bhutan's business ecosystem based on the feedback received from the industries and on-the-ground observations recorded while collecting data.

When it comes to the use of the census report, the availability of extensive data and analysis could guide policymakers in formulating evidence-based strategies that support industrial promotion and nurture a favorable business environment. Besides, the census results will also help reconcile the discrepancy between the number of industrial licenses issued by the government and the number of industries that are actually operational in the country.

In a nutshell, this report is a benchmark to measure the progress of the industrial sector henceforth and will serve as a reference point for targeted interventions by the government to foster industrial growth and development.

For the successful conduct of the census, I extend my sincere appreciation and gratitude to the staff of the Department of Industry, National Statistics Bureau, Regional Office of Industry, Commerce and Employment and all the stakeholders, including the proprietors, industrialists and respondents, for their diligence and cooperation.

A handwritten signature in black ink, appearing to read 'Chhime Tshering', with a stylized flourish at the end.

Chhime Tshering
Director General
Department of Industry

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Abbreviations

BICMA.....	Bhutan InfoComm and Media Authority
BSCO.....	Bhutan Standard Classification of Occupation
BSIC.....	Bhutan Standard Industrial Classification
BTFN.....	Bhutan TradeFin Net
BTN.....	Bhutanese Ngultrum
CAPI.....	Computer Assisted Personal Interviewing
CSIs.....	Cottage and Small Industries
CSO.....	Civil Society Organization
DoEE.....	Department of Employment and Entrepreneurship
DoI.....	Department of Industry
DRC.....	Department of Revenue and Customs
FDI.....	Foreign Direct Investment
GDP.....	Gross Domestic Product
G2B.....	Government to Business
G2C.....	Government to Citizen
IBLS.....	Integrated Business Licensing System
MoICE.....	Ministry of Industry, Commerce and Employment
MTRC.....	Micro Trade Registration Certificate
NGO.....	Non-Governmental Organization
NPO.....	Non-Profit Organization
NSB.....	National Statistics Bureau
P&M.....	Production and Manufacturing
PWDs.....	Persons with Disabilities
RGoB.....	Royal Government of Bhutan
RoICE.....	Regional Office of Industry, Commerce and Employment
SNA.....	The System of National Accounts
SOEs.....	State-Owned Enterprises

Acknowledgement

The Department of Industry, Ministry of Industry, Commerce, and Employment, in collaboration with the National Statistics Bureau, successfully conducted the Industry Census of Bhutan 2024. The two agencies worked synergistically during the preparation and implementation period of the census to ensure seamless execution. This milestone achievement is the result of extensive cooperation and coordination among various stakeholders.

Firstly, we express our deep gratitude to the World Bank's Survey Solution for facilitating the Computer - Assisted Personal Interviewing System, which was instrumental in ensuring the efficient and accurate collection of data for the census. Additionally, we extend our gratitude to the Department of Revenue and Customs, Ministry of Finance and the Department of Employment and Entrepreneurship, Ministry of Industry, Commerce and Employment for their invaluable assistance during the training phase of the census team.

In particular, we extend our heartfelt appreciation to the dedicated census team from the DoI, NSB, and the Regional Office of Industry, Commerce, and Employment of Thimphu, Mongar and Samdrup Jongkhar. We sincerely acknowledge the enumerators and all respondents for their noteworthy participation in the census. Their devoted dedication and cooperation were crucial in ensuring the successful execution of this census.

The collective efforts and contributions of all individuals and agencies have been invaluable in realizing this significant achievement.

Definition of terms

Ownerships:

- **Sole proprietorship** refers to a business owned and managed by one person.
- **Partnership** refers to an association of two or more individuals to operate a business based on an agreement or contract between or among them with the intention of dividing profits or risks.
- **State Owned Enterprise** refers to a legal entity created by the Royal Government of Bhutan with a minimum share of 51% and operates as a corporation.
- **Private limited company** refers to a company owned by 50 or less individuals and is a separate legal entity. It restricts the right of its members to transfer its shares and it does not offer a subscription of its shares to the general public.
- **Public limited company** refers to a company owned by more than 50 individuals and is a separate legal entity with its shares traded in the stock market.
- **Foreign Direct Investment** refers to a business incorporated or registered in the country for the purpose of undertaking commercial activity in which 20% or more of the equity in the business is owned by foreign investors.
- **Civil Society Organization/Non-Government Organization/Non-Profit Organization** refers to associations, societies, foundations, charitable trusts, not-for-profit organisations or other entities that are not part of Government and do not distribute any income or profits to their members, founders, donors, directors or trustees.
- **Cooperative and Group** refers to an establishment with a minimum of 15 members that focuses on both renewable natural resources and non-renewable natural resources products. The profits are distributed in accordance with by-laws/rules and not necessarily in proportion to shares owned.
- **Others** refer to any other business that is not reflected above such as business owned and managed by monasteries, ministries, etc.

Establishment information:

- **Single establishment** refers to an establishment that has neither a branch nor a separate main office.
- **Branch only** refers to an establishment that has a separate main office located elsewhere.
- **Branch and head office** refers to an establishment where the head office and at least one branch office are located in the same address and with another branch or other branches located elsewhere.
- **Head office** refers to an establishment that consists only of a head office, which controls, supervises and directs one or more establishments of the branch office located elsewhere.

Classification of industries:

- **Production and Manufacturing** refers to a business that is engaged in production and value addition to primary raw materials.
- **Service** refers to a business engaged in providing services to customers such as but not lim-

ited to consultancy services, travel agent, hotel, restaurants, automobile workshops, salon and financial services, etc.

- **Contract** refers to a business that is engaged in construction activities.

Category of industries under the Production and Manufacturing:

- **Forest-based P&M** refers to those P&M industries having direct and indirect link to forest produce. Example: Sawmill, furniture houses, hand-made paper manufacturing industries, mask making, etc.
- **Agro-based P&M** refers to those P&M industries that have direct or indirect link with agriculture. Example: food processing units, production of food products and beverages, water packaging units, etc.
- **Mineral-based P&M** refers to those P&M industries having direct and indirect link to mineral resources. Example: dolomite powdering units, manufacturing concrete bricks, quartzite crushing units, etc.
- **Others P&M** refers to any other P&M industries that are not reflected in the above three sub-classifications.

Employment status:

- **Own-account workers** are workers who work on their own account or with one or a few partners. For example, a person who owns and operates a business without drawing any salary from the business.
- **Regularly-paid employees** are workers who receive a fixed salary or any compensation in kind regularly. The basic remuneration is not directly dependent upon the revenue of the employing establishment.
- **Contract employees** are workers who have a temporary contract for a specific period to perform a particular work but are not regular employees of the establishment.
- **Casual paid employees** are workers working as and when a job is available on a daily or weekly basis and they do not have an explicit or implicit employment contract.
- **Unpaid family workers** is a person who helps his/her family business without any payment of wages or salary. For example, a wife who helps the business owned and operated by her husband.
- **Persons with disabilities** refers to a person who has long-term physical, mental, intellectual or sensory impairments, which, in interaction with various barriers may hinder their full and effective participation in society.

EXECUTIVE SUMMARY

Bhutan's industry sector is categorized into Cottage, Small, Medium, and Large-scale based on capital investment and employee count. The scale of industry is further classified into Production and Manufacturing, Services, and Contract/Construction. From the 24,692 industry license data available for the Industry Census, 6,231 industries had to be excluded during the initial listing phase as these licensed industries were non-operational during the 2023 reference period. From the remaining 18,461 industries, the Census enumerated 13,260 industries while the rest could not be enumerated owing to reasons such as, but not limited to, refusal to respond, relocated and inaccessible industries. For the analysis, only 13,008 industries were considered, as 252 industries are branch offices with their books of accounts maintained by the head office. Thus, all information was collected as a part of their head offices.

Small-scale industries are the most prevalent accounting for 70.59% of the total industries, followed by cottage-scale at 24.75%, medium-scale at 3.01%, and large-scale industries at 1.65%. Service industries dominate across all scales of industry accounting for 84.81%, followed by P&M with 10.42% and Contract with 4.77% of the total licenses.

The contribution of the industries to the provisional GDP stands at 45.84% with BTN 117,723 million. Out of the 45.84%, medium and large industries accounted for 42% of the GDP valued at BTN 107,848 million while cottage and small industries accounted for 3.84% of the GDP valued at BTN 9,875.49 million.

The distribution of industry by ownership is dominated by sole proprietorship which constitutes 95.91% of the total industries, followed by private limited companies at 1.83% and partnerships at 1.13%. For sole proprietorships, female ownership accounts for 53.28% while male ownership stands at 46.72%, accentuating a slight prevalence of female-owned businesses. Though there is a nearly equal split between male and female ownership in cottage and small-scale industries, there is a noticeable disparity in medium and large-scale industries with male ownership at 67.45% and 76.06% respectively as compared to female ownership at 32.55% and 23.94%.

70.59%

Small-scale industries are the most prevalent of the total industries

The distribution of sole proprietorship and partnerships across various education levels reveals that about 28.11% have no education, followed by those who have attained at least middle secondary education level, at 17.33%. Apart from other educational levels, 11.94% of sole proprietors and partnerships have Bachelor's or Post-graduate Degrees. The overall median age for sole proprietorship and partnerships is 40 years.

The Production and Manufacturing industry ac-

counts for 1,355 licenses (10.42%) of the total, which are mostly cottage and small-scale, with a significant presence in forest-based activities (46.9%) followed by agro-based activities (29.2%). Sole proprietors own 87.3% of the P&M industries and are primarily concentrated in Thimphu Dzongkhag (23.3%) followed by Chhukha Dzongkhag with 138 industries (10.2%). In terms of urban-rural distribution, a vast majority of P&M industries are in rural areas (63.3%). An estimated 90.9% of P&M products are sold domestically and rely heavily on domestic raw materials. Subsidies totaling BTN 1,128.82 million, mainly in tax exemptions, supported the P&M sector. Challenges include access to finance (39.04%), markets (37.64%), and skilled labor (32.03%). Recommendations emphasize policy intervention (33.1%) and improved access to finance (18.5%) among others.

The Service industry in Bhutan accounts for 11,032 licenses and is predominantly small-scale, comprising 74.56%, with sole proprietorships dominating at 97.34%. Thimphu Dzongkhag leads with 24% followed by Chhukha at 10.72% and Sarpang Dzongkhag at 9.33%. In terms of urban-rural distribution, there is a nearly equal distribution with 5,366 service industries in rural areas and 5,666 service industries in urban areas. Accommodation and food services leads service industries activity with 69.34% (7,650). This industry primarily caters to the domestic market (98.21%) and sources raw materials both domestically (BTN 1.65 billion) and internationally (BTN 1.02 billion). Significant challenges include market access (43.1%), financial accessibility (32.4%), and skilled labor shortages (15.1%). Recommendations emphasize the need for policy intervention (41.82%) and better financial access (24.91%) among others.

The Contract industry is similarly dominated by small-scale licenses, which constitute 68.76% of the 621 contract licenses. Contract activities are primarily focused on construction of roads and bridges and building-related projects (W1 and W3), with sole proprietorships dominating ownership at 89.37%. Thimphu Dzongkhag leads with 22.87% of contract licenses, followed by Chhukha and Wangdue Phodrang Dzongkhags with 9.18% and 7.57% respectively. In terms of urban-rural distribution, 331 industries (53.30%) were based in urban areas and the remaining 290 industries (46.70%) in rural areas. Most contract activities cater to the domestic market (98.55%), relying heavily on locally sourced raw materials amounting to BTN 1.57 billion. Subsidies, totaling BTN 54.52 million, mainly support large-scale contracts through tax exemptions. Key challenges include access to finance (40.10%) and markets (31.40%), with notable recommendations emphasizing policy intervention (52.67%) and improved access to finance (18.33%).

Of the 50 FDI companies enumerated, 90% are private limited companies. By scale, 40% are large, 36% medium, and 24% small-scale FDIs. Service industries dominate the FDIs, accounting for 70% of the total, with the main concentration of activity in accommodation and food services at 46%. Thimphu Dzongkhag leads with 58% of FDIs, followed by Chhukha (14%). The market focus is predominantly domestic (72%), with 26% targeting both domestic and international markets. FDI companies spent BTN 1.12 billion on domestic raw materials and BTN 1.07 billion on imported raw materials. Two companies received tax exemptions totaling BTN 31.79 million. Major challenges include access to skilled labor (32%), markets (26%), raw materials (22%), and finance (20%). Policy intervention is the top recommendation (68.18%), followed by addressing labor shortages (9.09%).

In terms of employment, the census reveals the pronounced presence of Bhutanese nationals who make up 91% of the total employment with regular employees accounting for 53.20%. Non-Bhutanese workers are prevalent as casual paid employees (33.13%) and contract employees (25.50%). The report also highlights gender imbalances, especially in contract and casual paid employees where male workers exceed female workers by seven and eight times, respectively. Similarly, persons with disabilities (PWDs) account for 62% male and 38% female of the total 133 employed. Thimphu and Phuentsholing Thromde constitute a notable share of employment at 37.54% and 11.06% of the total employed in the industry sector. Additionally, the data reveals a strong demand for skilled workers, particularly in Craft and Related Trades Workers, comprising 28.81%, followed by Services and Sales Workers accounting for 16.63% of the total employment.

Overall, industries in Bhutan face significant challenges, with 42% struggling with market access and 33.5% with finance, followed by 17.3% facing skilled labor shortages.

Recommendations include policy interventions as the top concern, with 41.32% of industries highlighting its importance, followed by access to finance at low interest rates (11.04%) and general accessibility to finance (10.85%). Other categories of recommendations range from logistics to technology enhancements and constitute varying percentages across scales, underscoring the multifaceted challenges faced by industries.

The census also reports the reasons for partial operation of industries during the reference period, which include issues with licenses (5.26%), family matters and issues with market accessibility (4.94% and 4.31% respectively) among others. The report also discusses observations and limitations in census data, revealing the reasons for unenumerated industries. Based on the observations, recommendations include overall business advocacy and timely monitoring, collaboration between agencies to address discrepancies, and streamlining online systems for clarity and compliance.



Chapter 1

INTRODUCTION

1.1 Background

The industrial sector in Bhutan exhibits a distinctly dual structure as in many other developed countries. At one extreme there exist a few large modern capital-intensive industries that are export-oriented while, at the other end of the spectrum, there are smaller industries that use simple and traditional technologies with low productivity, relatively more labor intensive and essentially serve a small domestic market.

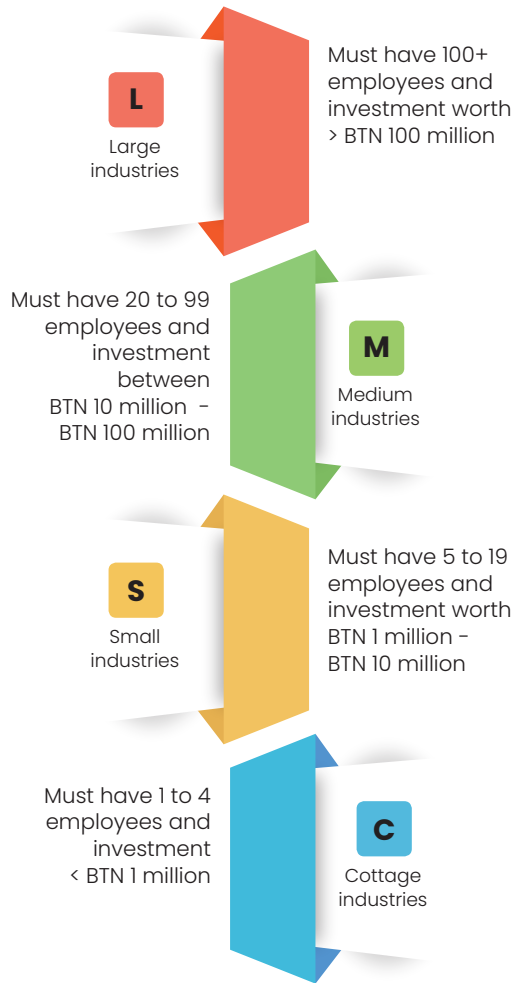
Industry is one of the most important economic sectors contributing to the country's development and serving as a major source of employment. However, industrial development is a complex task that intersects with various government structures horizontally. Development can be brought about by including industrial development as a cornerstone of overall economic development planning.

As such, the role of industries in the Bhutanese economy has been marginal, with cottage and small industries contributing a relatively small share to national revenue. There is, however, significant scope for these industries to play a more important role in the national economy in the future, as seen in other countries. While much has been done by the Royal Government of Bhutan (RGoB) for economic development, much more remains to be done to boost the economy and upgrade the subsistence-based production of most industries through industry specific interventions.

The industrial sector in Bhutan is classified based on the scale of industry and is determined by the size of the capital investment and employment. Further, the industry is categorized into three classifications: Production and Manufacturing (P&M), Service and Contract.

A large industry is characterized by an investment of BTN 100 million and above with a minimum of 100 employees. A medium-scale industry falls within the investment range of BTN 10 million to BTN 100 million, with a work-force of 20 to 99 people, while, small-scale industries are those with investments between BTN 1 million and BTN 10 million, employing 5 to 19 individuals. A cottage industry is identified by an investment of less than BTN 1 million and a staff size of less than 4 employees as depicted in the next page.

To date, the System of National Accounts (SNA) considered only those industries with formal books of accounts to determine their share to Gross Domestic Product (GDP) as it provided accurate data to calculate the value of goods and services produced within the country during a specific period of time. However, the contribution to GDP of those industries, without formal books of accounts, was nev-



*** Employment and investment will apply; where there is a conflict, investment will take precedence**

er accounted for, which mostly includes cottage and small-scales industries in Bhutan.

Thus, to measure the actual impact and its contribution to GDP, the industry census covered all operational industries in Bhutan regardless of their scale and maintenance of books of accounts.

This Industry Census refers to a comprehensive enumeration that counts all operational cottage, small, medium, and large industry with a census reference period from January 1 to December 31, 2023. The Department of Industry, Ministry of Industry, Commerce and Employment, in collaboration with the National Statistics Bureau, conducted the Census from 17 February 2024 till 10 April 2024. The information from this Census will allow users to establish benchmarks for future formulation of policies, plans, programs and for addressing sectoral issues of industries through appropriate support measures.

1.2 Objectives

The Census worked towards providing the largest possible statistics related to the industry in Bhutan. The main objectives of the Industry Census 2024 are:

- to determine the contribution of CSIs, Medium and Large industries to GDP;
- to determine their employment generation; and
- to identify the challenges faced by the industries.

1.3 Scope and coverage

The Industry Census coverage is at an individual and establishment license level. All income related information was collected at license level whereas all expenditures including employment, asset and inventory related information were collected at establishment level due to difficulties in segregating this information at license level. The term establishment is defined as an industry or part of an industry, that is situated in a single location, where either a single or multiple business activities are carried out.

The Census included all the industry license holders operating in the country within a time frame from 1st January to 31st December 2023. The Census covered the following establishments:

- Sole-proprietorships
- Partnerships
- State Owned Enterprises

- Companies (Private and Public)
- CSO/NGO/NPOs
- Cooperatives and Groups
- Others

The Census did not cover:

- Standalone Trading sector (Wholesale, Retail including E-Commerce and Micro Trade Registration Certificate)
- Any business not licensed/registered with MoICE.

1.4 Structure of the Report

The Industry Census report starts with an introductory section detailing general industry information followed by the objectives of the Census and its scope and coverage.

This report has 11 chapters and chapter 2 describes the Census Methodology and Operations. It provides a comprehensive overview of how the census commenced with the initial design of questionnaire and manuals. This chapter also enables readers to understand the source of census data and how data was cleaned to consider only those operational in 2023.

The general characteristics of the industry by scale, sex, age and education is covered in chapter 3. The chapter also projects the industrial distribution by Dzongkhag, Region and Thromde and contains detailed information of industries by ownership and its urban-rural distribution.

Information on the different classification of industries, namely, P&M, Service and Contract industries, are explicitly explained in chapter 4, 5 and 6. Information on its distribution across different scales of industry, including ownership details, challenges faced and recommendations put forth to create a better business environment, are also spelled out in each of the chapters. Statistics and figures on raw materials sources, income generation from domestic and international markets, and subsidies received are also specified for each classification of industries.

Chapter 7 is on FDI Companies in Bhutan. The chapter provides information on sources of raw materials and market accessibility for FDI products and services, tax incentives received and suggests industry specific recommendations to improve the overall FDI business environment.

Chapter 8 presents the cottage, small, medium and large industries contribution to GDP. The chapter informs how the census data was used to estimate the gross value added for different economic activities.

Information to understand the employment dynamics in the country is extensively covered in chapter 9. The subsections of this chapter includes employment by type and demographic characteristics, as well as employment of people with disabilities.

Chapter 10 relates to challenges confronting industries in Bhutan. It depicts that challenges are multifaceted and evolving, prompting all agencies involved to develop strategies to enable industries to be more resilient in the face of adversity. The chapter also shares the recommendations sought by the industries to create a conducive business environment and ease of doing business.

Chapter 11 expansively covers the observations made during the field enumeration. It specifically explains the reasons for partial operation for some businesses during the reference period as well specifies why all the industry data could not be enumerated.

The annexes include the list of agencies that participated in stakeholder consultation meetings, questionnaires and training agendas.



Chapter 2

CENSUS METHODOLOGY AND OPERATIONS

2.1 Introduction

The Industry Census of Bhutan 2024 encompassed a series of systematic processes designed to ensure accurate and comprehensive data collection. It began with meticulous planning, including the development of a detailed questionnaire and a complete list of industries. Fieldwork operations involved training a census team, conducting pilot surveys, and implementing rigorous data collection protocols. Data was then processed using STATA to identify and rectify errors, impute missing values, and ensure consistency. Throughout the operation, continuous monitoring and quality assurance measures were undertaken to maintain high data standards. The final phase involved thorough data analysis and the generation of the Industry Census report.

2.2 Preparation Phase

The Department of Industry drafted a project proposal in consultation with relevant stakeholders and submitted it to the Royal Government of Bhutan. After receiving approval and funding from the RGoB, the Department of Industry sought technical assistance from the NSB to conduct the census. The pre-census activities commenced in October 2023, and the main census was conducted from February to April 2024.

2.2.1 Questionnaire Design

The census questionnaire was thoroughly reviewed by all relevant stakeholders such as DoI, DoEE and NSB. Two sets of the census questionnaire were finalized, one for use with tablets (computer-assisted interview) and a paper version. The paper version was developed for those respondents who required more time to gather information. In such cases, a paper version was left with the respondent to be collected at a later time.

The final census questionnaire contained the following modules:

- **Identification:** This module had basic information about the name and location of the industry.
- **Establishment information:** This module collected the owner and industry details, its operational status and the challenges faced.
- **Employment:** This module collected information about employment by employment type, employment by sex, disability, wage, etc.
- **Income and Expenses:** This module collected detailed information on income generation as well as expenditure made by the industry.
- **Assets and Inventory:** This module covered the value of assets and goods owned by the industry.
- **Business Environment:** The module collected information about potential challenges encountered by the industry and recommendations to the Government.

Following the finalization of the questionnaire, field instructions were developed to guide the enumerators and incorporated as interviewer instructions in the Computer Assisted Personal Interviewing (CAPI), or digitized questionnaire. The CAPI questionnaire was tested several times in the census pilot and revised based on the evaluation of the pilot.

2.2.2 Census Manual Preparation

To provide clarity to both the Enumerator and Supervisor, two manuals, namely the Enumerator's Manual and Supervisor's Manual, were developed.

- **Enumerator's Manual:** The enumerator's manual explains the census in general and serves as an everyday handbook for enumerators while in field operation. It provides the background of the census, objectives and methodologies, roles and responsibilities, along with code of conduct as an enumerator. It also provides explanations on the census questionnaire and logic of the questions in it.
- **Supervisor's Manual:** It is a subsidiary document to the enumerator's manual for supervisors. It contains a quick overview of the census for immediate reference followed by a guideline for field operation. The main objectives of developing this manual are to assist supervisors in conducting the census and managing the team in their respective census area.

The questionnaire and the manuals developed were tested during the pilot census carried out in January 2024 and revised based on the evaluation of the pilot experience.

2.2.3 Data Capture Methodology

The World Bank's Survey Solutions was used to digitize the questionnaire and enter and capture data from respondents. Survey Solutions is a free software package developed by the World Bank to assist governments, national statistics offices, and NGOs in implementing advanced surveys using mobile devices. The software and digitized questionnaires were loaded into tablets to guide the enumerators through the questionnaire and data collection.

This method of digitized data collection and capture is called Computer Assisted Personal Interviewing. A number of consistency and data validation checks were incorporated in the digitized data collection, such as automatic skip patterns. Automatic skip patterns ensure that when specific questions need to be skipped - depending on answers to previous questions - the program automatically guides the enumerator to the next question. The large number of validation checks incorporated into the digitized questionnaire also helped improve data quality, by limiting or avoiding errors in data entry or incorrect

answers. Furthermore, specific instructions were provided for each question to help enumerators and respondents in dealing with that question. After completing data collection, it was exported from survey solutions to STATA for analysis.

2.2.4 Census Data Source

The planning of the Industry Census used information from industries registered with the DRC. According to the DRC, 24,692 industries are registered and have filed for Business Income Tax. Although industrial data from the Ministry was also considered, it was not used due to ongoing migration from G2B and G2C systems to the Integrated Business Licensing System.

2.2.5. Listing of Industry Data

As the data listing coincided with the election period, the Department of Industry had to systematically plan the way forward to verify the list before pre-test and actual field work. For this, 16 temporary enumerators were recruited for the data listing process. For 15 days, the enumerators updated the list through phone calls to verify the operational status of the industry. Based on the new listing, a total of 18,461 licenses were relisted as some of the licenses were found to be non-operational in 2023.

After the election period, listing forms for enumerators and supervisors were developed to carry out final field re-listing for all urban centers. Based on the final field listing, 13,260 industries were enumerated. For the data analysis, only 13,008 industries were included as 252 industries were branch offices with their books of accounts maintained with the head office.

2.2.6. Publicity Campaign

In an effort to convey Census information to the public, the DoI used both print and electronic media such as:

- Public announcements in the Bhutan Broadcasting Service and Kuensel; and
- Notifications uploaded on the web pages of the Department, Ministry, and relevant stakeholders.

2.3 Enumeration Phase

2.3.1 Pilot Census

A pilot census was conducted to check structure and flow of the questionnaire, and to estimate the average time required to enumerate. Pilot census is an important process to test the procedures related to enumeration and to improve supervisor training and data processing. Officials from the DoI, NSB, and RoICE conducted the pilot census for a week in Wangdue Phodrang, Chhukha and Thimphu Dzongkhags. The findings were used to correct and improve the questionnaire. The pilot also helped to plan field operations and establish the number of supervisors and enumerators to be recruited to complete field enumeration in the allocated time.

2.3.2 Selection and Training of Census Team

University graduates were selected to serve as temporary enumerators and dashboard managers. In total, 113 enumerators and six dashboard managers were recruited. To oversee fieldwork, 19 officials from the DoI, NSB, and RoICE were designated as supervisors.

The training session for supervisors and enumerators was conducted from February 12 to February 16, 2024 (agenda attached as annexure). During the session, the team was introduced to the concepts and definitions of terms used in the questionnaire and also to the general background of the census.

They were then thoroughly guided through the questionnaire, and trained on how to record responses electronically using tablets, as well as the paper based questionnaire. Additionally, mock sessions were conducted among the enumerators to enhance their interviewing skills and ensure familiarity with the digital tools.

In addition to being proficient with the questionnaire and manuals, the dashboard managers received an additional session on accurately entering industrial activity and occupational codes. The training ensured they could correctly categorize and code data related to various industrial activities and occupations.

2.3.3. Enumeration

The census was conducted from 17th February to 10th April 2024. The 20 Dzongkhags and four major Thromdes were divided into 11 groups based on the number of industries, with each group being led by one supervisor and one assistant supervisor.

The main census began in Thimphu Thromde where all 11 groups, comprising 113 enumerators, worked for 11 days. Thimphu Thromde was prioritized as it accounted for nearly one-third of the total number of industries in Bhutan. After Thimphu Thromde, the teams commenced with their respective allocated Dzongkhags and Thromdes.

In addition to the supervisors overseeing the enumerators' fieldwork, six dashboard managers at the NSB headquarters (HQ) cross-checked the data received and rejected those with erroneous data. This allowed enumerators to re-assess and re-submit the data while still in the field.

2.3.4. Coding of Industrial Activity and Occupations

The Bhutan Standard Industrial Classification 2020 Version- 1 was used to code industrial activities reported by the industries. Similarly, the Bhutan Standard Classification of Occupations 2022 was used for coding various occupations. This coding was carried out at the NSB office by six dashboard managers, under the continuous supervision of an NSB official throughout the enumeration period. To ensure accuracy and consistency, the dashboard managers were provided with comprehensive instructions and support, with any issues during the coding process being promptly resolved by the supervising official.

2.4 Data Processing Phase

2.4.1 Dashboard Management

In addition to coding industrial activities and various occupations, the dashboard managers played a crucial role in enhancing the overall quality of the census data. With 113 enumerators divided into 11 groups, each dashboard manager oversaw 2-3 groups. They identified and rejected questionnaires with inconsistencies, unusual responses, or incomplete data, communicating directly with supervisors and enumerators in the field. The process involved verifying data accuracy, fixing discrepancies, and making sure all entries met the standards. Often, this required callbacks or revisiting the industries to clarify and correct information. Their continuous feedback and careful oversight greatly improved the reliability and validity of the data, ensuring the success of the census and integrity of the dataset.

2.4.2 Data Processing and Cleaning

Upon completion of the fieldwork, the census data from Survey Solutions was imported into STATA format for checking and editing. A dedicated team of five NSB officials undertook this task from April 15 to May 3, 2024. The process involved thorough checks to identify missing values, errors, inconsistencies, and responses that did not meet established plausibility criteria. Additionally, variables were re-coded and labeled wherever necessary. The issues encountered were addressed as follows:

1. Many problems were resolved by making follow-up telephone calls to industries involved;
2. Some missing information were edited using the available information from the dataset and by verifying with concerned supervisors;
3. Hot deck imputations were applied where appropriate; and
4. The incomplete interviews were re-visited in-person for enumeration.

An operational dataset was prepared for analysis in the first week of May 2024. During the analysis phase, further data editing was conducted as more in-depth exploration revealed additional issues.

2.5. Census data quality assurance

Data quality is of primary importance for accuracy, relevance, reliability, and validity of results. The census team implemented measures to support good practices in data collection and to minimize errors in data collection. Data quality was enhanced through a variety of measures, from careful attention and stakeholder participation in questionnaire design, to fine tuning the questionnaire and ensuring that the content obtained is the most relevant information for key users. In data collection, enumerators played an important role in obtaining accurate and quality information from respondents. The training of enumerators (ToE) for four and five days provided enumerators and supervisors, and dashboard managers, a thorough understanding of the concepts, definitions, logical reasons for and objectives of the questions to be asked of respondents.

Furthermore, the census team from NSB validated the data collected by supervising enumerators during the CAPI data collection and at the field enumeration level. Some of the validation and consistency checks put in the CAPI questionnaire also helped to identify or prevent errors in responses and data entries, which helped clean the data during field enumeration.

In the next stage, the completed questionnaires were also checked thoroughly at HQ. The HQ census team validated the data by examining the distribution of variables and performed internal and external validations. Where necessary, the census team randomly called license holders with questionnaires that needed further data validation.

2.6 Analysis and Reporting Phase

During the pre-census phase, a draft outline of the report, including sample tables, was developed. The analysis team worked on this from May 13 to May 26, 2024. The team included officials from DoI, NSB, and RoICE of Thimphu. The NSB officials focused on generating tables, analyzing results, and ensuring data accuracy and reliability. The DoI and RoICE officials integrated the findings into a clear narrative, and provided contextual analysis.

The report underwent several reviews to ensure accuracy and comprehensiveness. Feedback from internal reviews was incorporated at each stage, leading to the finalization of the first draft by the end of May 2024. The completed census report was ready by the end of June 2024.

2.7 Limitations of the Census

Following were some of the limitations of the census:

1. This Census collected information from the industry sector only, and not the entire economic sector of the country.
 - Of the 24,692 industry data available for the Census, 6,231 industries were excluded during the initial listing phase as these licensed industries were not operational during the reference period of 2023.
 - From the remaining 18,461 industries, only 13,260 industries were enumerated. For the data analysis, only 13,008 industries were included as 252 industries were branch offices with their books of accounts maintained with the head office.
 - The remaining difference was due to the inclusion of trading business (1,351 trade licenses) along with industry licenses. It also included industries that refused to respond, were unreachable during the census (as many operated from individual homes and were hard to locate), or had relocated. A detailed observation is provided in Chapter 11.
 - In certain portions of the report, information on ownership and educational levels by sex is derived solely from sole proprietorships and partnerships, as other ownership types involve multiple owners, making it challenging to accurately determine required data.
2. As indicated in point 1, the census did not cover the following:
 - Standalone trading sector (Wholesale, Retail including E-Commerce and Micro Trade Registration Certificate) as this sector does not fall under industry.
 - Any business not licensed/registered with MoICE.
3. Data analysis was carried out in two ways: license-based and establishment-based. While the majority focused on license, for some parts of the report, the analysis was based on establishment. The census collected:
 - Income related information, and issues and challenges faced by industry at license level and;
 - Expenditure, employment and recommendations were sought at establishment level as it was not possible to determine at the license level.
4. If an industry is a branch only and does not maintain separate books of accounts, all information was collected from their head office.



Chapter 3

GENERAL CHARACTERISTICS OF THE INDUSTRIES IN BHUTAN

3.1. Introduction

This chapter presents the general characteristics of the industry such as scale, classification, ownership and establishment information, sex, age, and education. The chapter also provides information on industries by Dzongkhag, Region and Thromde, and urban-rural distribution.

3.2 Industry Profile by Scale

The figure below presents the distribution of licenses for different scales of industries, namely, cottage, small, medium, and large industries. Of the 13,008 industry licenses that were active during the reference period, small-scale industries constituted the majority with 9,183 industries (70.59%) followed by 3,219 cottage-scale industries (24.75%), 392 medium-scale industries (3.01%) and 214 large-scale industries (1.65%).

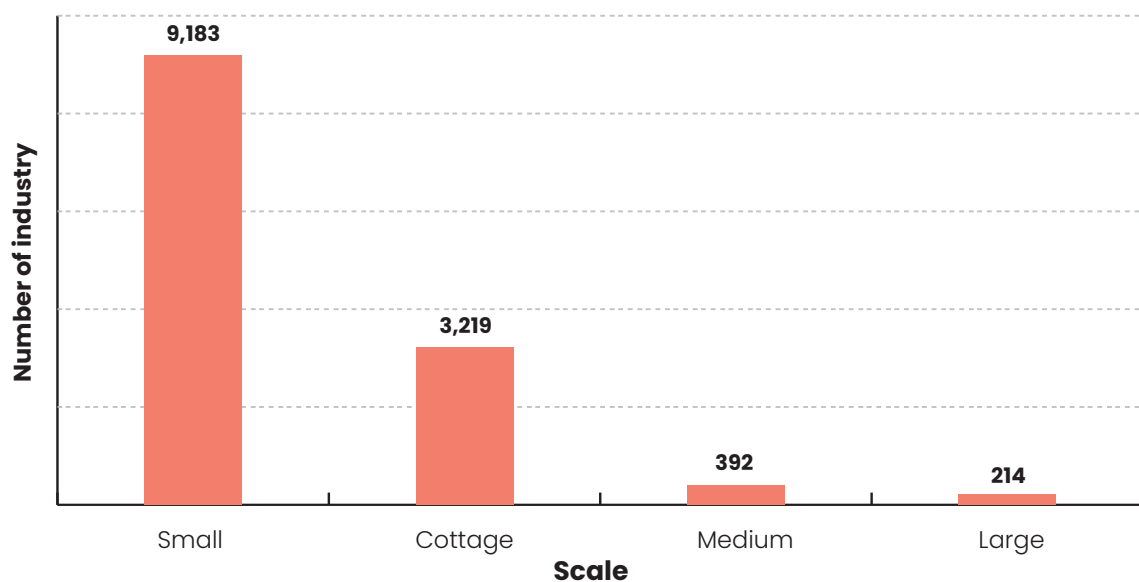


Figure 3.2. Industry Profile by Scale

3.3 Industry Profile by Classification

Among the three classifications of industry, viz., P&M, Service, and Contract, the service industry dominates with a share of 84.81% (11,032 licenses), followed by P&M with 10.42% (1,355 licenses) and Contract category with 4.77% (621 licenses).

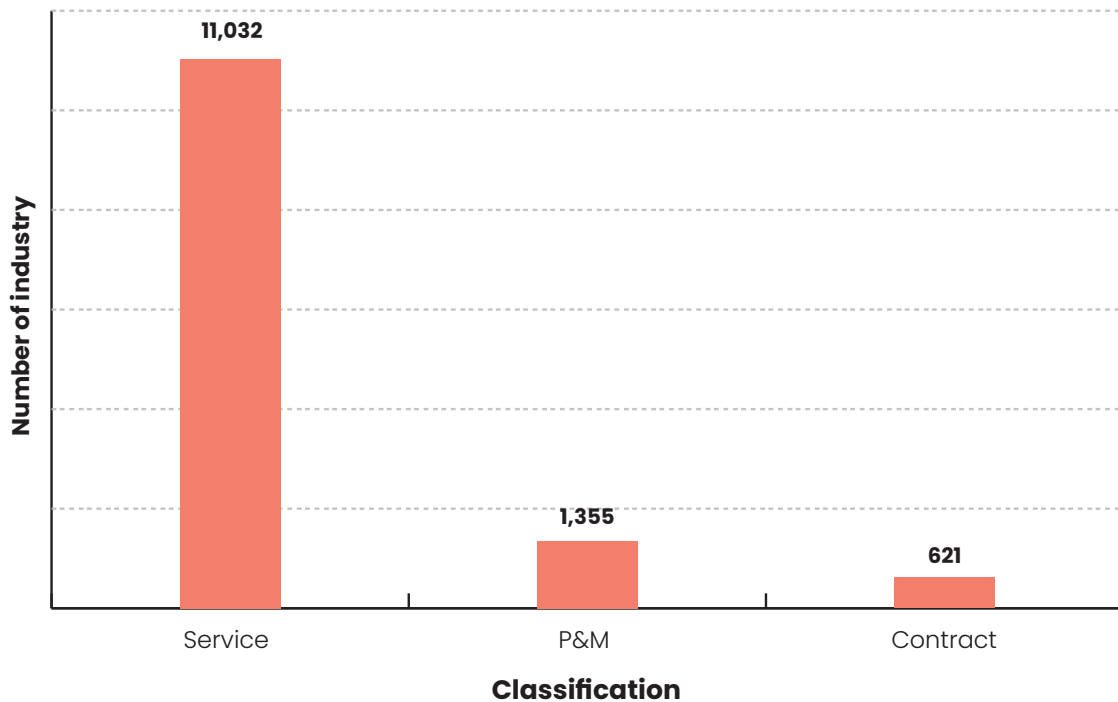


Figure 3.3 Industry Profile by classification

3.4 Industry Profile by Ownership and Establishment Information

This section refers to the ownership of industries. For the Industry Census, the following ownerships are considered:

- Sole proprietorship
- Partnerships
- State-owned enterprises
- Private limited companies
- Public limited companies
- CSO/NGO/NPOs
- Cooperatives and Groups
- Others

In addition to ownership, data on the following type of establishment was sought, particularly to determine information on financial statements.

- Single establishment
- Branch with separate books of accounts
- Branch and Head office
- Head office only

As per Table 3.4, the distribution of industry by ownership is dominated by sole proprietorship with 12,477 industries, followed by private limited companies with 239 industries and partnerships with 148 industries. Industries as a single establishment, which refers to an establishment with neither a branch nor a separate main office, accounted for 12,681 industries, followed by 142 industries functioning with both branch and head offices together. Comparatively, 136 industries were head offices and 49 industries operated as branch offices but with their own books of accounts.

Ownership	Single establishment	Branch office with Books of Account	Branch and Head office	Head office	Total
Sole proprietorship	12,317	29	61	70	12,477
Partnerships	129	2	12	5	148
SOEs	5	2	15	13	35
Private Ltd Company	156	7	44	32	239
Public Ltd Company	13	6	8	10	37
CSO/NGO/NPOs	10	0	1	2	13
Cooperatives and Group	41	2	1	3	47
Others	10	1	0	1	12
Total	12,681	49	142	136	13,008

Table 3.4 Distribution of Industry by ownership and establishment information

3.5 Industry by Scale and Sex

Table 3.5 presents a detailed breakdown of industry by scale and sex. More industries are owned by females, totaling 6,648 (53.28%), compared to 5,829 (46.72%) industries owned by males.

This higher female ownership arises from the small-scale industry, which encompasses 8,972 industries, the largest number among the different scales of industries, of which 55.66% are female owned and managed.

Of the 3,136 industries in the cottage-scale, ownership between male and female is near equal at 1,596 and 1,540 respectively. As a percentage, male ownership accounts for 50.89%, slightly more than female ownership at 49.11%.

The medium-scale industry accounts for 298 industries, with males ownership at 67.45% and female-ownership at only 32.55%. Likewise, for large-scale industry, male ownership dominates with 76.06%, with female ownership at 23.94%.

It should be noted that the data presented here shows the distribution of ownership of sole proprietorships only. Ownership structures such as partnerships, cooperatives and groups, which involve more than one owner, posed challenges in accurately disaggregating ownership by gender and are therefore not reflected here.

Scale	Number			Percent		
	Male	Female	Total	Male	Female	Total
Cottage	1,596	1,540	3,136	50.89	49.11	100
Small	3,978	4,994	8,972	44.34	55.66	100
Medium	201	97	298	67.45	32.55	100
Large	54	17	71	76.06	23.94	100
Total	5,829	6,648	12,477	46.72	53.28	100

Table 3.5 Ownership Distribution of Sole Proprietorship by Scale of Industry and Sex

3.6 Industry by Education and Sex

Table 3.6 illustrates the distribution of sole proprietorship and partnership across various education levels and sex. It delineates the number and percentage of males and females engaged in sole proprietorship and partnership within each education category.

The majority of sole proprietors and partnerships, comprising 1,367 males and 2,233 females, have no education, accounting for 22.56% and 33.11% respectively. The table below indicates the level of education attained in this category.

A total of 1,020 males and 510 females have Bachelor's or Postgraduate Degrees accounting for 16.83% and 7.56% respectively.

Education Level	Male	Female	Total
No Education	1,367	2,233	3,600
ECCD	1	1	2
Primary	767	746	1,513
Lower Secondary	391	485	876
Middle Secondary	840	1,366	2,206
Higher Secondary	939	992	1,931
Certificate/Diploma	238	65	303
Bachelor's Degree/PG	1,020	510	1,530
Master's Degree and Higher	240	76	316
Monastic Education	176	7	183
Non-formal Education	81	263	344
Total	6,060	6,744	12,804

Table 3.6 Distribution of Sole Proprietorship and Partnership by Education Level and Sex

3.7 Industry by Age and Sex

From the figure below, for sole proprietorships and partnerships, the age group of 35–39 years have 1,043 males and 1,424 females, followed by the age bracket of 40–44 years with 913 males and 1,198 females.

The overall median age is 40 years, with the median age at 42 years for males and 39 years for females for the census reference period.

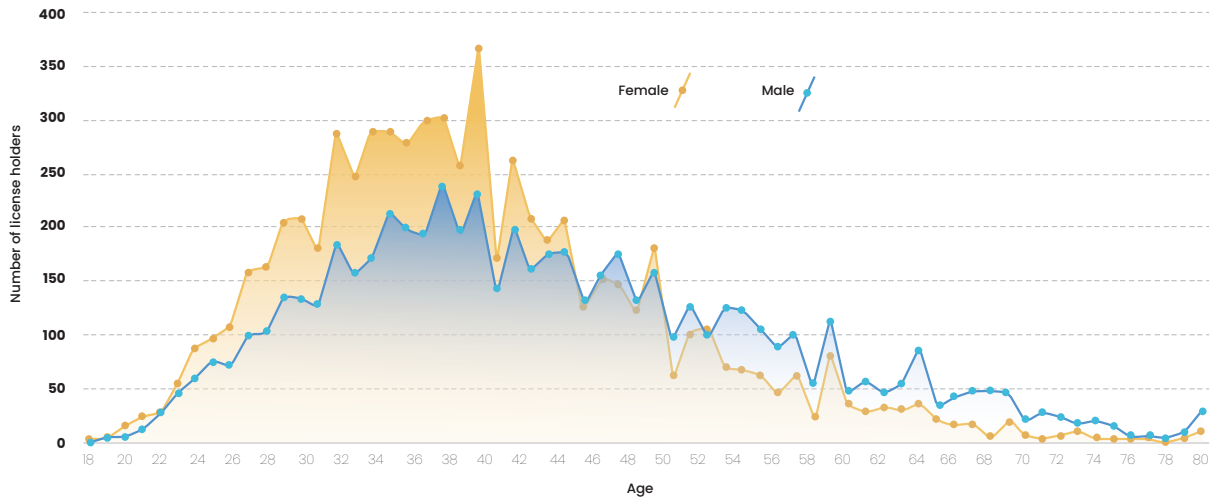


Figure 3.7 Distribution of Sole Proprietorship and Partnerships by five-year age group and Sex

3.8 Distribution of Industry

3.8.1 Distribution of Industry by Dzongkhag

Table 3.8.1 depicts the distribution of industry by Dzongkhag. The table indicates that Thimphu Dzongkhag has the highest number of industry licenses accounting for 23.87% (3,105 licenses) from the total of 13,008 licenses, followed by Chukha and Sarpang Dzongkhag with 10.59% (1,378 licenses) and 8.77% (1,141 licenses) respectively. Gasa Dzongkhag has the least number of industry related licenses with just 0.35% or 45 licenses.

Dzongkhag	Number of license	Percent
Bumthang	448	3.44
Chhukha	1,378	10.59
Dagana	382	2.94
Gasa	45	0.35
Haa	174	1.34
Lhuentse	175	1.35
Monggar	650	5
Paro	797	6.13
Pema Gatshel	354	2.72
Punakha	421	3.24
Samdrup Jongkhar	671	5.16
Samtse	1,011	7.77
Sarpang	1,141	8.77
Thimphu	3,105	23.87
Trashhi Yangtse	173	1.33
Trashigang	471	3.62
Trongsa	350	2.69
Tsirang	309	2.38
Wangdue Phodrang	617	4.74
Zhemgang	336	2.58
Total	13,008	100

Table 3.8.1 Distribution of Industry by Dzongkhag

3.8.2 Distribution of Industry by Thromde

There are four Thromdes (urban municipalities) in Bhutan, namely, Thimphu Thromde (in Thimphu Dzongkhag), Phuentsholing Thromde (in Chukha Dzongkhag), Gelephu Thromde (in Sarpang Dzongkhag) and Samdrup Jongkhar Thromde (in Samdrup Jongkhar Dzongkhag). The figure below presents the distribution of industry within the four Thromdes.

Thimphu Thromde dominates with 2,667 industry licenses (65.18%) followed by Phuentsholing Thromde with 737 industry licenses (18.01%). Gelephu Thromde accounts for 11.19% with 458 industry licenses and Samdrup Jongkhar Thromde has 230 industry licenses (5.62%).

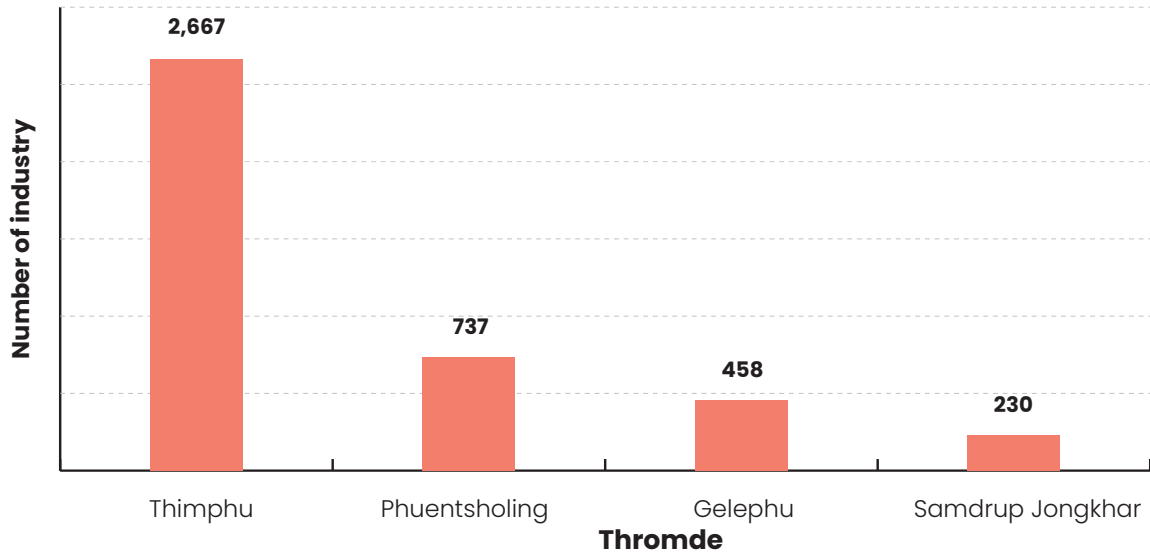


Figure 3.8.2 Distribution of Industry by Thromde

3.8.3 Industry Profile by Region

There are six Regional Office of Industry, Commerce and Employment (RoICE) in Bhutan as follows:

1. **Thimphu RoICE** - which looks after Thimphu, Haa, Paro, Gasa, Punakha and Wangdue Phodrang Dzongkhags;
2. **Trongsa RoICE** - which looks after Trongsa, Bumthang and Zhemgang Dzongkhags;
3. **Gelephu RoICE** - which looks after Dagana, Sarpang and Tsirang Dzongkhags;
4. **Phuentsholing RoICE** - which looks after Chukha and Samtse Dzongkhags;
5. **Samdrup Jongkhar RoICE** - which looks after Samdrup Jongkhar and Pema Gatshel Dzongkhags; and
6. **Mongar RoICE** - which looks after Lhuntse, Mongar, Trashigang and Trashigang Dzongkhags.

The figure below displays the distribution of industry by region. Thimphu Region leads with 5,159 (39.66%) industry licenses, followed by Phuentsholing Region with 2,389 (18.37%) industry licenses. Gelephu and Mongar Regions have 1,832 (14.08%) and 1,469 (11.29%) industry licenses respectively. Trongsa region and Samdrup Jongkhar region have 1,134 (8.72%) and 1,025 (7.88%) industry licenses respectively.

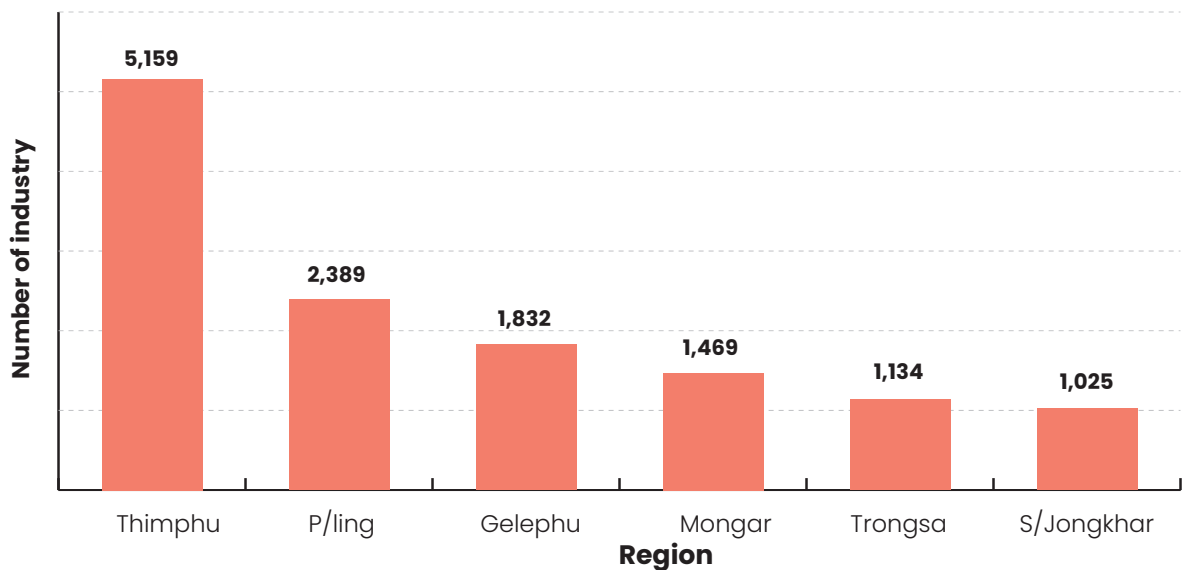


Figure 3.8.3 Distribution of Industry by Region

3.8.4 Urban-Rural Distribution of Industry

Urban-rural distribution of industry was coded based on Bhutan Standard Statistical Geographic Code (BSSGC), in which urban areas are those in the four Thromdes, Dzongkhag towns and statistical Thromdes (satellite towns), while rural areas are those that are out of the aforementioned areas. The table below presents the number of industrial licenses by urban-rural distribution. Out of 13,008 industries, 6513 industries (50.07%) were based in rural areas and the remaining 6495 industries (49.93%) in urban areas.

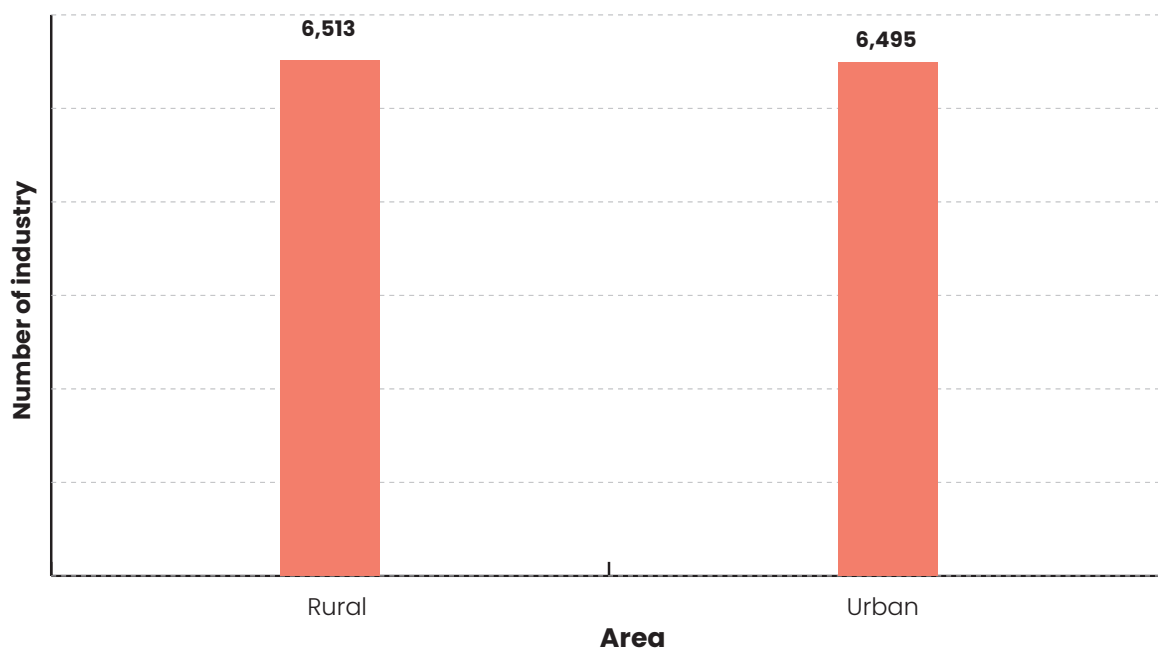


Figure 3.8.4 Urban-Rural Distribution of Industry



Chapter 4

PRODUCTION AND MANUFACTURING INDUSTRY

4.1 Introduction

This chapter reports the detailed statistics of the first classification of industry- Production and Manufacturing industry. The information on different scales, category of activity, ownership types and its distribution across the Dzongkhags, Thromdes, Region and Urban-Rural is illustrated in this chapter. Additionally, the types of markets, sources of raw materials, total amount of subsidies received, and challenges and recommendations are also reported in different sections.

Any industry that uses agricultural, forestry, mineral, and other products as its main sources of raw materials for the production of finished goods is referred to as production and manufacturing industry.

4.1.1 P&M Industry by Scale

Out of 13,008 industries covered during the census, 1,355 production and manufacturing industries were enumerated, constituting 10.42% of the total.

Figure 4.1.1 presents information on the number of P&M industries categorized by their scale. According to the figure, cottage-scale industries dominate P&M industries, with 679 industries, followed by small-scale industries with 530 industries in total. Medium-scale industries are significantly fewer, comprising 84 industries, while large-scale industries are the least in number with only 62 industries. This distribution indicates that cottage and small industries dominate the production and manufacturing sector.

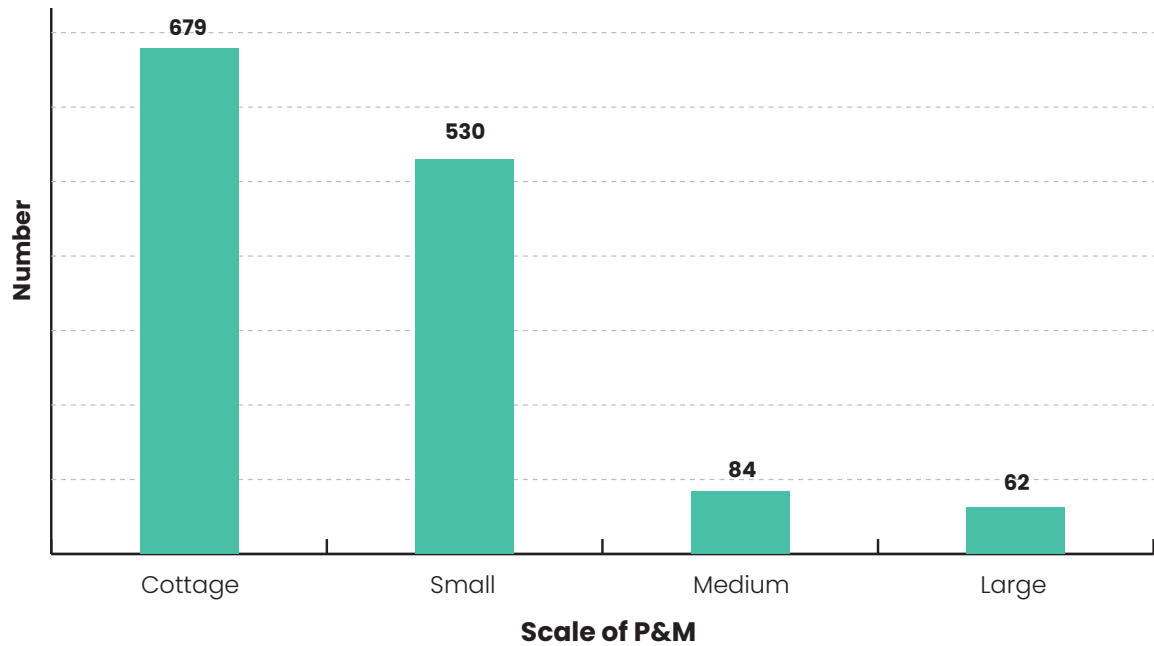


Figure 4.1.1 Number of P&M Industries

4.1.2 P&M Industry by Activity

Figure 4.1.2 presents the categorization of P&M industries into four types: forest-based, agro-based, mineral-based, and others, depending on primary raw materials used for production of finished goods.

The figure indicates that majority of P&M is forest-based, comprising 46.9% (635 industries), followed by agro-based, which accounts for 29.2% or 396 industries. Mineral-based P&M constitutes 15.3% with 207 industries, while the remaining 8.6% or 117 industries fall under the 'Others' category, which use raw materials other than forest, agro and mineral products. This categorization highlights the predominance of forest-based and agro-based P&M industries in the country.

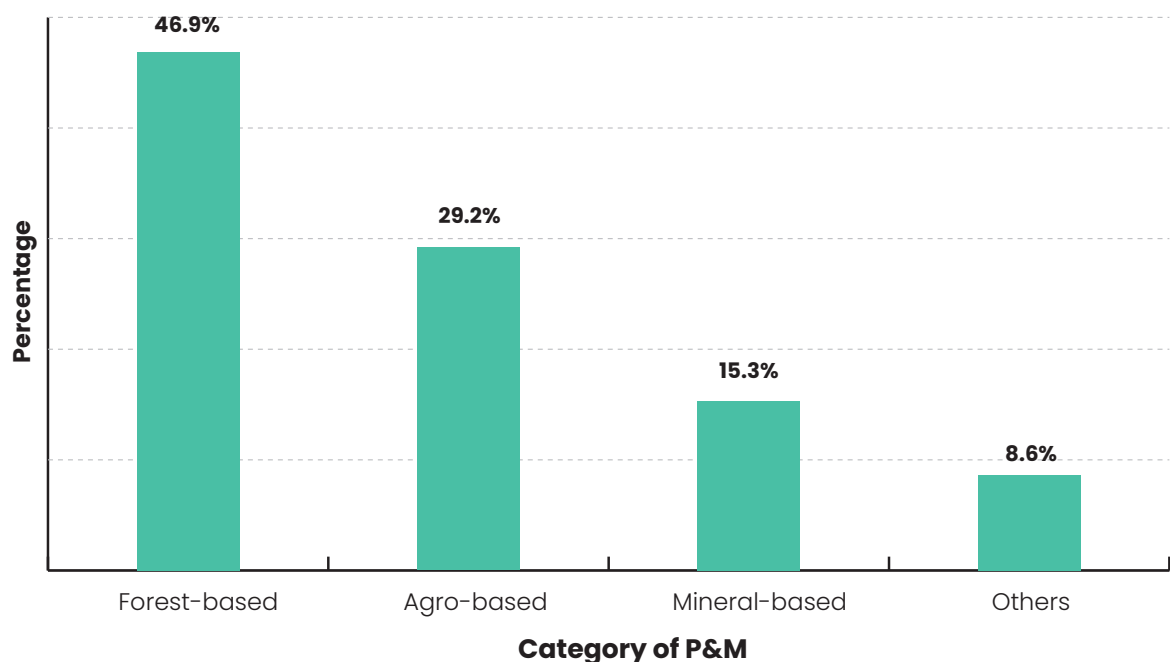


Figure 4.1.2 Category of P&M Industries

4.1.3 P&M Industry by Ownership

Figure 4.1.3 outlines the different ownership types of P&M industries. It shows that 87.3% or 1,183 industries are owned by sole-proprietors. Private Limited Companies owned 5.4%, constituting 73 industries, Cooperatives and Groups owned 2.4% or 32 industries, while two or more proprietors owned 2.2% or 30 industries. Public Limited Companies owned 1.3% or 17 industries, and state-owned enterprises owned 1.1% of P&M industries.

P&M industries owned by civil society organizations/non-profit organizations and others are few, each representing less than 1%.

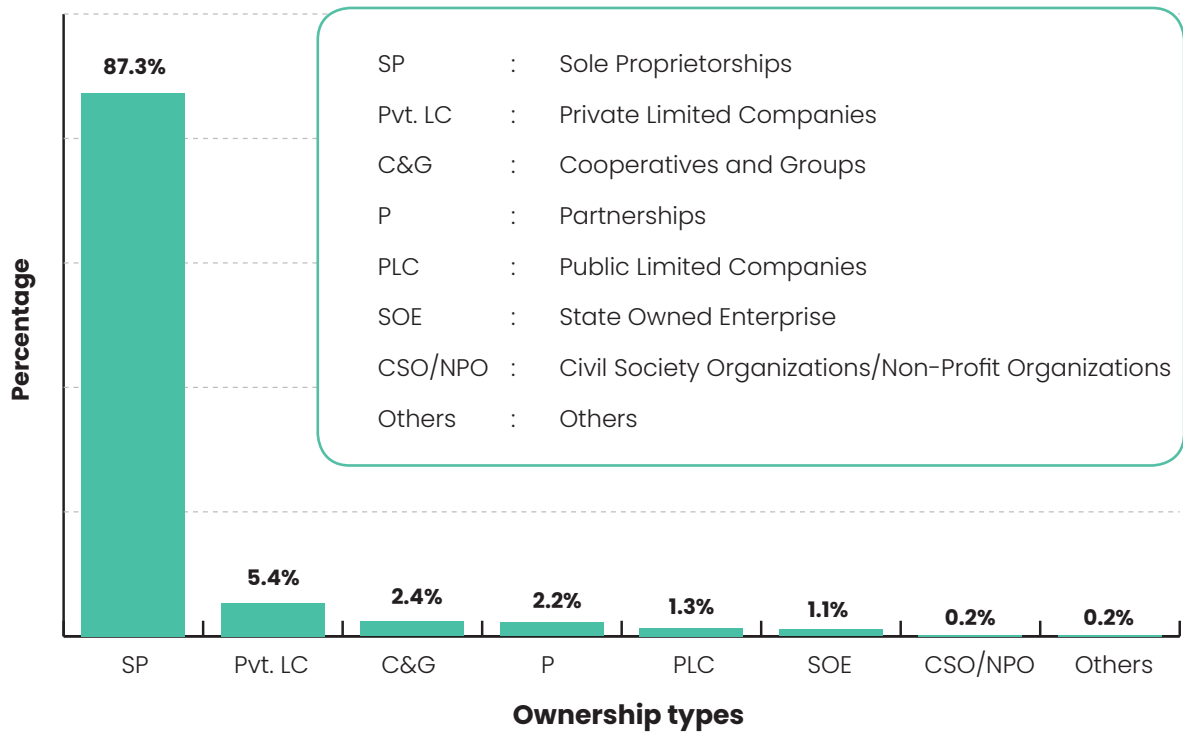


Figure 4.1.3 Ownership types of P&M Industries

4.1.4 Distribution of P&M Industry

4.1.4.1 Distribution of P&M Industry by Dzongkhag

Figure 4.1.4.1 shows the distribution of P&M industries across 20 Dzongkhags. Thimphu Dzongkhag leads with 315 industries (23.3%), followed by Chhukha Dzongkhag with 138 industries (10.2%).

Paro, Samtse, Sarpang, Bumthang, Mongar, Samdrup Jongkhar and Trashigang dzongkhags have almost the same concentration of P&M industries. Gasa Dzongkhg has the lowest with just four (0.3%) P&M industries.

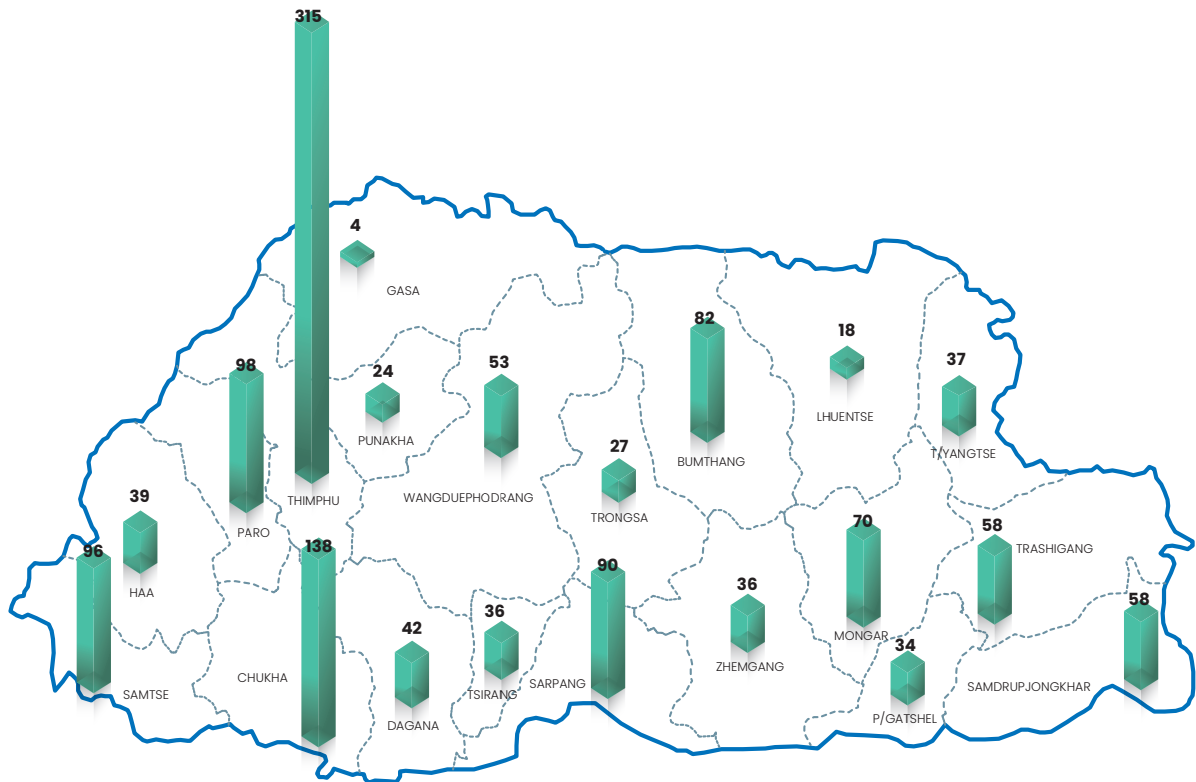


Figure 4.1.4.1 Distribution of P&M Industry by Dzongkhag

4.1.4.2 Distribution of P&M Industry by Thromde

Figure 4.1.4.2 displays the distribution of P&M industries across four Thromdes (municipalities) in Bhutan. Thimphu Thromde has the highest number of P&M industries with 179, accounting for 58.3% of the total. Phuentsholing Thromde has the second highest P&M industries with 76, representing 24.84%. Gelephu Thromde has 31 industries, making up 10.1% of the total. Samdrup Jongkhar Thromde has the lowest number of industries, with just 21, constituting 6.8%.

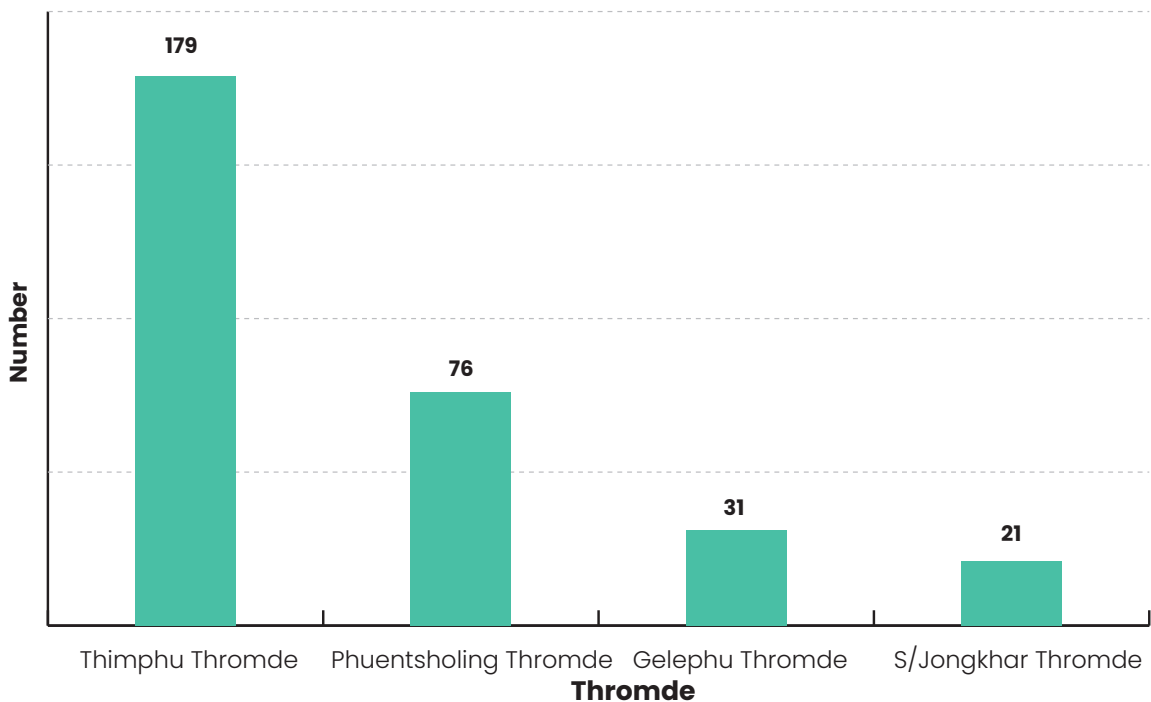


Figure 4.1.4.2 Distribution of P&M industry by Thromde

4.1.4.3 Distribution of P&M Industry by Region

Figure 4.1.4.3 illustrates the distribution of the P&M industry across six regions in Bhutan. Thimphu region leads with 533 industries, comprising 39.3% of the total industry. Phuentsholing region has the second highest with 234 industries, making up 17.3%. Mongar region has 183 industries or 13.5%, while Gelephu region has 168 industries, representing 12.4%. Trongsa region has 145 industries, constituting 10.7%, and Samdrup Jongkhar has the least number of P&M industries, with just 92 or 6.8% of the total.

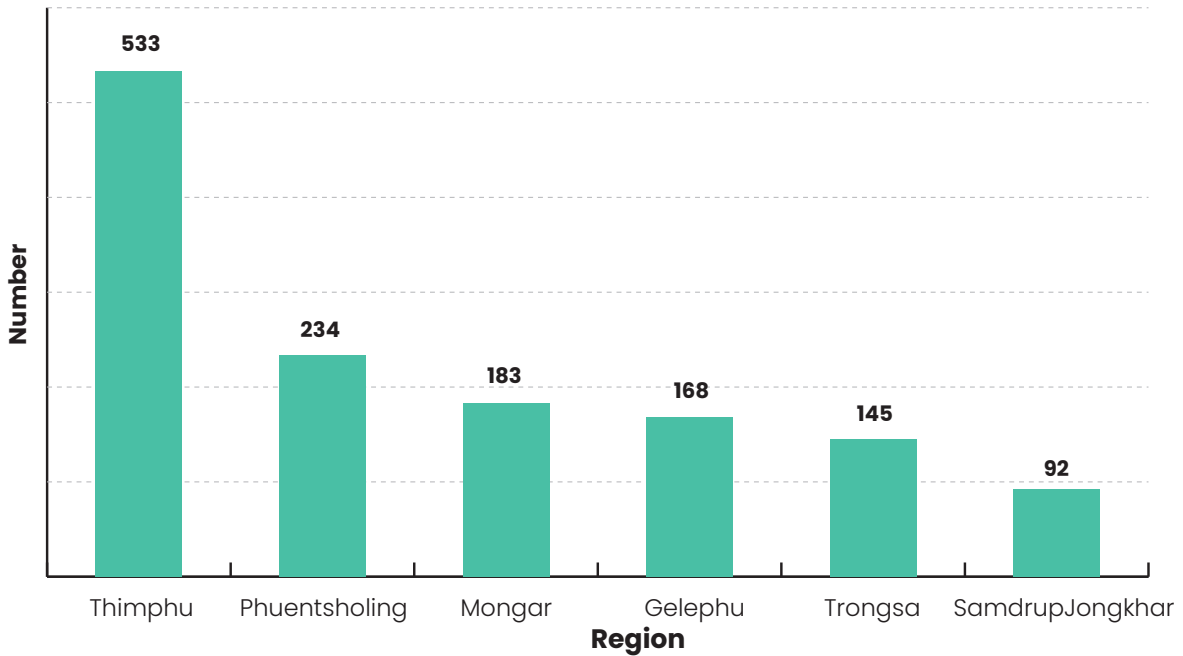


Figure 4.1.4.3 Distribution of P&M by Region

4.1.4.4 Distribution of P&M Industry by Urban-Rural

Figure 4.1.4.4 presents the distribution of P&M industries between rural and urban areas. The figure below indicates that majority of P&M industries are in rural areas, with 63.3%, which constitutes 857 of the total. In contrast, 36.8% industries are in urban areas, representing 498 of the total industry. This suggests that nearly two-thirds of these industries are in rural areas.

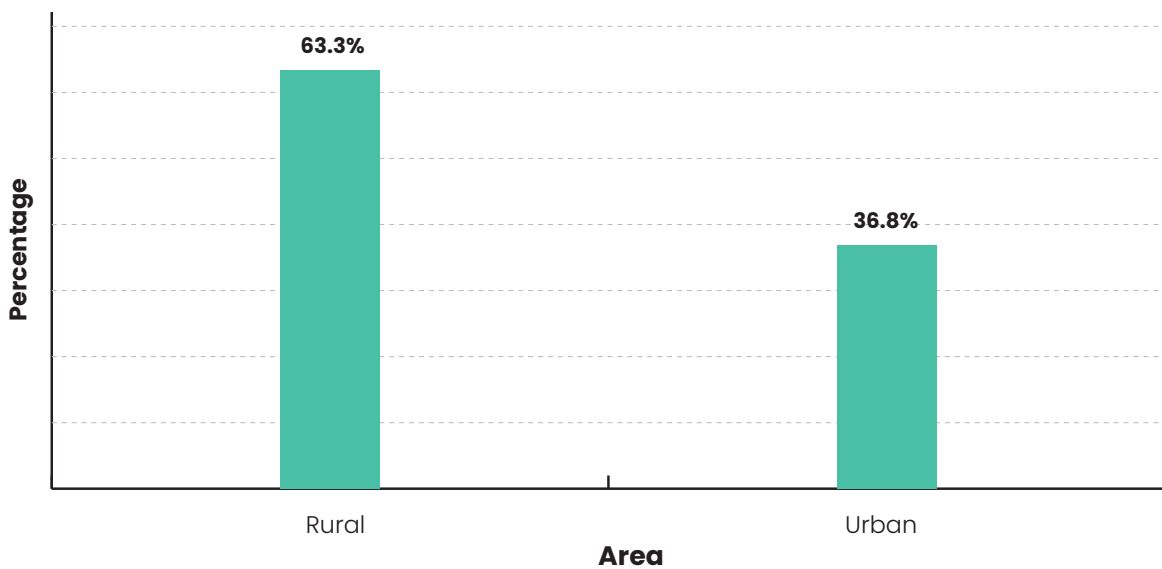


Figure 4.1.4.4 Urban-rural distribution of P&M Industry

4.2 Market for P&M Industry

Figure 4.2 details the types of market for products of P&M industry with 90.9% (1,231 industries) sold exclusively in the domestic market. Only 7.9% (107 industries) sold in both domestic and international markets and 1.3% (17 industries) sold in the international market only. This suggests that the P&M industry is more oriented towards capturing the domestic market than the international market.

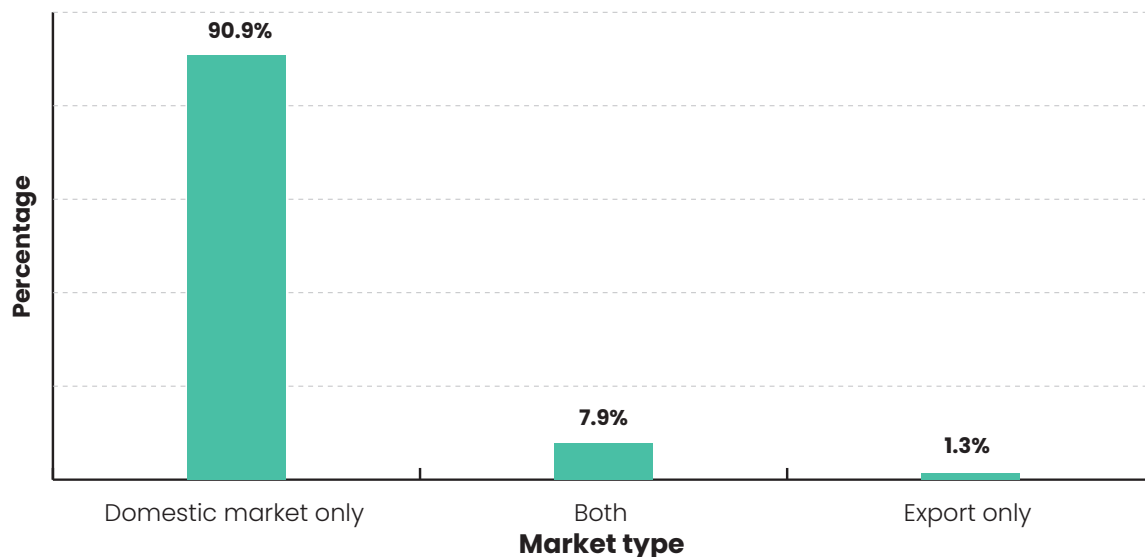


Figure 4.2 Market for P&M Industry

4.3 Source of Raw Materials for P&M Industry

Figure 4.3 provides detailed information on the different sources of raw materials for the P&M industry and the expenditure in billions. From the figure, it is clear that P&M industries used both domestic and imported raw materials with expenditures amounting to BTN 15.50 billion.

Expenditure on domestic raw materials is significantly lower than the expenditure incurred on both domestic and imported raw materials, which amounted to BTN 4.30 billion. However, the expenditure on domestic raw materials is higher than imported raw materials (BTN 1.40 billion). This indicates a strong preference for domestic raw materials for the P&M industry.

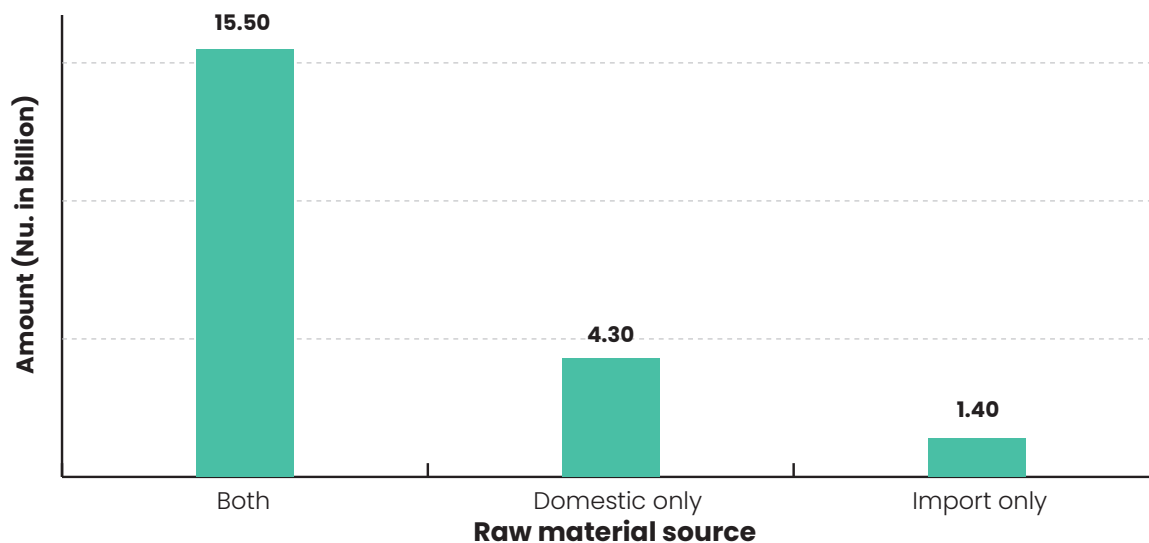


Figure 4.3 Source of raw materials for P&M Industries

4.4 Subsidies received by P&M Industry

P&M industries received subsidies worth BTN 1,128.82 million in 2023. Subsidies are categorized as: tax exemption, machinery and equipment support, price support, interest rate subsidy, capital grants, and others.

Figure 4.4 shows that P&M industries received the highest subsidy in tax exemption, amounting to BTN 702.81 million, followed by interest rate subsidy of BTN 292.27 million.

P&M industries received relatively equal subsidies across other categories: BTN 42.57 million for price support measures, BTN 41.62 million for machinery and equipment support, BTN 26.42 million in capital grants, and BTN 23.12 million in other subsidies.

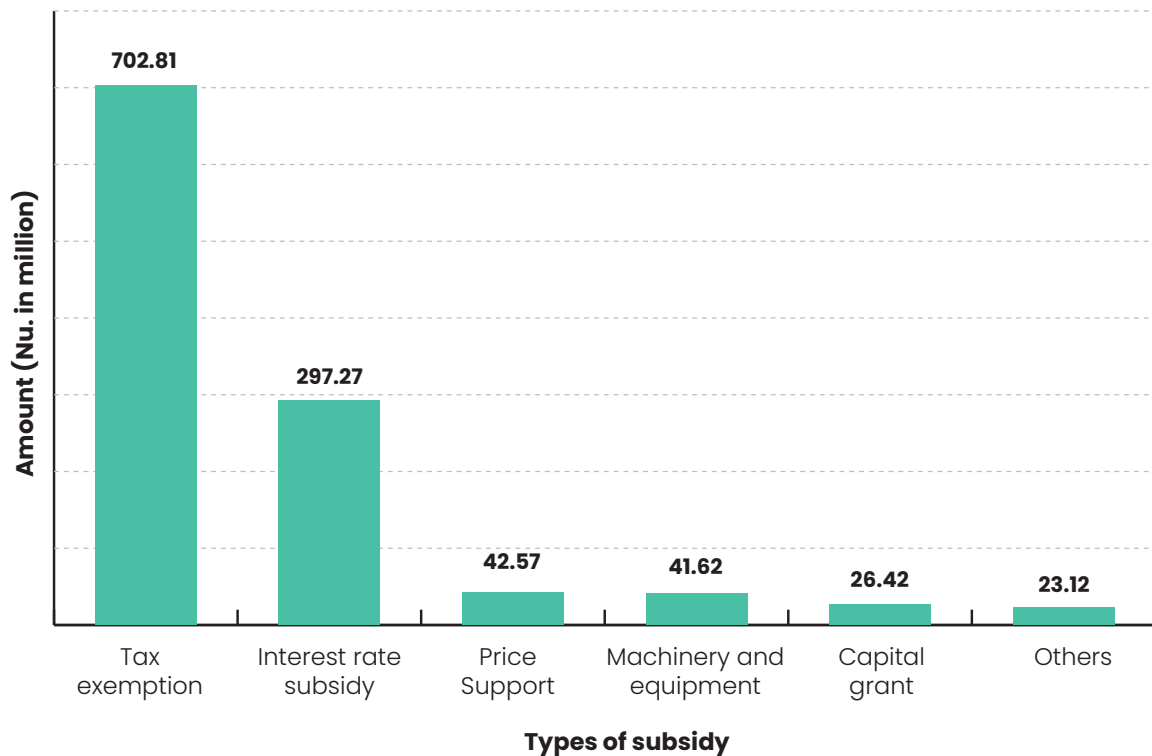


Figure 4.4 Subsidies received by P&M industries

4.5 Challenges faced by P&M Industry

In this section, the types of challenges faced by P&M industries are illustrated in terms of percentage as well as rating of each challenge on a scale of 1 to 10, based on their severity. The overall rating score of the challenges is also presented in this section.

Figure 4.5 presents various challenges faced by P&M industries and their corresponding percentages. The most significant challenge is access to finance, affecting 39.04% of industries, followed closely by access to markets affecting 37.64%, and access to skilled labor affecting 32.03%.

Access to raw materials is a major challenge for 21.55% of industries and stiff competition from imported goods is also a challenge for 14.91% of P&M industries. Access to technologies and land are challenges for 13.73% and 10.77% of industries respectively.

Other notable challenges include access to power (9.08%), logistics (8.27%), policy issues (0.44%), and access to water (0.37%). Additionally, 5.09% of businesses report facing other unspecified challenges.



Figure 4.5 Challenges faced by P&M Industries

4.5.1 Rating of Challenges faced by P&M Industry

Figure 4.5.1 shows rating of challenges faced by P&M industries on a scale of 1-10, using 1-2 as least severe, 3-4 as less severe, 5-6 as severe, 7-8 as more severe, and 9-10 as extremely severe¹.

Policy issues are rated as a more severe challenge with a rating of 8.8, followed closely by access to water at 8.6. Competition from imported goods, access to finance, access to skilled labor and access to market are also the more severe challenges, with ratings between 7.6 and 7.1.

Access to land, access to technologies, access to raw materials, logistics and access to power are severe challenges with ratings between 6.8 and 5.4. Other unspecified challenges are rated at 7.8, indicating more severe challenges for P&M industries.

1. The ratings between 1 to 2.9 falls under 1-2 category; 3 to 4.9 falls under 3-4 category; 5 to 6.9 falls under 5-6 category; 7 to 8.9 falls under 7-8 category; and 9 to 10 falls under 9-10 category.

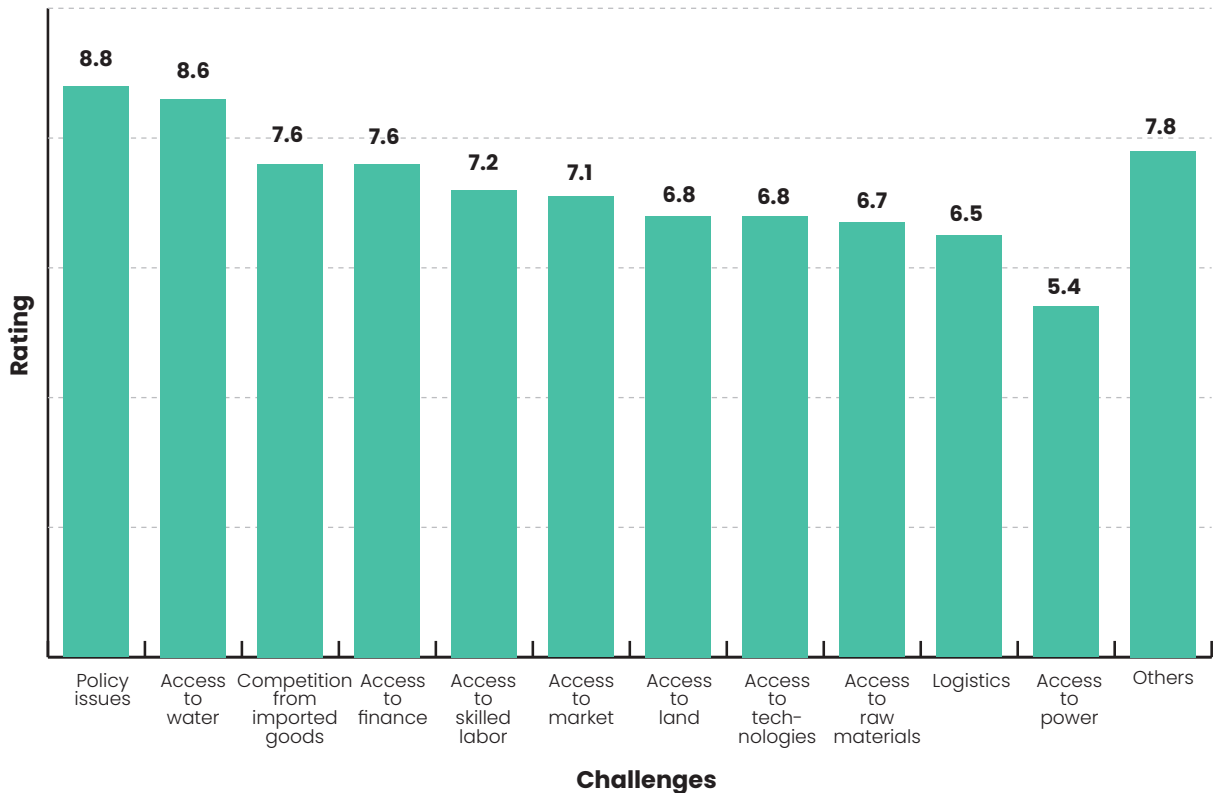


Figure 4.5.1 Challenges rating by P&M Industries

4.5.2 Overall Rating Score of Challenges faced by P&M Industry

The overall rating score provides a rating that is the multiplicative combination of the number of industries facing challenges and the average severity rating of challenges. This rating is interpreted as the overall magnitude of the respective challenges.

Figure 4.5.2 presents overall rating score of various challenges faced by P&M industries. Broadly, there are three groups of challenges according to the overall rating scores. The first group with rating scores of 113 or more, depicts the most significant challenges. Access to finance is the most severe challenge with a rating score of 296, followed by access to market (268) and access to skilled labor (230). Other notable most severe challenges include access to raw materials (145) and competition from imported goods (113).

The second group with rating scores between 49 and 93 indicates moderate challenges. Access to technologies (93), land (73), logistics (54) and access to power (49) are the moderate challenges.

The third group with rating scores between 3 and 4 are the least severe challenges for industries. Policy issues with rating score of 4 and access to water with rating score of 3 are the least severe challenges for P&M industries. However, there are other unspecified challenges with a combined rating score of 40. The predominant challenges are in accessing finance, market, and skilled labour.

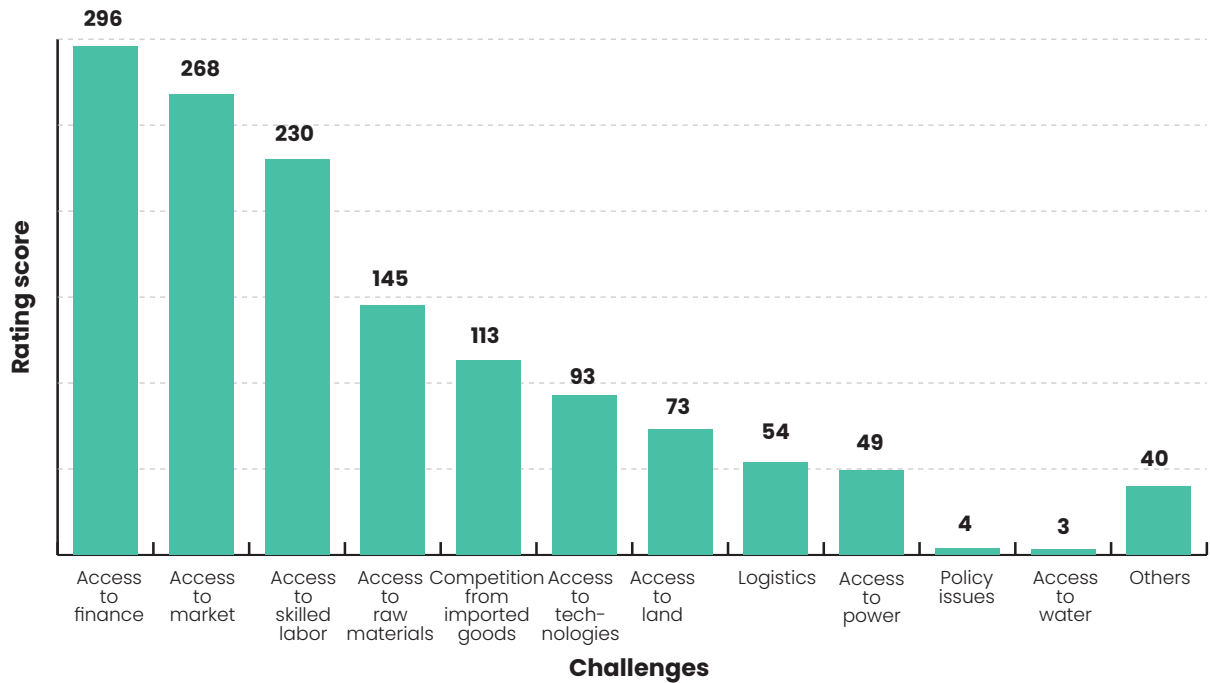


Figure 4.5.2 Overall rating Score of challenges by P&M Industries

4.6 Recommendations by P&M Industry

Figure 4.6 outlines recommendations of the P&M industry, expressed as percentages. Policy intervention is the most significant recommendation, accounting for 33.1% of industries. This is followed by the need for improved access to finance (18.5%) and addressing shortage of skilled labor (11.6%).

Other significant recommendations include enhancing access to raw materials (8.4%), markets (5.8%), improving logistics (4.3%) and access to technology (1.1%). Improving access to adequate power supply is a minor recommendation constituting less than 1%. Other recommendations from 16.6% of industries are in terms of banning import of similar products, addressing system issues and bureaucratic processes.

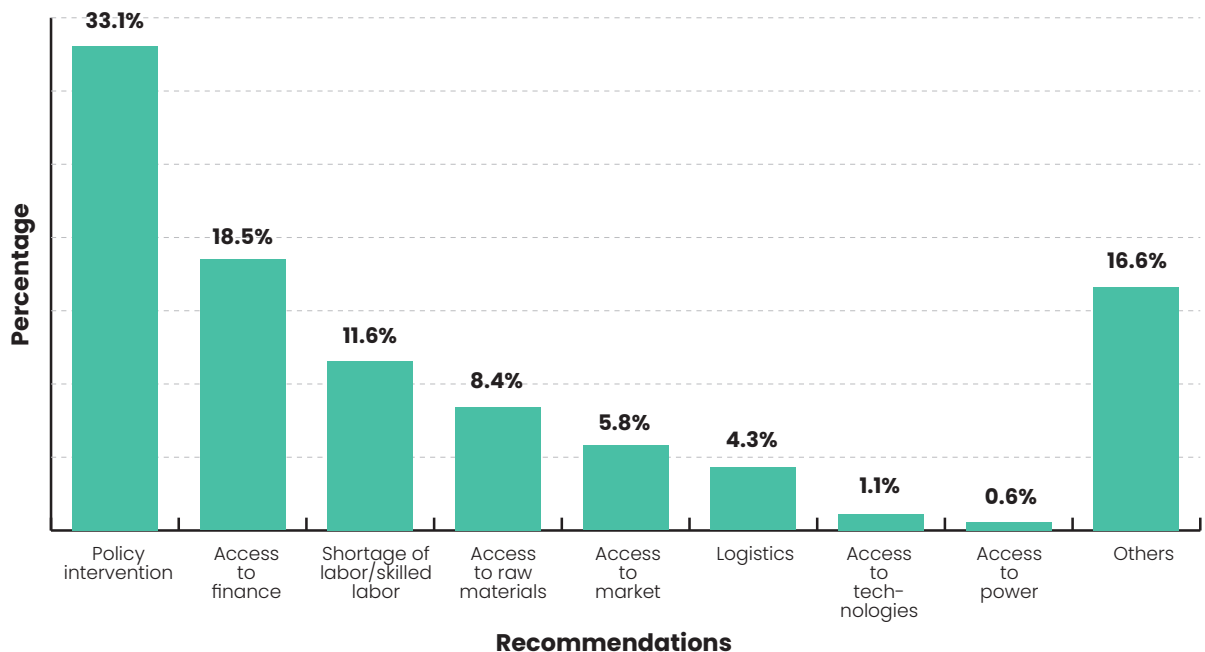


Figure 4.6 Recommendations by P&M Industries



Chapter 5

SERVICE INDUSTRY

5.1 Introduction

This chapter presents an overview of industries engaged in providing services to customers. Unlike the P&M classification, service industries do not rely on sale of goods produced, but instead provide skills and expertise. Examples of service industries include the hospitality sector, tourism, beauty and wellness, media and entertainment, among others.

5.1.1 Service Industry by Scale

Among the 13,008 industry licenses enumerated, service industry in small-scale prevails over all other scales with 8,226 licenses (74.56%), followed by cottage-scale with 2,540 licenses (23.02%), medium-scale with 189 licenses (1.71%) and large-scale with 77 licenses (0.55%), as depicted in the figure below. There are a total of 11,032 service industries in Bhutan.

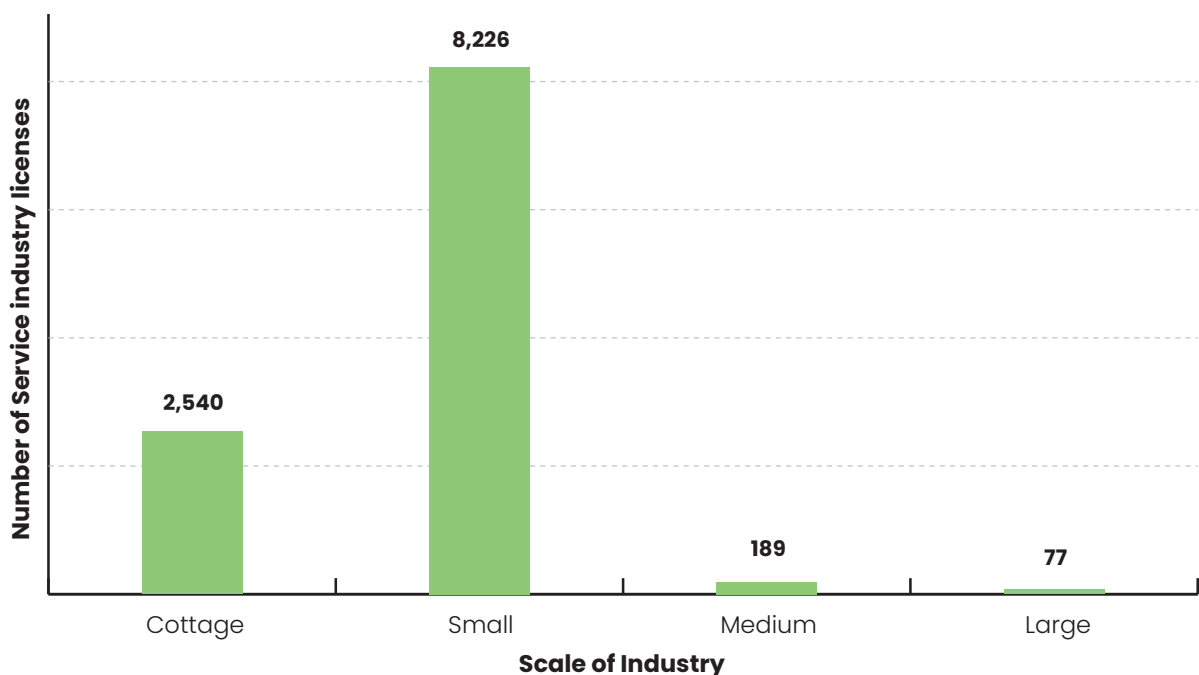


Figure 5.1.1 Distribution of Service Industry by Scale

5.1.2 Service Industry by Activity

Table 5.1.2 depict the various types of industrial service activities in Bhutan. The activities are broadly classified based on the Bhutan Standard Industrial Classification (BSIC) 2020. As evident from the data, of the 11,032 service licenses, Accommodation and Food services dominates with 7,650 licenses (69.34%) followed by a meager share of Manufacturing activities with 701 licenses (6.35%).

Administrative and support services and Other services (Repair of computers and personal and household goods) each hold 659 (5.97%) and 608 (5.51%) licenses respectively. Electricity, gas, steam and air conditioning supply hold the least service industry licenses with 0.05% of the total service industry licenses.

Service activities	Number	Percent
Accommodation and Food service activities	7,650	69.34
Manufacturing ²	701	6.35
Administrative and support services	659	5.97
Other services	608	5.51
Wholesale and retail trade ³	348	3.15
Arts, entertainment and recreation	232	2.1
Professional, scientific and technical	215	1.95
Education	190	1.72
Transportation and storage	180	1.63
Information and communication services	162	1.47
Construction ⁴	25	0.23
Real estate	19	0.17
Financial services and insurance	15	0.14
Human health and social work	12	0.11
Water supply, sewerage, waste management	11	0.1
Electricity, gas, steam and air conditioning supply ⁵	5	0.05
Total	11,032	100

Table 5.1.2 Types of Service Industry based on BSIC Classification

5.1.3 Service Industry by Ownership

Table 5.1.3 reveals the ownership distribution of the service industry. The table shows that ownership is dominated by sole proprietors taking up 97.34% (10,739 licenses). Partnerships follows with 1.03% (114 licenses) and Private Limited Companies with fewer than a percent (109 licenses).

There are fewer service industries as Public Limited Companies with 19 licenses, SOEs with 18 licenses,

2. Refers to repair and installation of machinery and equipment, Printing and reproduction of recorded media

3. Refers to maintenance and repair of motor vehicles, Tyre and tube repair, fitting or replacement

4. Refers to traditional Bhutanese Painting and Finishing

5. Refers to Steam and air conditioning supply

Cooperatives and Groups with 13 licenses and CSO/NGO/NPOs and 'Others' category ownership with 10 licenses each.

Services					
Ownership	Cottage	Small	Medium	Large	Total
Sole proprietorships	2,480	8,073	149	37	10,739
Partnerships	33	67	10	4	114
SOEs	2	4	1	11	18
Private Limited Company	8	60	25	16	109
Public Limited Company	1	7	3	8	19
Cooperatives and Groups	6	5	1	1	13
CSO/NGO/NPOs	5	5	0	0	10
Others	5	5	0	0	10
Total	2,540	8,226	189	77	11,032

Table 5.1.3 Distribution of Service Industry by Ownership

5.1.4 Distribution of Service Industry

5.1.4.1 Distribution of Service Industry by Dzongkhag

In terms of distribution of the service industry across Dzongkhags, Thimphu Dzongkhag leads significantly with a total of 2,648 service licenses (24%) taking the lead in all scales of the service industry.

Chhukha Dzongkhag is second highest with 1,183 service licenses (10.72%), of which 850 are small-scale service licenses. This distribution suggests Chhukha Dzongkhag also has a robust service sector that supports a wide range of economic activities. Sarpang Dzongkhag follows closely with 1,029 licenses (9.33%), of which 830 are small-scale service license holders, indicating a dynamic service sector.

In contrast, Dzongkhags such as Gasa and Trashigang have relatively fewer service licenses, with only 0.31% (34 licenses) and 1.11% (122 licenses) respectively. These reflect minimal service activities, all concentrated in the cottage and small-scale industry. Similarly, Dzongkhags like Dagana, Pema Gatshel, and Zhemgang show moderate levels of service activity with concentration in cottage and small-scale industry which is typical of rural and less industrialized areas.

The significant variance between Dzongkhags suggests differing levels of economic development and infrastructure, with urban areas like Thimphu and Chhukha Dzongkhags having more service industries compared to rural and less developed dzongkhags like Gasa and Lhuentse.

The total licenses under services classification across all Dzongkhags is 2540 (23.02%) in cottage-scale industry, 8226 (74.56%) in small-scale industry, 189 (1.72%) in medium-scale and 77 (0.7%) in large-scale industry. This distribution underscores the dominance of small-scale industries in the service sector.

Dzongkhag	Service licenses				
	Cottage	Small	Medium	Large	Total
Bumthang	76	268	3	0	347
Chhukha	307	850	21	5	1,183
Dagana	38	282	0	0	320
Gasa	4	30	0	0	34
Haa	21	99	4	0	124
Lhuentse	24	116	0	0	140
Monggar	80	462	1	0	543
Paro	149	481	41	7	678
P/Gatshel	68	237	2	0	307
Punakha	79	284	9	2	374
S/Jongkhar	97	485	4	3	589
Samtse	126	748	6	1	881
Sarpang	190	830	7	2	1,029
Thimphu	973	1,544	77	54	2,648
Trashigang	20	102	0	0	122
Trashigang	78	324	2	1	405
Trongsa	28	242	3	0	273
Tsirang	46	212	1	0	259
W/Phodrang	102	405	8	2	517
Zhemgang	34	225	0	0	259
Total	2,540	8,226	189	77	11,032

Table 5.1.4.1 Dzongkhag-wise distribution of Service Industries

5.1.4.2 Distribution of Service Industry by Thromde

Figure 5.1.4.2 reveals a comprehensive overview of the services sector across four Thromdes in Bhutan. Thimphu Thromde dominates with 2,366 service licenses, which accounts for 65.54% of all service licenses.

Phuentsholing Thromde follows with 627 service licenses, making up 17.37% and Gelephu Thromde has 419 service licenses (11.61%) of the total. Samdrup Jongkhar Thromde has the smallest share with 198 service licenses, representing 5.48% of the total.

The distribution emphasizes Thimphu Thromde's central role in the services sector, while Phuentsholing, Gelephu, and Samdrup Jongkhar also contribute significantly across different industry scales.

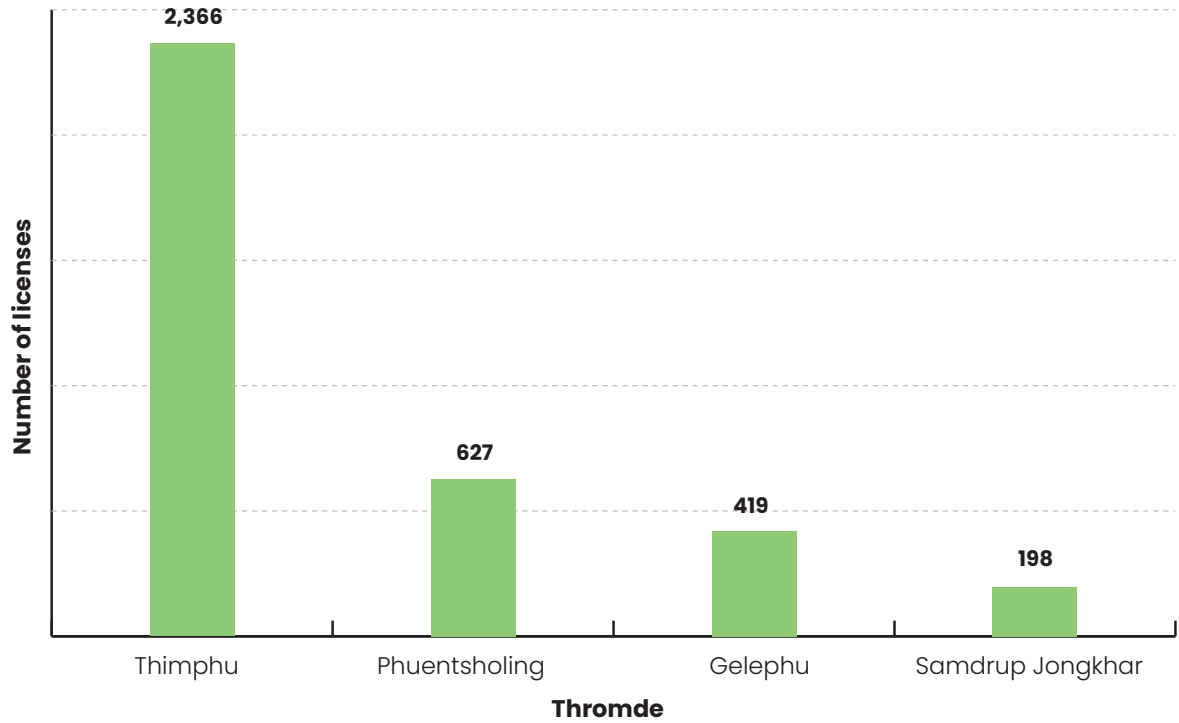


Figure 5.1.4.2 Thromde Distribution Service Sector

5.1.4.3 Distribution of Service Industry by Region

As noted earlier, Services classification takes up the majority of the industry sector in Bhutan constituting 84.81% of the total industry licenses.

Figure 5.1.4.3 presents the distribution of service sector licenses in six regions across Bhutan. Thimphu Region has the highest number at 4,375, accounting for 39.66% of the total.

Phuentsholing Region follows with 2,064 service licenses (18.71%), Gelephu Region has 1,608 service licenses (14.58%), Trongsa Region has 879 service licenses (7.97%).

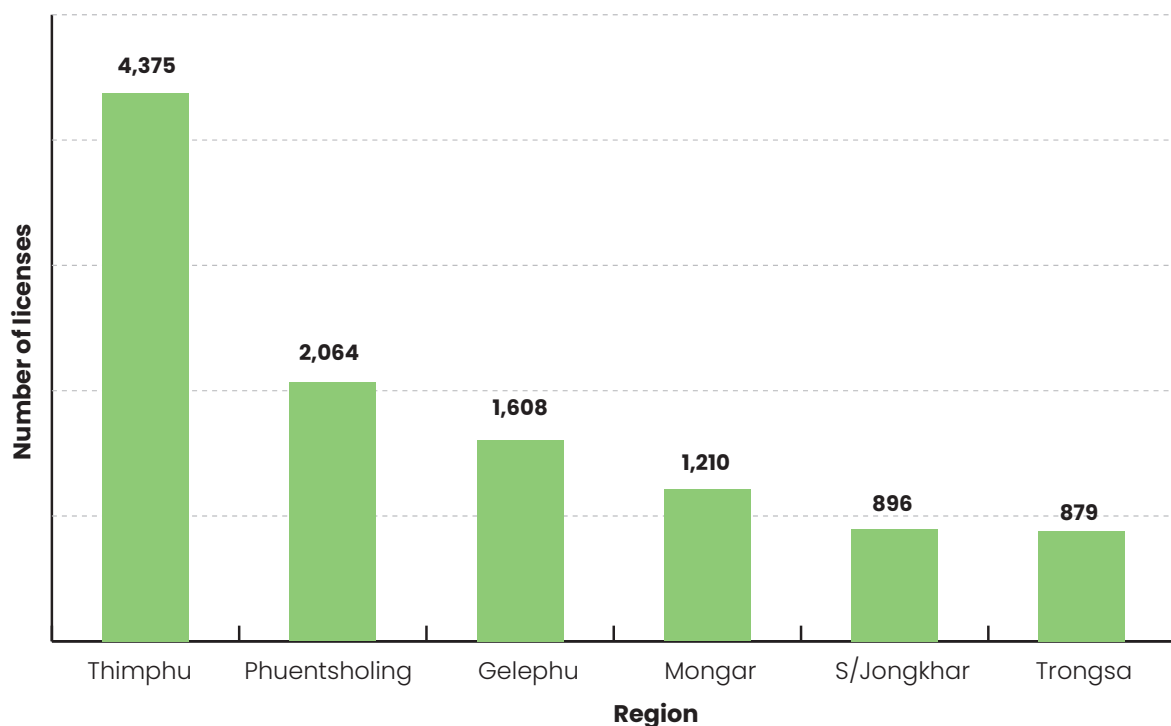


Figure 5.1.4.3 Regional Distribution of Service Sector

5.1.4.4 Distribution of Service Industry by Urban-Rural

The table below indicates the urban-rural distribution of service industries in Bhutan. Of the total 11,032 service licenses, there is nearly equal distribution across urban and rural areas with 5,666 licenses in urban areas and 5,366 licenses in rural areas.

The small scale industry make up the most service licenses with 8,226 licenses of which 4,577 is in rural areas. Cottage-scale service industries are more pronounced in urban areas with 1,832 licenses compared to 708 licenses in rural areas. Medium and large-scale industries with 189 and 77 service licenses are also more prevalent in urban areas.

Scale of Service Industry	Rural	Urban	Total
Cottage	708	1,832	2,540
Small	4,577	3,649	8,226
Medium	68	121	189
Large	13	64	77
Total	5,366	5,666	11,032

Table 5.1.4.4 Urban-Rural distribution of Service Industry

5.2 Market for Service Industry

The figure below depicts the types of markets for service industries. Service industries primarily cater to the domestic market, constituting 98.21% of the total market share, followed by 1.65% in both domestic and international markets, and 0.14% to the international market.

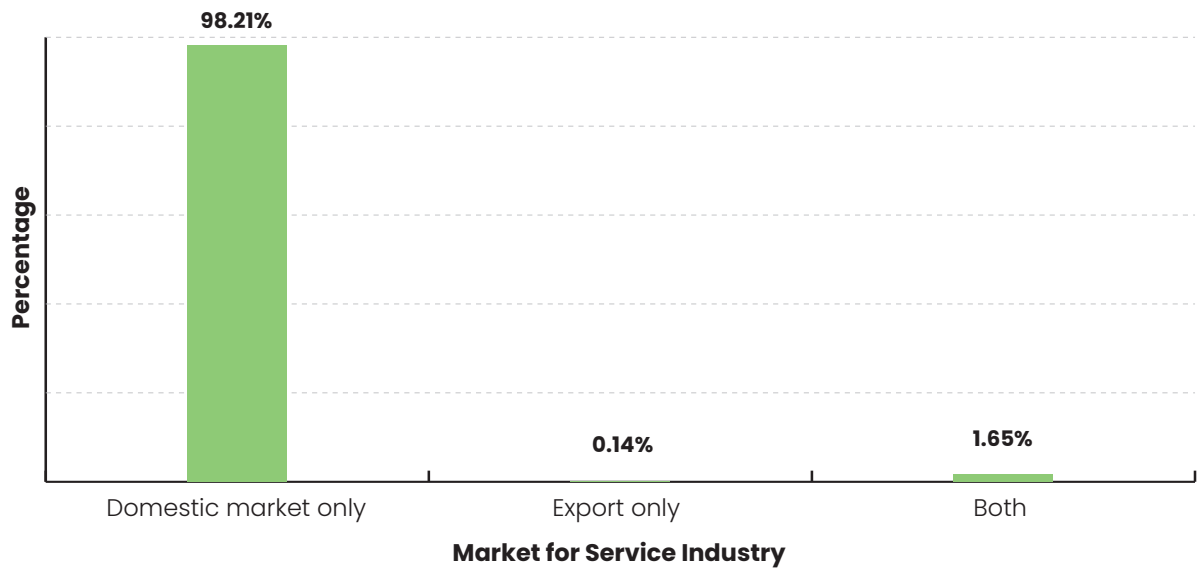


Figure 5.2 Market for Service Industry

5.3 Source of Raw Materials for Service Industry

The figure below explains the expenditure incurred on raw materials by the service industry. Raw materials are either sourced domestically, internationally or from both at times. The service industry sourced the highest value of raw materials domestically, amounting to BTN 1.65 billion, followed by sourcing from both domestic and international, amounting to BTN 1.13 billion. Only imported raw materials amounted to BTN 1.02 billion.

The figure below indicates that service industries sourced almost the same amount of raw materials from domestic as well as from both sources with a variance of just BTN 0.52 billion.

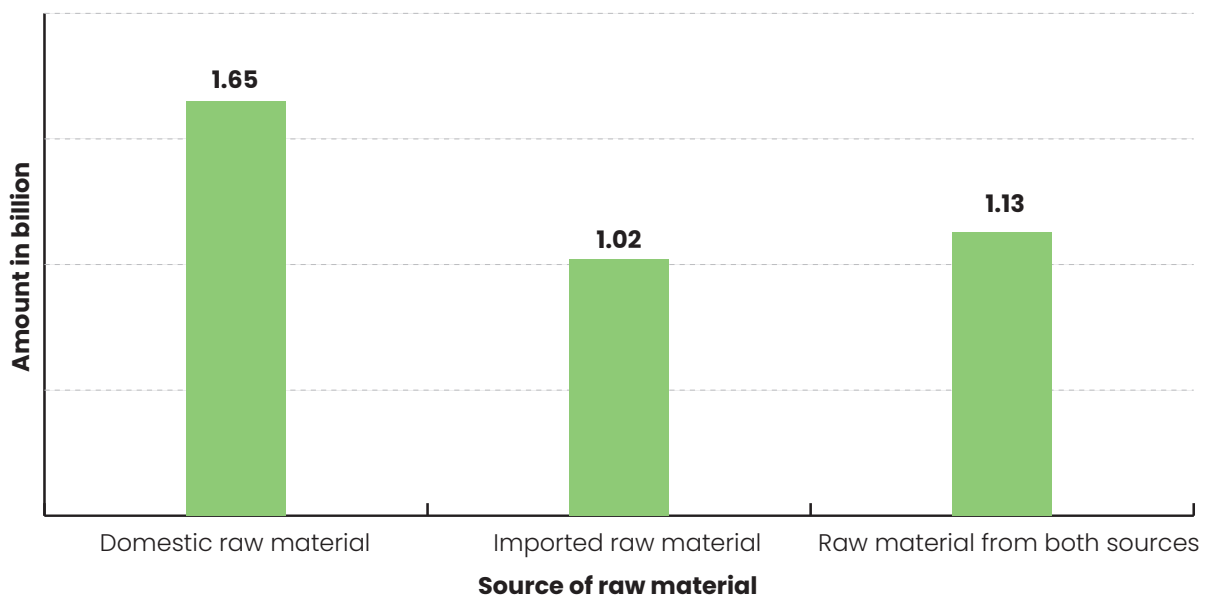


Figure 5.3 Source of Raw materials for Service Industry

5.4 Subsidies received by Service Industry

The types of subsidy included tax exemption, support for machinery and equipment, price support, capital grant, interest rate subsidy, and other subsidies classified into 'Others' category. The total subsidy received by the service industry across all scales amounted to BTN 859.96 million.

The figure below clearly demonstrates that the highest amount of subsidy received is tax exemption, amounting to BTN 557.60 million of which the large-scale service industry received BTN 506 million, followed by small-scale service industry with BTN 46.15 million.

The second highest subsidy received by service industries is the interest rate subsidy amounting to BTN 126.15 million of which large-scale industries received BTN 114.52 million. Support in terms of machinery and equipment amounted to BTN 103.16 million which was largely availed by the small-scale industries amounting to BTN 92.27 million, followed by the large-scale service industries amounting to BTN 7.72 million and cottage-scale industries receiving BTN 3.15 million.

The figure also indicates that there is nearly equal amount of support received in terms of price support amounting to BTN 16.12 million and Capital grants amounting to BTN 17.37 million. Other category subsidies received amounted to BTN 39.57 million with small-scale service industries receiving BTN 33.26 million.

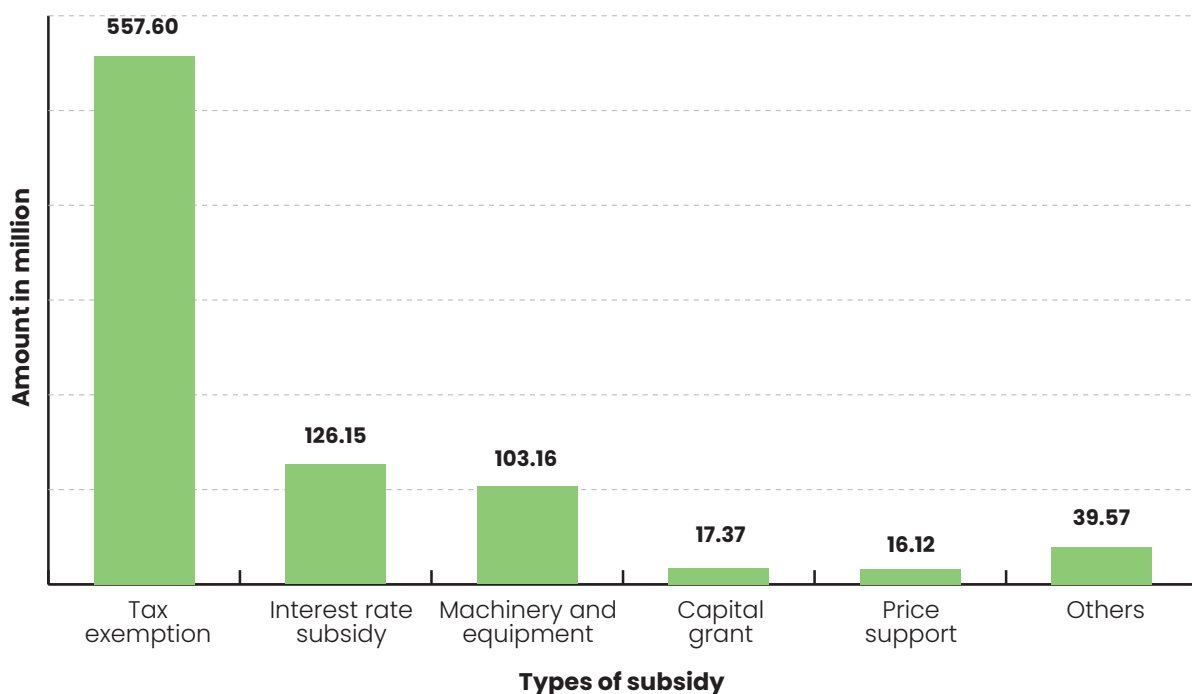


Figure 5.4 Subsidies received by the Service industry

5.5 Challenges faced by Service Industry

Figure 5.5 explains the various challenges faced by service industries, with the most significant challenge being access to market, affecting 43.1% of service industries. Financial accessibility and accessibility to skilled labor are other significant challenges, affecting 32.4% and 15.1% of service industries, respectively.

Access to power, land, raw materials, water, logistics, technologies, competition from imported goods, and policy issues are minor challenges, with percentages ranging between 1.0% and 7.0%.

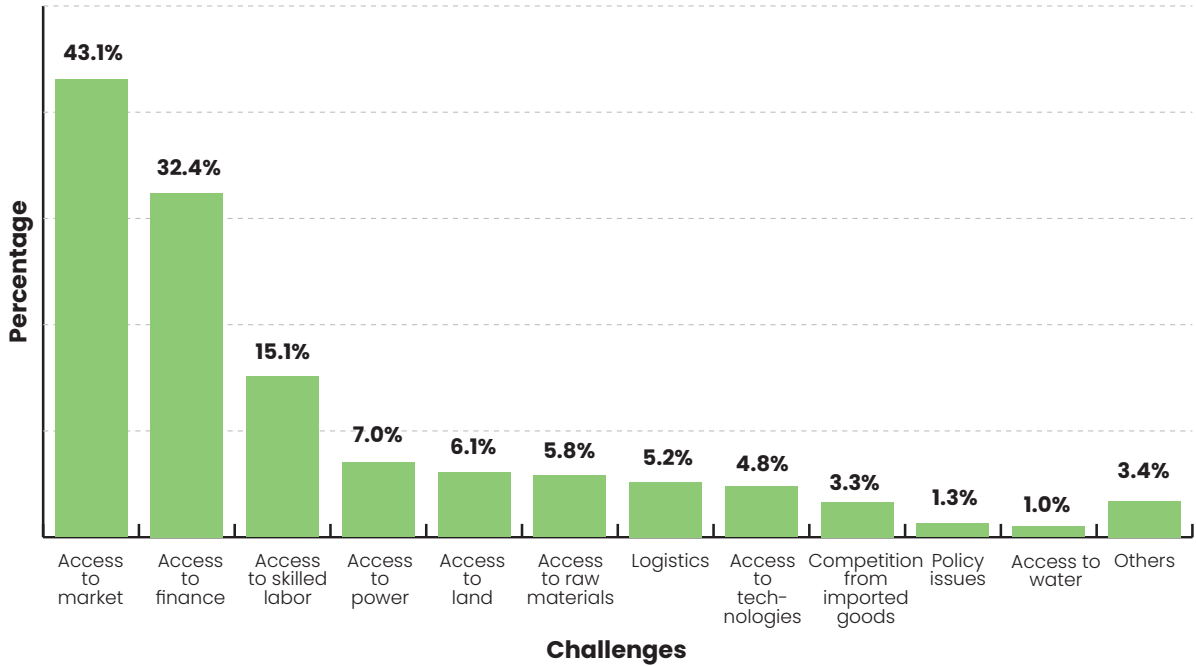


Figure 5.5 Overall challenges faced by Service Industry

5.5.1 Rating of Challenges faced by Service Industry

Figure 5.5.1 rates the challenges faced by service industries based on severity, on a scale from 1 to 10. The industries were asked to rate severity of each challenge using the scale of 1-2 as least severe, 3-4 as less severe, 5-6 as severe, 7-8 as more severe, and 9-10 as extremely severe⁶.

The most severe challenge faced is policy-related issues rated at 8.1, followed by access to water at 7.5, access to market at 7.3 and access to finance rated at 7.2. With the exception of 'Others' category challenges, the severity of challenges faced by service industries related to access to skilled labor, access to land, power, raw materials, logistics, technologies and competition from imported goods, was rated between 5 to 6 out of 10.

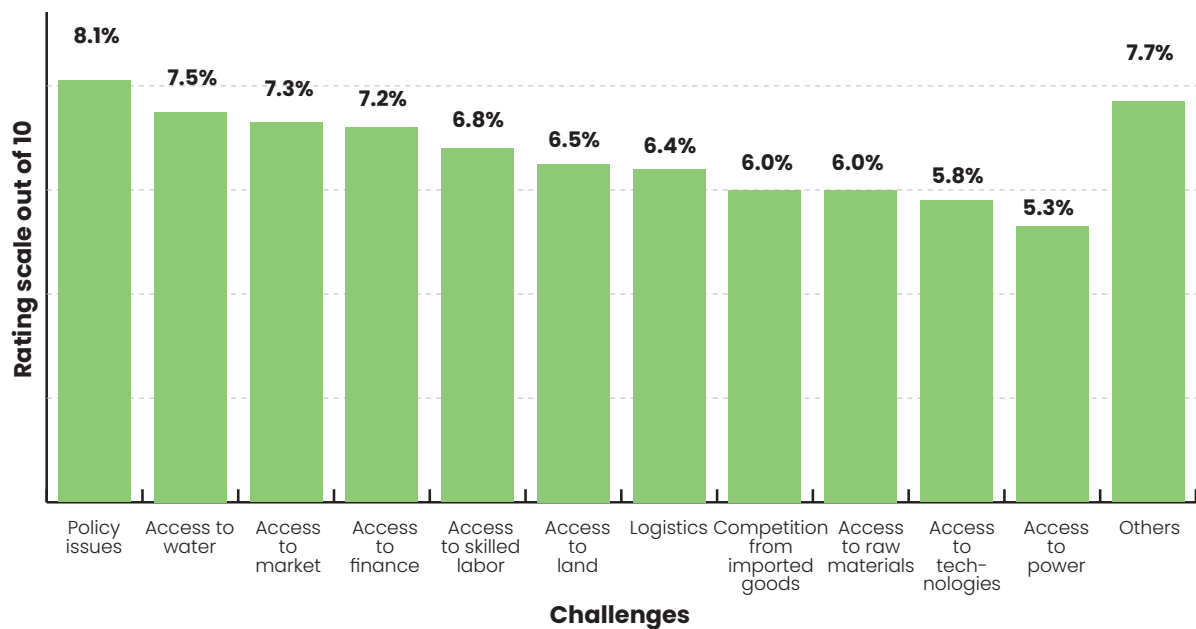


Figure 5.5.1 Rating of challenges faced by Services Industry

6. The ratings between 1 to 2.9 falls under 1-2 category; 3 to 4.9 falls under 3-4 category; 5 to 6.9 falls under 5-6 category; 7 to 8.9 falls under 7-8 category; and 9 to 10 falls under 9-10 category.

5.5.2 Overall rating Score of Challenges faced by Service Industries

The overall score provides a rating that is the multiplicative combination of the number of service industries facing the challenges and the average severity rating of the challenges as indicated in figures 5.5 and 5.5.1. This rating can be interpreted as the overall magnitude of the respective challenges faced by the service industries.

Figure 5.5.2 shows three groups of challenge rating: first group with rating score above 103, second group with rating score between 10 to 40 and third group with rating score below 7.

The first group includes challenges such as difficulty in accessing the market, finance and skilled labor, and indicates the most severe challenges for service industries. The second group includes challenges in terms of access to land, power, raw materials, logistics, technologies, competition from imported goods and policy issues, and indicates moderate challenges. The third group of challenges related to difficulty in accessing water is the least severe challenge, with a rating score of 7.

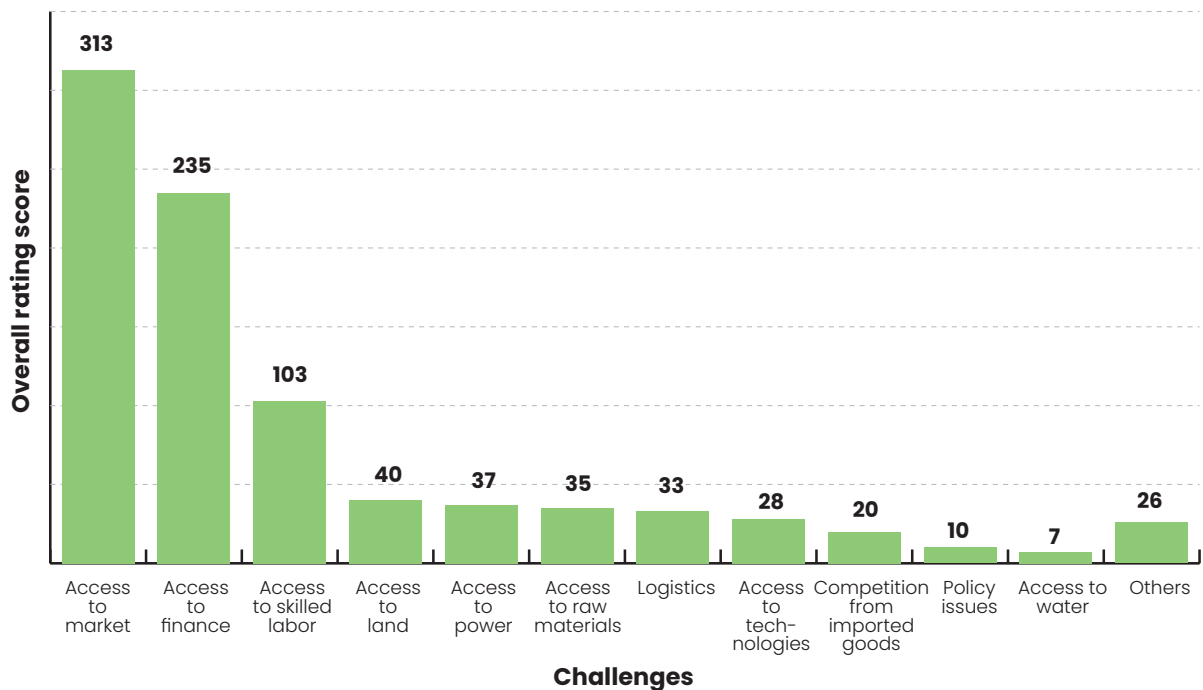


Figure 5.5.2 Overall rating score of challenges faced by Service Industry

5.6 Recommendations by Service Industry

The following figure presents various recommendations provided by service industries for a conducive business environment and to ease doing business. Service industries have highlighted policy intervention as the most crucial requirement with 41.82% industries soliciting for it.

An estimated 24.91% of service industries requested for finance (general accessibility to finance with 11.18%, access to finance without collateral with 2.06%, and access to finance with low interest rate with 11.67%). Service industries having issues accessing market stands at 9.5% followed by access to skilled labor at 5.37%.

As can be seen below, figure 5.6 illustrates various other recommendations related to logistics (4.45%), technology accessibility (0.27%), raw materials requirement (1.1%) and power issues (1%). The 'Others' category includes recommendations (11.57%) on reducing rental and licenses fees and issues with various online licensing systems, etc.

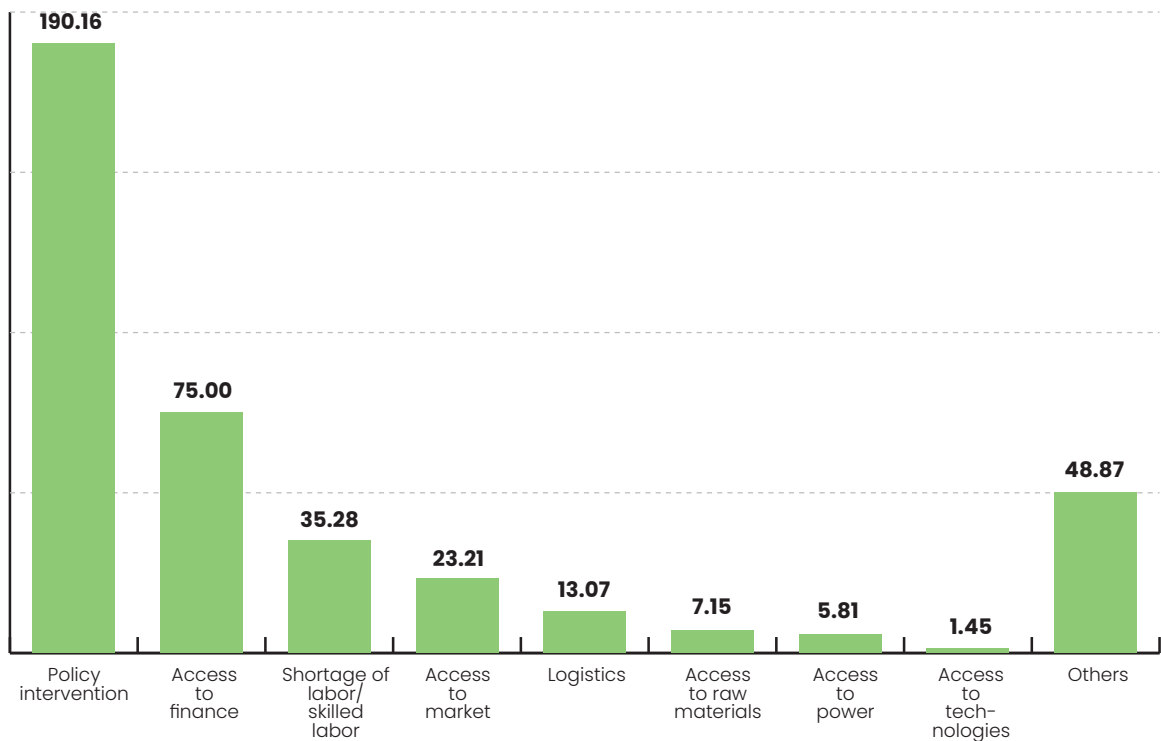


Figure 5.6 Recommendations by Service Industry



Chapter 6

CONTRACT/ CONSTRUCTION INDUSTRY

6.1 Introduction

This chapter presents the overview of the Contract industry in Bhutan. Contract industries are engaged in providing services related to construction. Examples of contract industries include construction of roads, bridges, traditional painting, and other infrastructure.

6.1.1 Contract Industry by Scale

The Industry Census 2024 captured a total of 621 contract licenses. Figure 6.1.1 depicts the number of contract licenses across different categories of scale. Small-scale contracts are the most prevalent at 427, which makes up 68.76%, followed by medium-scale contract licenses at 119, which accounts for 19.16% of the total. Large-scale contract licenses are the least prevalent with 75 licenses, accounting for 12.08% of the total. This indicates a significant preference for small-scale operations, which may be attributed to industry trends, market conditions, or organizational strategies that prioritize smaller, more numerous initiatives over larger, more resource-intensive ones.

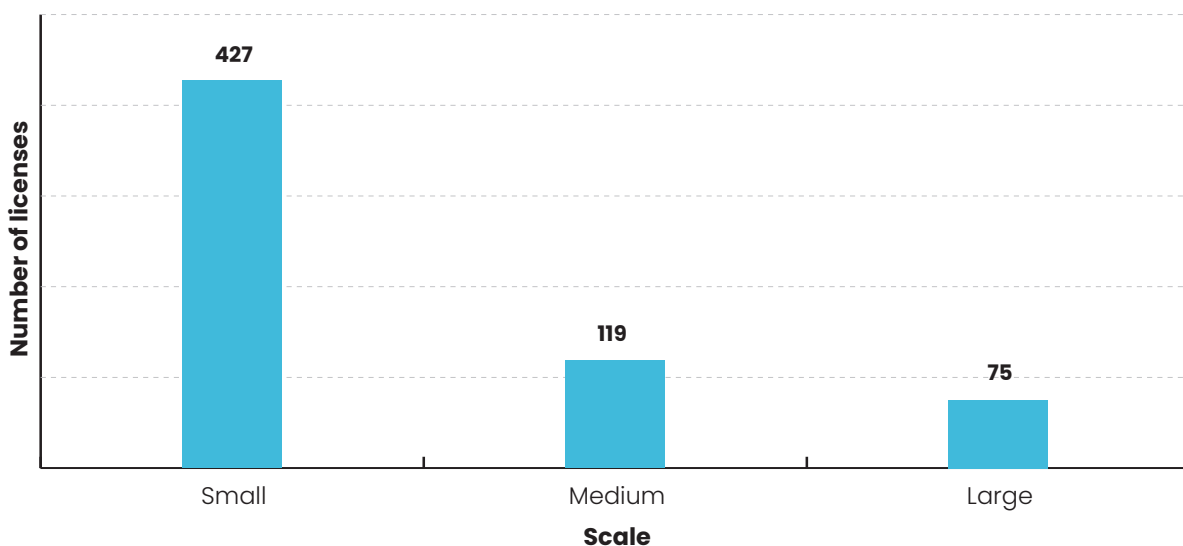


Figure 6.1.1 Contract Licenses by Scale

6.1.2 Contract Industry by Activity

The activities of construction/contract in Bhutan is divided into four categories:

- W1: Roads and Bridges
- W2: Traditional Bhutanese Painting/Finishing
- W3: Building, Irrigation, Drainage, Flood Control, Water Supply and Sewerage
- W4: Power and Telecommunication Works

W1, W3 and W4 can be further classified as small, medium and large while W2 can be classified as only registered. If the activities are not registered with the Construction Development Board (CDB), then it is not mentioned in the license. While a single license can have all the activities, Industry Census 2024 captured only the activity which generated the highest income for the reference period.

Table 6.1.2 illustrates contract activity by scale across different activities (W1, W2, W3, and W4). Construction of Roads and Bridges (W1) account for the maximum activities constituting 49.11% (305), predominantly in the small scale (196) followed by medium (69) and large-scale (40) contract licenses. Construction of Building, Irrigation, Drainage, Flood Control, Water Supply and Sewerage (W3) follows closely with 281 licenses (45.25%) of the total, also led by small-scale with 204, medium with 44, and large-scale with 33 contract licenses. Construction of Power and Telecommunications Works (W4) and Traditional Bhutanese Painting/Finishing (W2) categories show the least amount of activities under contract classification, taking up only 3.38% (21) and 2.25% (14) of the total.

There is an apparent trend in the distribution of 621 contracts towards smaller-scale operations across all activities. Medium and large-scale contracts seem to be less common, suggesting that contract license holders are possibly focusing on smaller, more manageable projects or activities.

Activity	Small	Medium	Large	Total
W1	196	69	40	305
W2	10	2	2	14
W3	204	44	33	281
W4	17	4	0	21
Total	427	119	75	621

Table 6.1.2 Contract Activity by Scale

6.1.3 Contract Industry by Ownership

Table 6.1.3 displays the distribution of contract industry by ownership, revealing significant insights into the legal status of contract licenses across different scales. Sole proprietorships dominate the small and medium-scale contracts with 421 and 109 licenses respectively. An addition of 25 licenses in the large-scale contribute to the overall total of 555 licenses (89.37% of the total contract licenses) under sole proprietorships.

Partnerships are almost negligible, with only four small and three medium-scale licenses, and none in the large scale. State-Owned Enterprises are rare, with only one small and one large-scale license each. Private Limited Companies, however, show a stronger presence in the large-scale category with 46 large licenses, along with seven medium and four small scale, adding up to 57 (9.18%) contract licenses.

Public Limited Companies and Cooperatives and Groups are the least represented, each contributing minimally to the large-scale category with only one and two large-scale licenses respectively. The data depicts pronounced reliance on sole proprietorships by small and medium-scale licenses while large scale licenses are pronounced in private limited companies.

Legal Status	Small	Medium	Large	Total
Sole proprietorships	421	109	25	555
Partnerships	1	3	0	4
State Owned Enterprises	1	0	1	2
Private Limited Companies	4	7	46	57
Public Limited Companies	0	0	1	1
Cooperatives and Groups	0	0	2	2
Total	427	119	75	621

Table 6.1.3 Distribution of Contract Industry by Ownership and Scale

6.1.4 Distribution of Contract Industry

6.1.4.1 Distribution of Contract Industry by Dzongkhag

Table 6.1.4.1 presents the distribution of contract licenses across various Dzongkhags. Of 621 contract licenses, Thimphu holds the largest share with 142 licenses, which constitutes 22.87%. Thimphu has 50.67% of the large scale contract license, 64.66% of small-scale contract license, and 18.06% of medium-scale contract license, indicating a robust environment for large, small and medium-scale industries. Chhukha and Wangdue Phodrang Dzongkhags have 9.18% and 7.57% of contract licenses respectively.

In contrast, Gasa Dzongkhag has the lowest number of contract licenses with only seven small-scale licenses or 1.13% of the total operational licenses. Likewise, Trashigang Dzongkhag has four contract licenses in small-scale industry, three in medium-scale and one contract license in large-scale industry.

The distribution of small-scale industry contract license holders across Bhutan is significant, comprising 427 licenses (68.76%) of the total contract licenses in Bhutan. This data underlines the critical role of small-scale contracts in Bhutan's economic framework, while the presence of medium and large-scale contract licenses in specific Dzongkhags points to areas with potential for more significant economic activities and growth.

Dzongkhag	Contract licenses			
	Small	Medium	Large	Total
Bumthang	16	2	1	19
Chhukha	33	10	14	57
Dagana	16	4	0	20
Gasa	7	0	0	7
Haa	9	2	0	11
Lhuentse	15	1	1	17
Monggar	23	12	2	37
Paro	14	5	2	21
Pema Gatshel	9	2	2	13
Punakha	18	5	0	23
Samdrup Jongkhar	13	9	2	24
Samtse	29	4	1	34
Sarpang	14	5	3	22
Thimphu	71	33	38	142
Trashigang	4	3	1	8
Trongsa	43	5	2	50
Tsirang	12	2	0	14
Wangdue Phodrang	37	7	3	47
Zhemgang	35	5	1	41
Total	427	119	75	621

Table 6.1.4.1 Dzongkhag-wise distribution of Contract Sector

6.1.4.2 Distribution of Contract Industry by Thromde

Figure 6.1.4.2 depicts the Contract sector across four Thromdes by scale of license. Of 175 contract licenses in the Thromdes, Thimphu Thromde accounts for 69.71% with 122 licenses, followed by Phuentsholing Thromde with 34 contract licenses, the second highest.

With 11 contract licenses, Samdrup Jongkhar Thromde has a smaller overall share at 6.29%, but a more balanced distribution of medium-scale industry accounting for six of the 11 licenses in the Thromde.

Gelephu Thromde has eight, the fewest, or 4.57% of the total contract licenses in the four Thromdes.

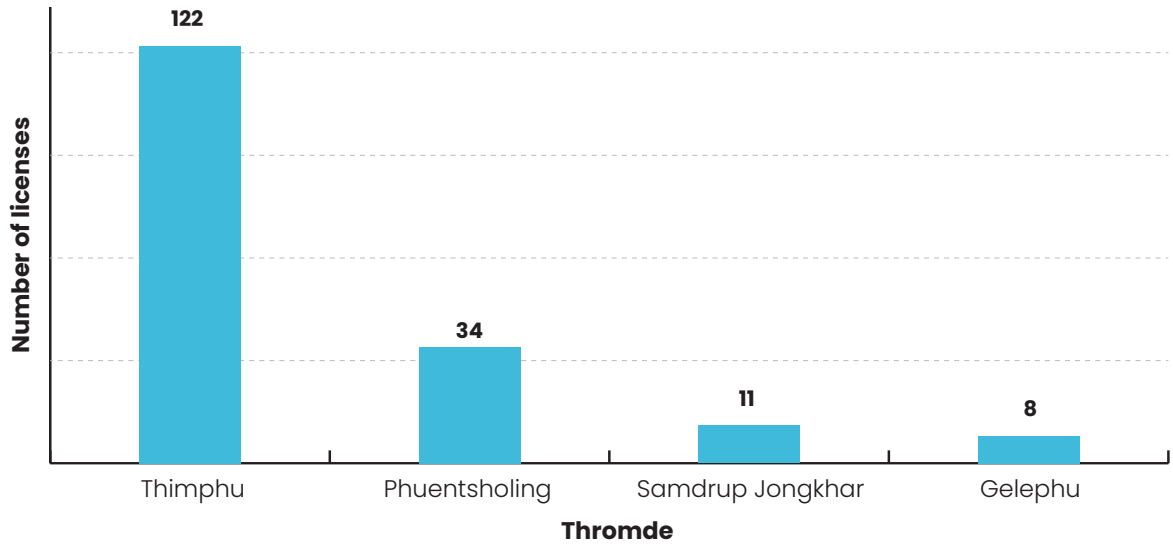


Figure 6.1.4.2 Thromde Distribution of Contract Sector

6.1.4.3 Distribution of Contract Industry by Region

Of the 621 contract licenses in the six regions, Thimphu region has the highest number with 251, which accounts for 40.42% of the overall total as depicted in Figure 6.1.4.3.

Phuentsholing region has 91 licenses (14.65 %), with a significant proportion in large-scale industry (20%). Trongsa region has 110 contract licenses accounting for 17.71% of the total with a concentration in small-scale contracts (22.01%). Mongar region has 76 licenses (12.24%) with a notable presence in medium-scale industry (15.97%). Gelephu region has 56 licenses (9.02%), with a higher proportion of small-scale contracts (9.84%) as compared to Samdrup Jongkhar region, which has the least contract licenses of 37, accounting for 5.96% of the total. Thimphu Region serves as the primary hub particularly for medium-scale and large-scale contracts, while small-scale contract licenses are emphasized in most regions.

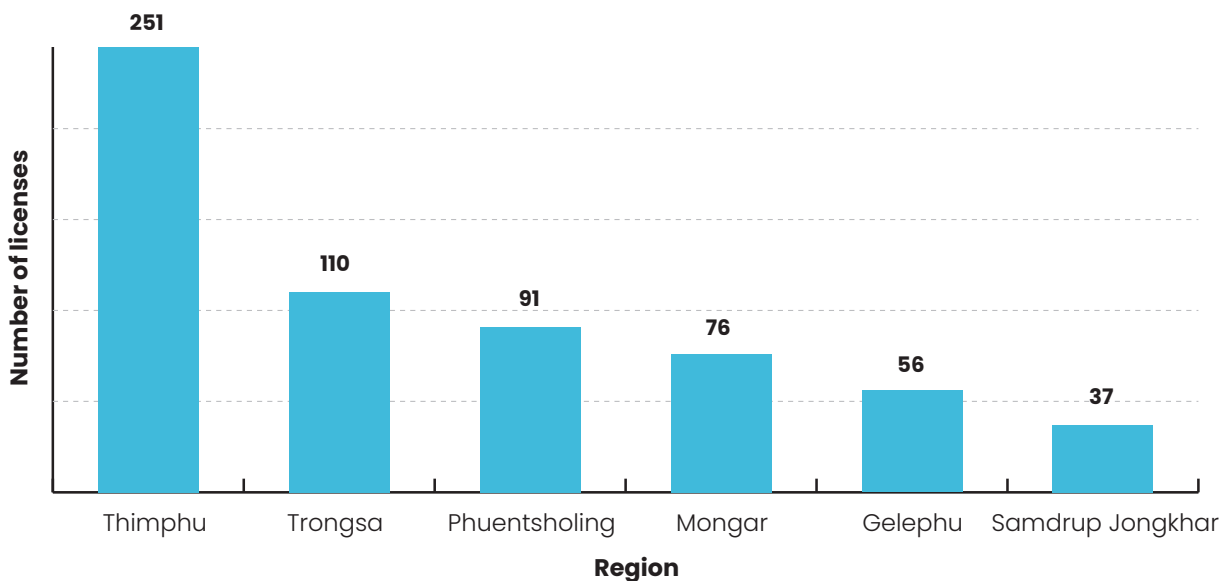


Figure 6.1.4.3 Regional Distribution of Contract Sector

6.1.4.4. Distribution of Contract Industry by Urban–Rural

Figure 6.1.4.4 presents the number of contract licenses based on the scale of industry by urban-rural distribution. Of 621 contract licenses, 331 industries (53.30%) were based in urban areas and the remaining 290 industries (46.70%) in rural areas.

Small-scale contract licenses are pronounced in rural areas while medium and large-scale licenses are pronounced in urban areas. Medium and large-scale contract licenses in urban areas are more than double the licenses in rural areas.

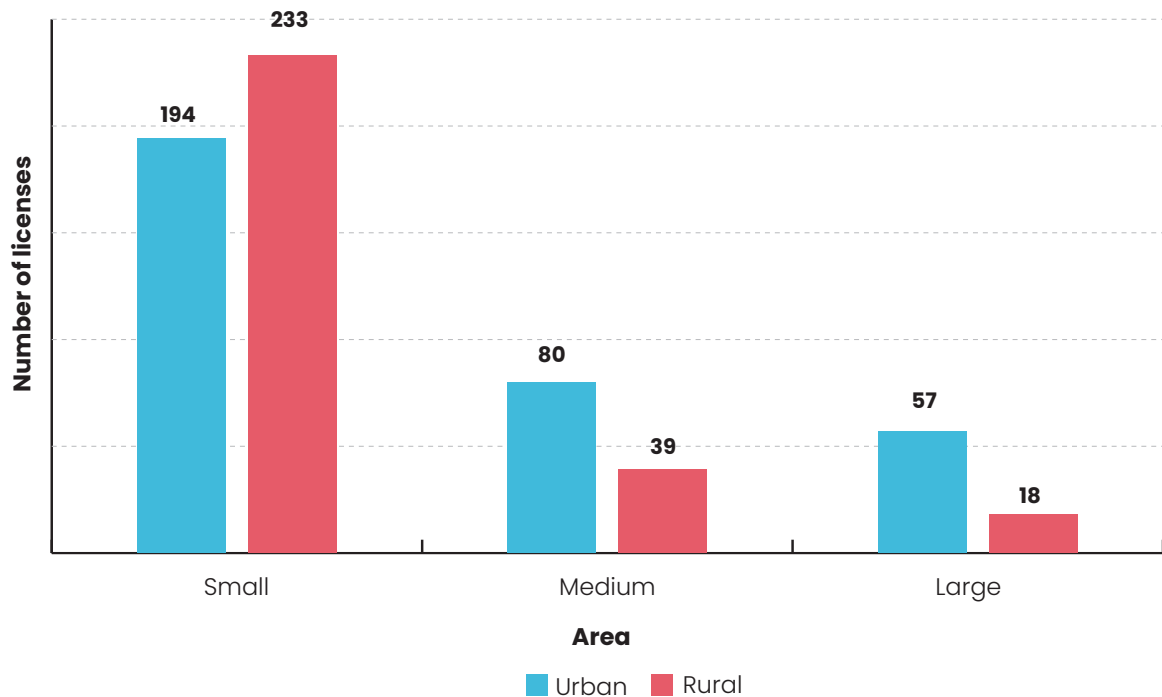


Figure 6.1.4.4 Urban-rural Distribution of Contract Sector

6.2 Market for Contract Industry

The market for contract industry is categorized as domestic market, export only, and both (domestic market and international market).

Figure 6.2 reveals that a vast majority (98.55%) of the contract industry focuses exclusively on the domestic market, indicating a strong reliance on local demand and minimal exposure to international markets. Only 0.16% is engaged solely in export activities, highlighting significant barriers or constraints in targeting international customers. Additionally, just 1.29% operate in both domestic and export markets, suggesting that few contract industries have the capability or resources to manage both simultaneously. This heavy emphasis on the domestic market presents an opportunity for growth through export expansion, provided that contract industries navigate and overcome challenges associated with entering and competing in international markets.

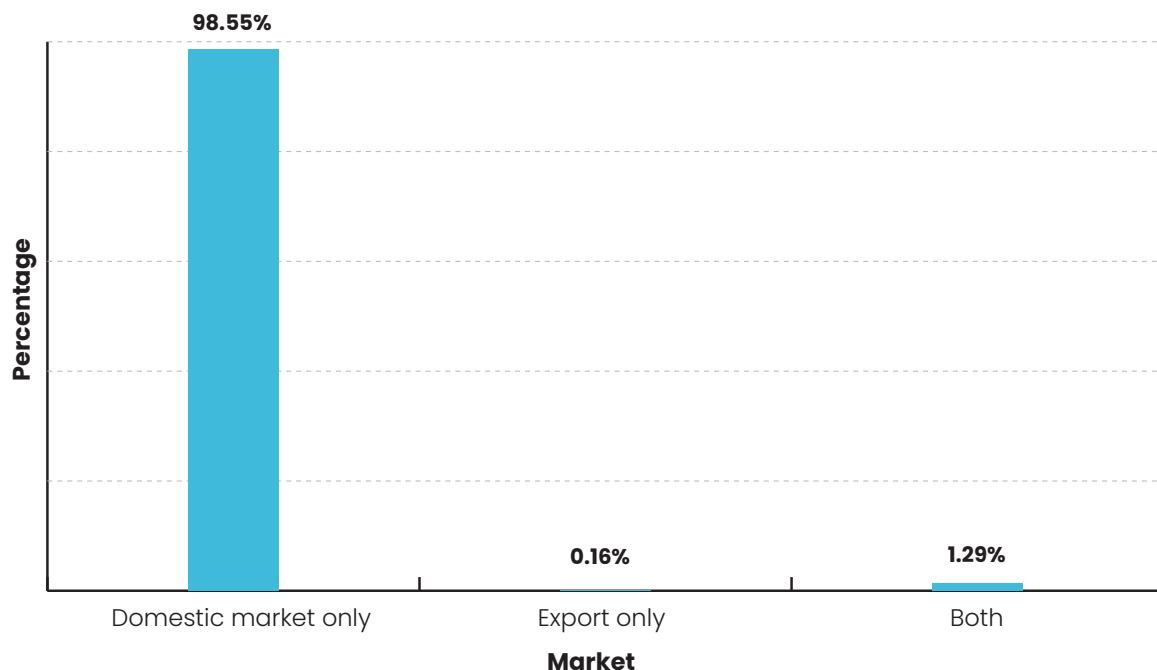


Figure 6.2 Market for Contract Industry

6.3 Source of Raw Materials for Contract Industry

Figure 6.3 depicts the expenditure incurred on raw materials by the contract industry. Raw materials are either sourced domestically or imported. The contract industry sourced the largest amount of raw materials domestically with expenditure totalling BTN 1.57 billion, indicating a strong reliance on local raw materials. Import sources are significantly lower, constituting only BTN 0.38 billion, indicating limited reliance on imported raw materials.

Transactions involving expenditure on both domestic and imported raw materials amounted to BTN 1.47 billion, reflecting a significant but less frequent mix of sourcing. The total expenditure of the contract industry on sourcing raw materials during the reference period amounted to BTN 3.43 billion. This emphasizes a noticeable dependency on domestic raw materials, with a notable but smaller portion of mixed sourcing, and minimal reliance on purely imported raw materials.

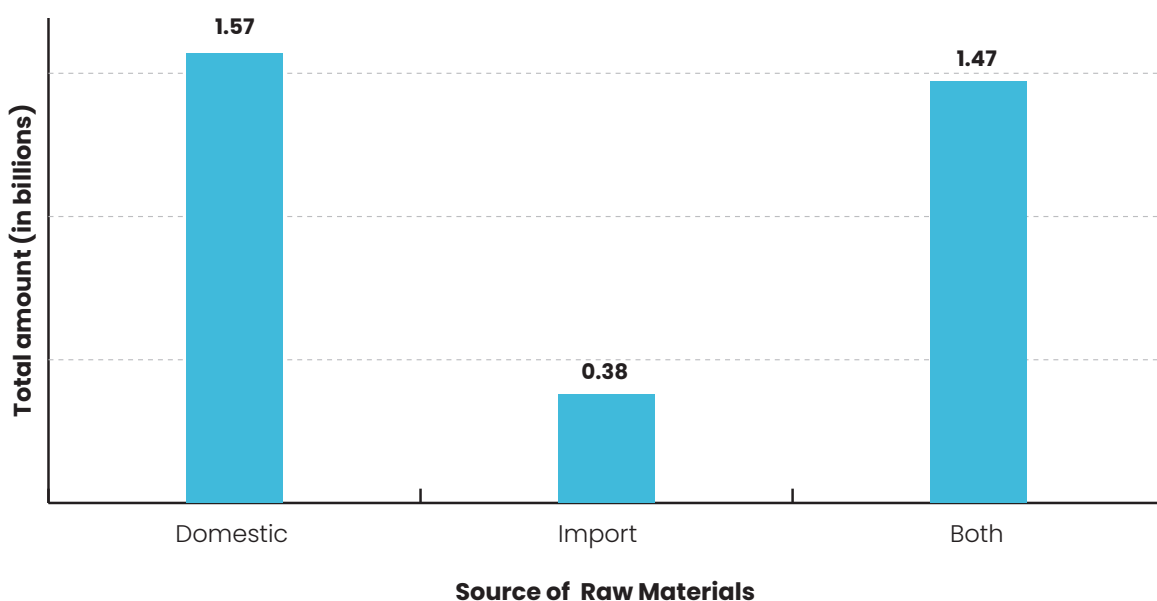


Figure 6.3 Source of Raw Materials for Contract Industry

6.4 Subsidies received by Contract Industry

The total subsidy received by the contract industry across all scales amounted to around BTN 54.52 million, which expands across tax exemption, support for machinery and equipment, price support, capital grant, interest rate subsidy and others such as half payment from government directly to employees, Youth Engagement and Livelihood Program (YELP) Support, Royal kidu (grant), support for welding machine and gloves, and raw materials for telecommunications.

Figure 6.4 clearly demonstrates that tax exemption is the highest amount of subsidy received by the contract industry, which amounts to around BTN 28.42 million, with large-scale contracts receiving the highest amount of approximately BTN 25.92 million. This suggests a substantial concentration of tax exemption advantages in favor of large-scale contracts.

Price support subsidies were exclusively received by medium-scale licenses, amounting to BTN 4 million.

Interest rate subsidy was received by six large-scale contract licenses amounting to BTN 15.77 million. This appears strategic in support of large-scale contract licenses to enhance their financial viability through cost control on borrowed funds.

Medium-scale contract licenses received Capital grants amounting to BTN 5 million across two licenses. Only a single small-scale contract license received capital grant amounting to BTN 0.5 million. The distribution of the capital funding suggests a tactical focus on the provision of medium-sized contracts and the ability to improve their capital position, thereby growing the business.

Support for purchase of machinery and equipment was mainly received by small-scale contracts, amounting to BTN 0.04 million. This distribution targets specific concentration on supporting small-scale contracts in procuring key machinery and equipment, with a view to enhancing efficiency and growth prospects.

Other subsidies received by the contract industry specify as half payment from the government directly to employees, Youth Engagement and Livelihood Program (YELP) Support, Royal kidu (grant), support for welding machines and gloves, and raw materials for telecommunications. Small-scale contracts were the sole benefactors of such financial support, with six small-scale contract licenses receiving an amount totalling BTN 0.8 million.

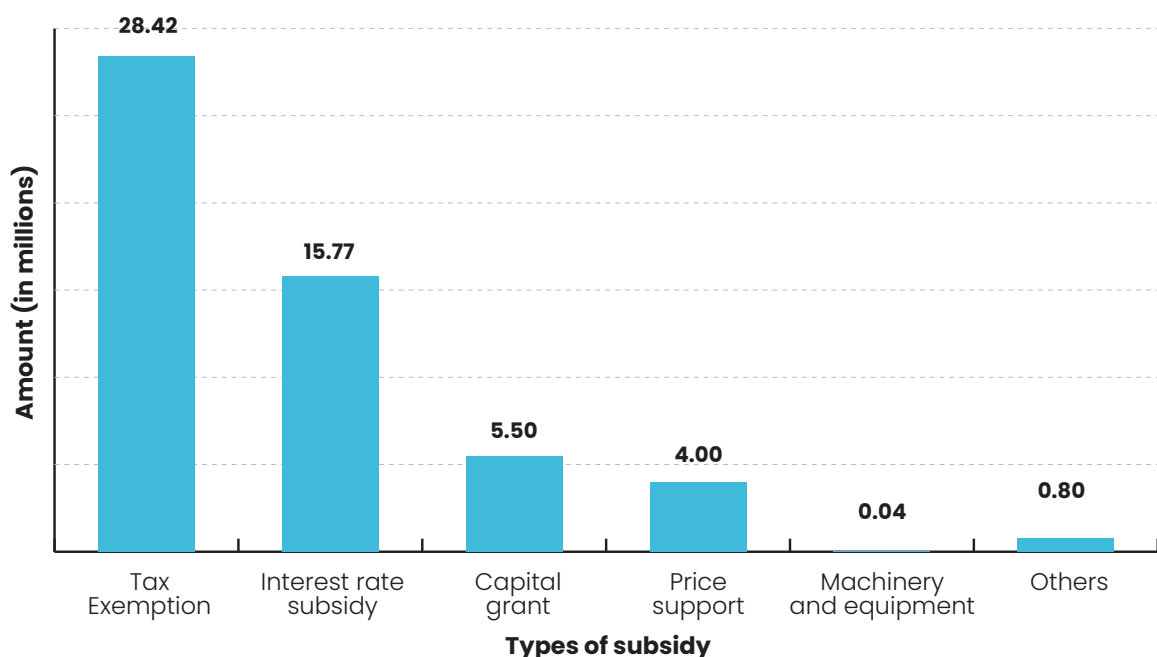


Figure 6.4 Subsidy received by Contract Industry

6.5 Challenges faced by Contract Industry

Figure 6.5 depicts the proportions of the key challenges faced by the contract industry. Access to finance is the most critical challenge, accounting for 40.10% of the challenges, followed by access to market, which constitutes 31.40%, indicating a significant barrier for business growth and expansion.

The shortage of skilled labor is another major issue, affecting 23.99% of businesses. Access to raw materials (18.36%) and technologies (11.59%) also present notable challenges, highlighting the need for improved supply chains and technological integration. Logistics (7.57%), access to land (7.09%), and power (5.48%) are relatively less critical but still significant hurdles. Competition from imported goods and policy issues are minimal, with scores of 5.48% and 0.64%, respectively, while access to water is a negligible concern at 0.16%.

Additionally, other unspecified issues affect 8.21% of businesses, emphasizing the multifaceted nature of operational challenges that require comprehensive and targeted interventions.

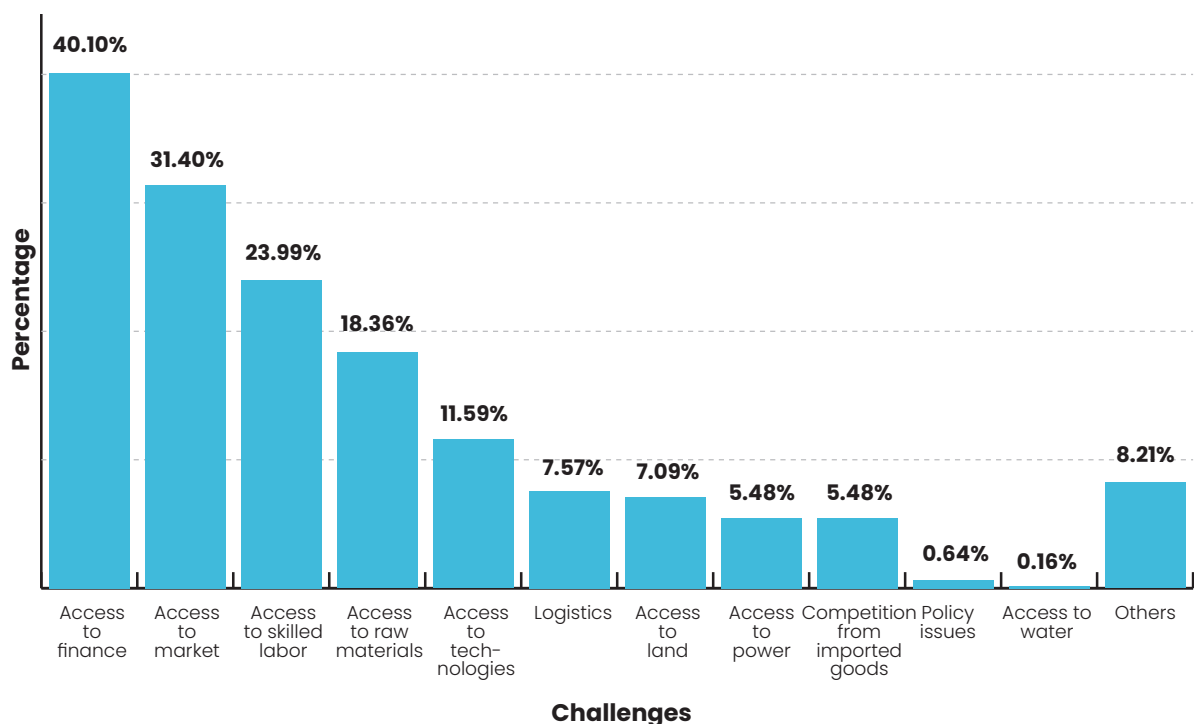


Figure 6.5 Challenges of Contract Industry

6.5.1 Rating of Challenges faced by Contract Industry

The industries were asked to rate the severity of each challenge on a scale of 1-10, using 1-2 as least severe, 3-4 as less severe, 5-6 as severe, 7-8 as more severe, and 9-10 as extremely severe⁷.

Figure 6.5.1 summarizes the ratings of various challenges affecting contract industries, where access to water is an extremely severe challenge with a score of 10. Access to skilled labor (7.0), land (7.2), finance (7.3) and market (7.9) are some of the more severe challenges, indicating the necessity of suitable human resources and infrastructure, and challenges in financial accessibility. Policy issues is another more severe challenge with a score of 7.3, indicating regulatory constraints. Efficiency in supply chains is underscored by the severe challenges associated with logistics (6.5) and access to raw materials (6.7). Access to power (5.8) and technology (6.1) also present significant obstacles.

A lesser but still pertinent issue is competition from imported products, which has a score of 5.7. In

7. The ratings between 1 to 2.9 falls under 1-2 category; 3 to 4.9 falls under 3-4 category; 5 to 6.9 falls under 5-6 category; 7 to 8.9 falls under 7-8 category; and 9 to 10 falls under 9-10 category.

addition, 8.3 is attributed to 'Others' unspecified issues, which implies that the contract industry is confronted with a variety of additional more severe challenges.

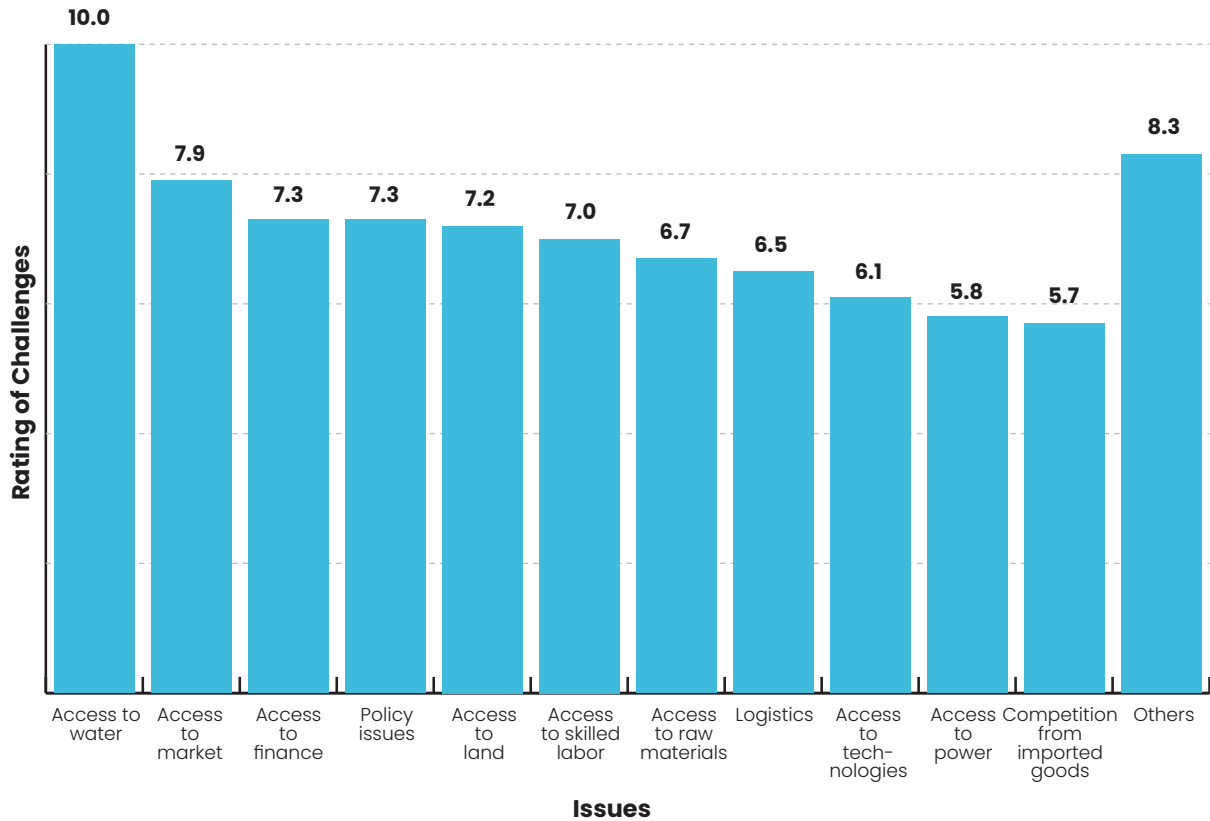


Figure 6.5.1 Rating of Challenges by Contract Industry

6.5.2 Overall rating Score of Challenges faced by Contract Industry

The overall rating provides a rating that is the multiplicative combination of the number of contract industries facing the challenges and the average severity rating of the challenges. This rating can be interpreted as the overall magnitude of the respective challenges.

Figure 6.5.2 presents the overall rating score of the various challenges faced by contract industries. Broadly, there are three groups of challenges according to the overall rating scores.

The first is the group with rating scores of 122 or more, which depicts the most significant challenges for the contract industry. Access to finance is the most severe challenge with a rating score of 294, followed by access to market with a rating score of 247. Other notable, most severe challenges include access to skilled labor with a rating score of 168 and access to raw materials with 122.

The second group with rating scores between 31 and 71 indicates moderate challenges, of which access to technologies with a score of 71 is a severe challenge. 'Others' under moderate challenges with a score of 68 include the negative impact of bank guarantees on small businesses, competition among local contractors, and market discrimination against experienced workers. The need for higher Bhutan Schedule of Rates (BSR) rates are also emphasized. Other moderate challenges under contract industry include access to land (51), logistics issues (49), access to power (31) and competition from imported goods (31).

The third group with rating scores between 2 and 5 are the least severe challenges for industries. Policy issues with rating score of 5 and access to water with rating score of 2 are the least severe challenges for contract industries. The data presents prevalent challenges in accessing finance, market and skilled labor in the contract industry.

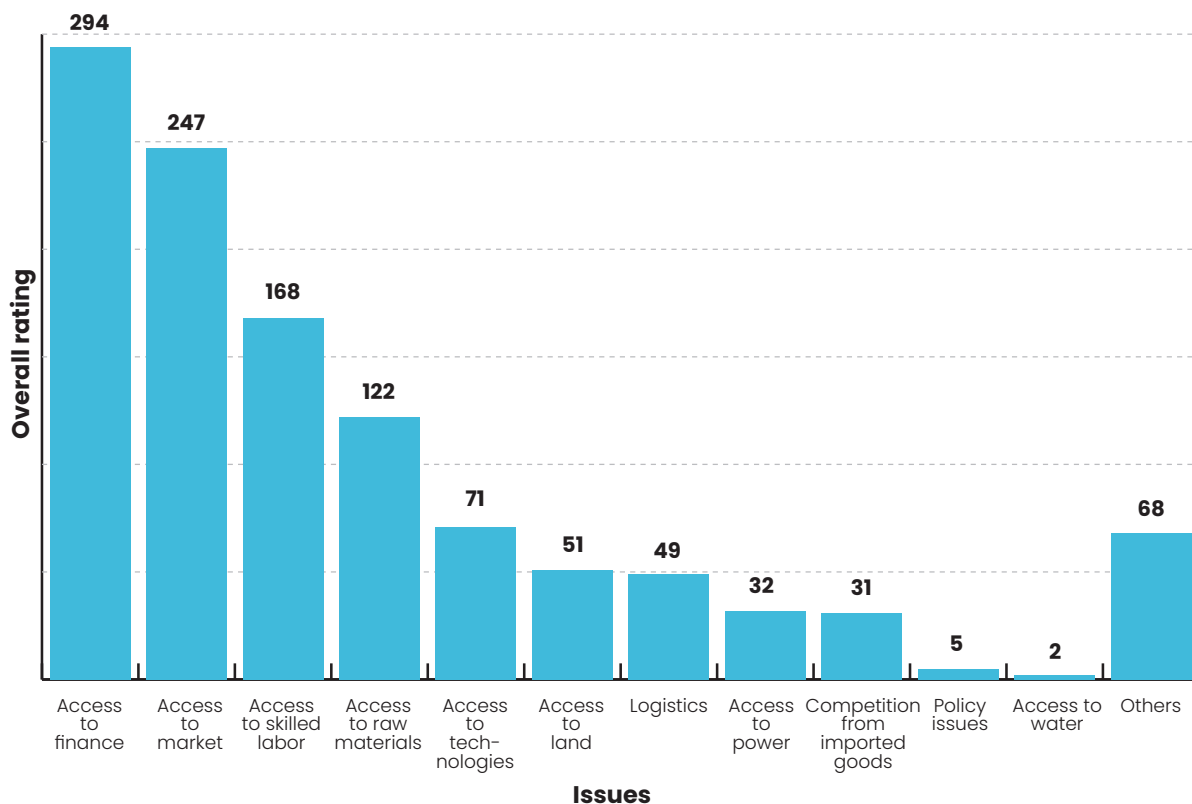


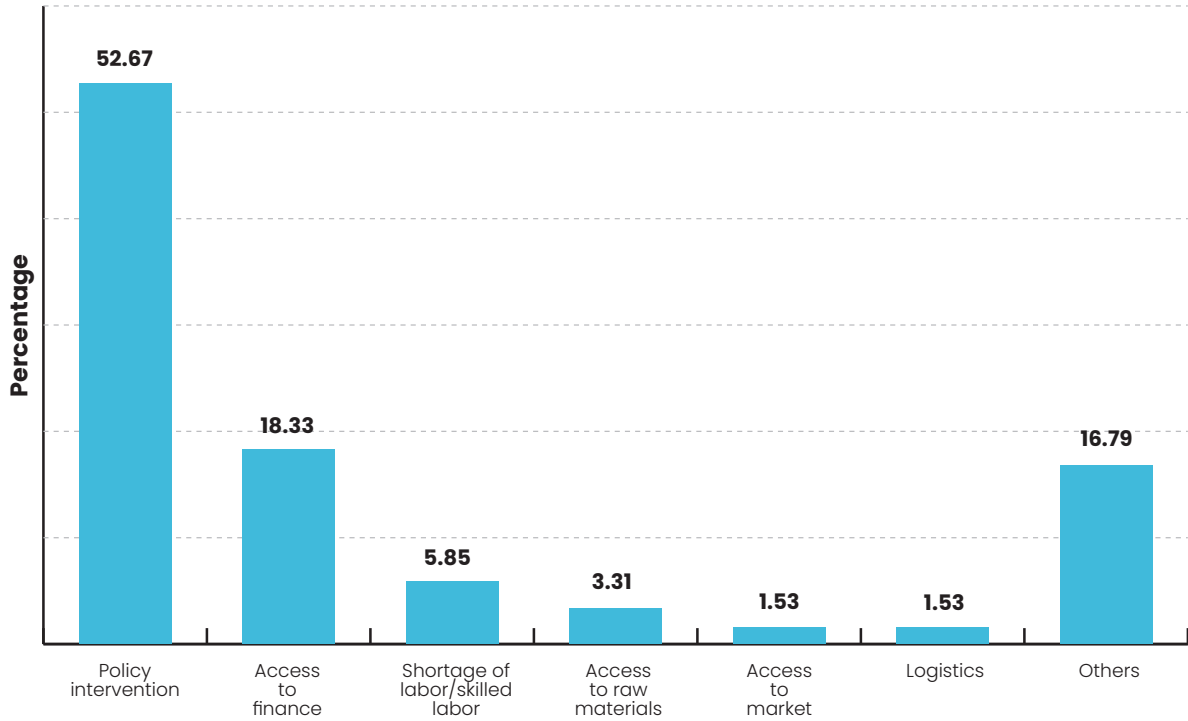
Figure 6.5.2 Overall rating Score of Challenges faced by Contract Industry

6.6 Recommendations by Contract Industry

The recommendations encompass a wide range of topics, including access to finance (accessibility, without collateral, and at a low interest rate), access to market, labor shortage, policy intervention, access to logistics, and access to raw materials. The most notable recommendation is policy intervention as provided by 52.67% of the contract industry, underlining the significance of regulatory support. The significance of improving access to finance constitutes 18.33% of the feedback provided by the contract industry.

'Others' which constitute 16.79% of the recommendations revolve around the need for more work opportunities, especially for small-scale and new contractors. Seasonal issues like landslides and high material costs exacerbate financial strains. They suggest fair and prompt payments, reducing penalties for delays, better project management, and focusing on quality in procurement. The need for higher Bhutan Schedule of Rates (BSR) rates are also emphasized.

Additional notable recommendations include addressing labor shortage which constitutes 5.85%. Improving access to raw materials (3.31%), market and logistics (1.53% each) illustrate issues with a complex landscape in which various interventions are required.



Feedbacks and recommendations

Figure 6.6 Recommendations by Contract Industry



Chapter 7

FOREIGN DIRECT INVESTMENT COMPANIES

7.1 Introduction

Foreign Direct Investment plays a crucial role in economic development, fostering growth, job creation, and technology transfer. This chapter provides an in-depth analysis of the current landscape of FDI in Bhutan, highlighting various aspects such as the scale and classification of FDI companies, their geographical distribution, market focus, source of raw materials, tax exemptions, challenges faced, and recommendations for improvement.

FDI is categorized by company type (Private Limited Companies and Public Limited Companies). Industry Census 2024 covered 50 licensed FDI companies in the country. Of the 50 FDIs enumerated, 90%, equating to 45 companies, are Private Limited Companies. Public Limited Companies constitute 10%, or five companies. It is important to note that some FDIs could not be enumerated as the owners were unavailable during the enumeration phase.

7.1.1 FDI Companies by Scale

Figure 7.1.1 shows a relatively balanced investment landscape, with significant participation from both large and medium-scale industries. The dominance of large-scale FDIs (40% or 20 FDIs) reflects strong confidence among major investors, suggesting that the market can support extensive and capital-intensive operations.

Similarly, there is a considerable presence of medium-scale FDIs (36% or 18 FDIs) highlighting the market's appeal to mid-sized companies looking for growth opportunities. This is followed by the small-scale FDIs (24% or 12 FDIs) underscoring the market's inclusivity, supporting a range of business sizes, and fostering a dynamic economic environment.

Overall, the FDI companies by scale indicate a healthy and attractive investment environment that caters to a variety of business scales and strategic interests, promoting economic diversity and resilience.

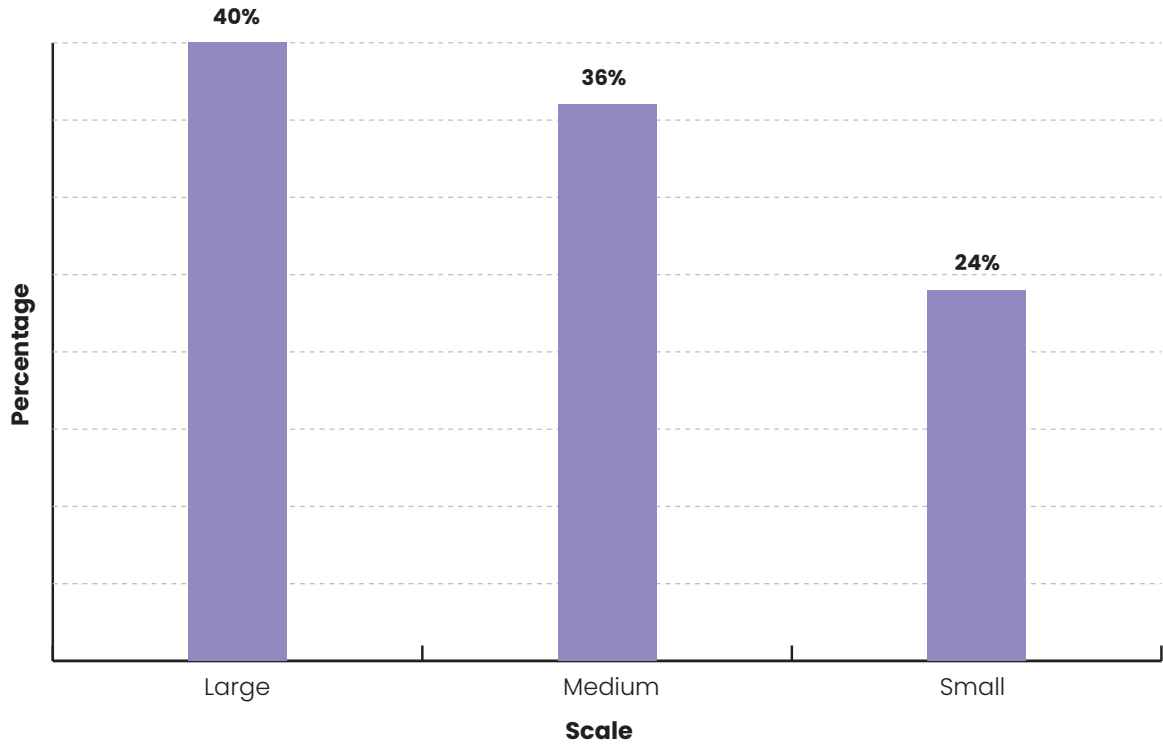


Figure 7.1.1 FDI Companies by Scale

7.1.2 FDI Companies by Classification

A total of 35 FDI companies out of 50, representing 70%, are in the Service sector with the remaining 15 FDI companies, representing 30%, falling under the P&M sector. There is one FDI company in the contract sector; however, the owner was not available during the enumeration phase.

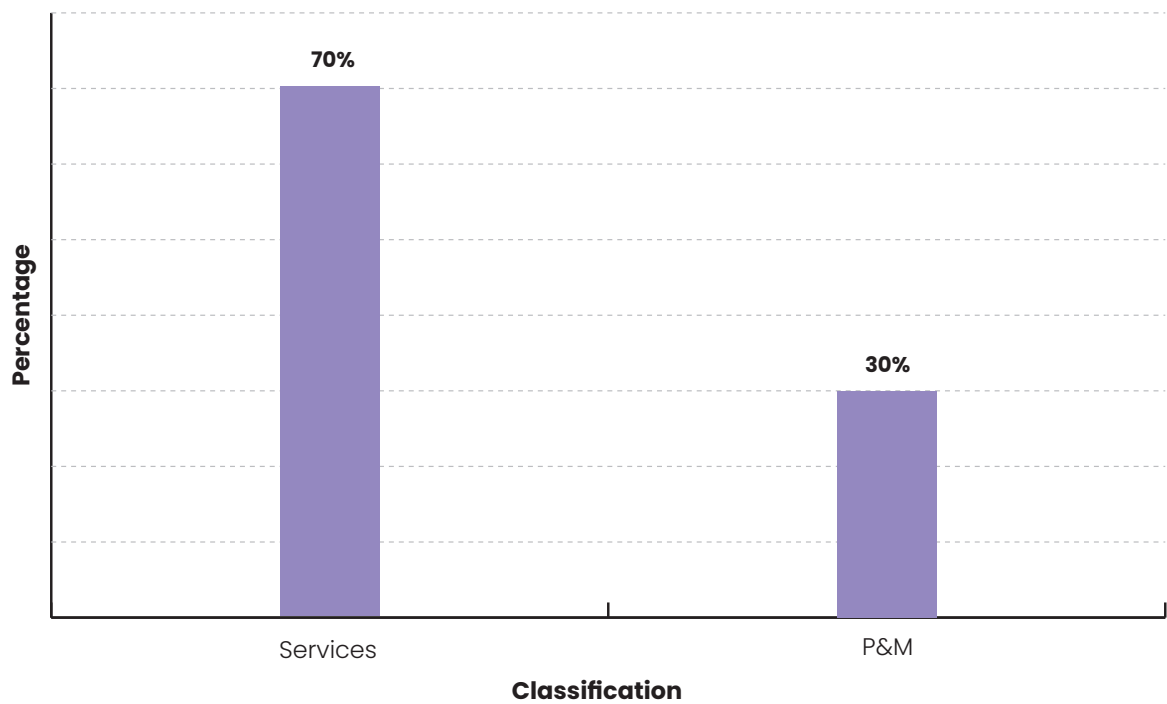


Figure 7.1.2 FDI Companies by Classification

7.1.3 FDI Companies by Activities

As per BSIC 2020, the distribution of FDI activities across various sectors shows a diverse investment landscape, with a strong emphasis on Accommodation and Food services accounting for 46% or 23 FDI companies. This is followed by Manufacturing with 24% and Emerging Information and Communication services with 10%. This indicates that Bhutan is leveraging its tourism potential while also developing its industrial base and embracing technological advancements.

The moderate presence in financial services and insurance (6%), agriculture, forestry and fishing (4%) and education (4%) underscores their importance for sustainable development.

Meanwhile, activities such as professional services, and other miscellaneous services account for smaller shares.

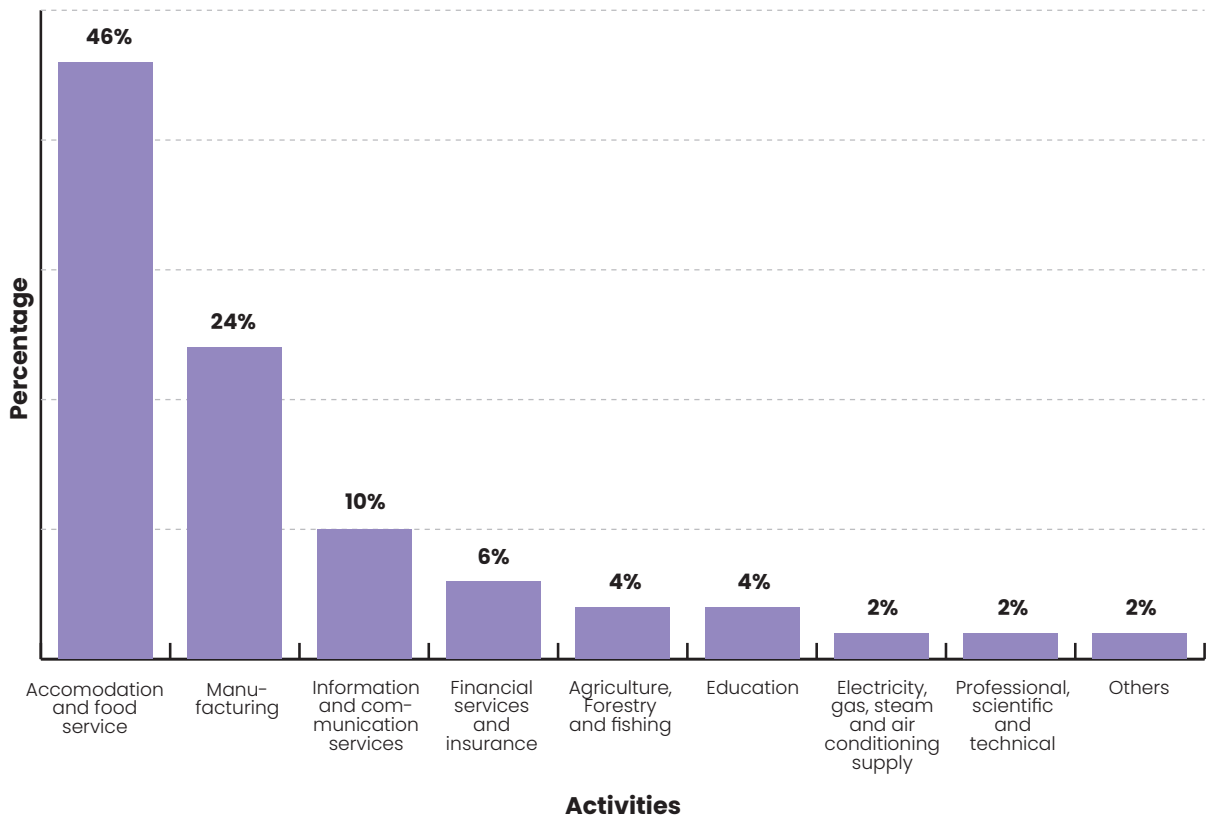


Figure 7.1.3 FDI Companies by Activities

7.1.4 Distribution of FDI Companies

7.1.4.1 Distribution of FDI Companies by Dzongkhag

Table 7.1.4.1 presents the distribution of FDI companies across different Dzongkhags. The data reveals that FDI companies are established in nine Dzongkhags, with Thimphu holding the largest share, 29 of the 50 FDI licenses, which constitutes 58% of the total. Chhukha follows with seven FDI licenses, representing 14% of the total.

Paro Dzongkhag hosts five FDI companies, contributing to 10% of the overall FDI distribution. Mongar, Samdrup Jongkhar, and Wangdue Phodrang Dzongkhags each have two FDI companies, each accounting for 4% of the total. This is followed by Dagana, Punakha, and Samtse Dzongkhags each having one FDI company, making up 2% each of the total FDI companies.

Dzongkhag	Number of FDI Licenses	Percent
Thimphu	29	58
Chhukha	7	14
Paro	5	10
Mongar	2	4
Samdrup Jongkhar	2	4
Wangdue Phodrang	2	4
Dagana	1	2
Punakha	1	2
Samtse	1	2
Total	50	100

Table 7.1.4.1 Dzongkhag-wise distribution of FDI Companies

7.1.4.2 Distribution of FDI Companies by Thromde

Thromdes collectively host 60% of the FDI companies in Bhutan, with a total of 30 out of 50 licenses. Thimphu Thromde leads significantly, holding 25 FDI licenses, which accounts for 83.33% of the total. Phuentsholing Thromde follows with four FDI companies, representing 13.33%. In contrast, Samdrup Jongkhar Thromde has only one FDI company, making up 3.33% of the total. Gelephu Thromde has no presence of FDI companies.

Thromde	Number of FDI Licenses	Percent
Thimphu	25	83.33
Phuentsholing	4	13.33
Samdrup Jongkhar	1	3.33
Total	30	100

Table 7.1.4.2 FDI Companies by Thromde

7.1.4.3 Distribution of FDI Companies by Region

Among the 50 enumerated FDIs in the country, Thimphu region hosts the majority, with 37 FDI companies, accounting for 74% of the total. Within the Thimphu region, 29 companies are situated in Thimphu Dzongkhag, five in Paro Dzongkhag, two in Wangdue Phodrang Dzongkhag, and one in Punakha Dzongkhag.

Phuentsholing region is home to eight FDI companies, with seven located in Chukha Dzongkhag and one in Samtse Dzongkhag, collectively making up 16% of the total FDIs. Samdrup Jongkhar and Mongar regions are home to two FDI companies each, both located in the same regional Dzongkhag, contributing 4% individually. Gelephu region has only one FDI company, located in Dagana Dzongkhag, contributing to 2% of the total FDIs. Notably, Trongsa region is devoid of any FDI company.

Region	Number of FDI Licenses	Percent
Thimphu	37	74
Phuentsholing	8	16
Mongar	2	4
Samdrup Jongkhar	2	4
Gelephu	1	2
Total	50	100

Table 7.1.4.3 FDI Companies by Region

7.1.4.4 Distribution of FDI Companies by Urban–Rural

Table 7.1.4.4 exhibits a significant concentration of FDI companies in urban areas, with 32 out of 50 companies, accounting for 64%, located in urban areas. Conversely, rural areas host 18 FDI companies, accounting for 36% of the total FDI.

Area	Number of FDI Licenses	Percent
Urban	32	64
Rural	18	36
Total	50	100

Table 7.1.4.4 Urban–rural distribution by FDI Companies

7.2 Market for FDI Companies

Figure 7.2 shows the market distribution for products and services of FDI Companies. The market focus of FDI companies is predominantly geared towards the domestic market with 72% of the FDI companies having sold or catered their products and services in the domestic market.

An estimated 26% of the FDI companies target both domestic and international markets, indicating strategic diversification. However, very few companies focus exclusively on exports, constituting 2% of the FDI companies.

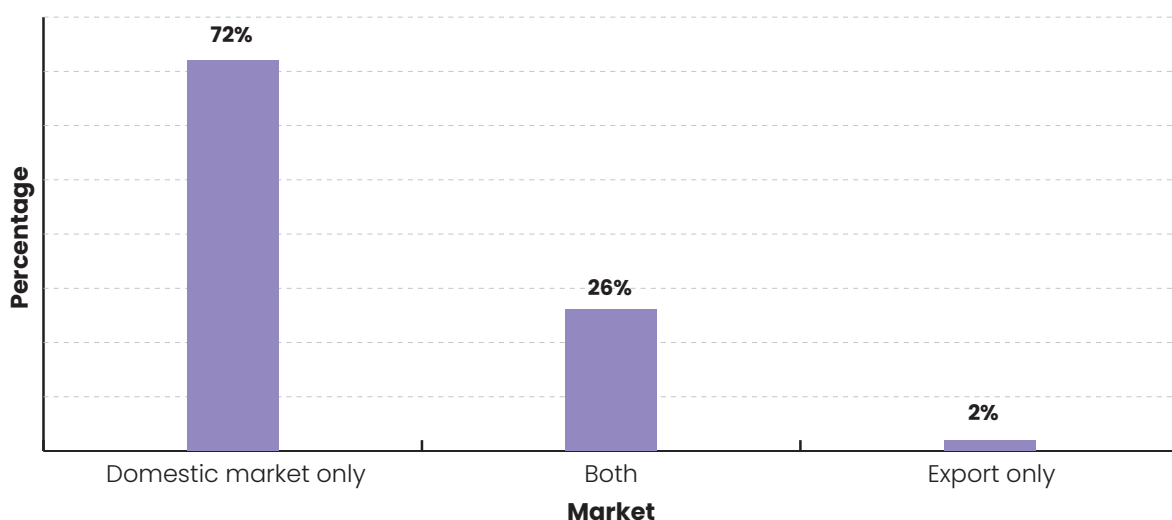


Figure 7.2 Market type of FDI Companies

7.3 Source of Raw Materials for the FDI Companies

Figure 7.3 highlights the expenditure incurred by FDI companies on raw materials. The expenditures on domestic and imported raw materials are relatively balanced, with Nu. 1.12 billion spent domestically and Nu. 1.07 billion on imports. This near-parity suggests that FDI companies find value in both local and international sources for their raw material needs.

The expenditure for FDI companies that use both domestic and imported raw materials is Nu. 1.72 billion. This reflects a strategic approach by FDI companies to diversify their raw material sources, possibly to balance cost, quality, and availability, and to mitigate risks associated with supply chain disruptions.

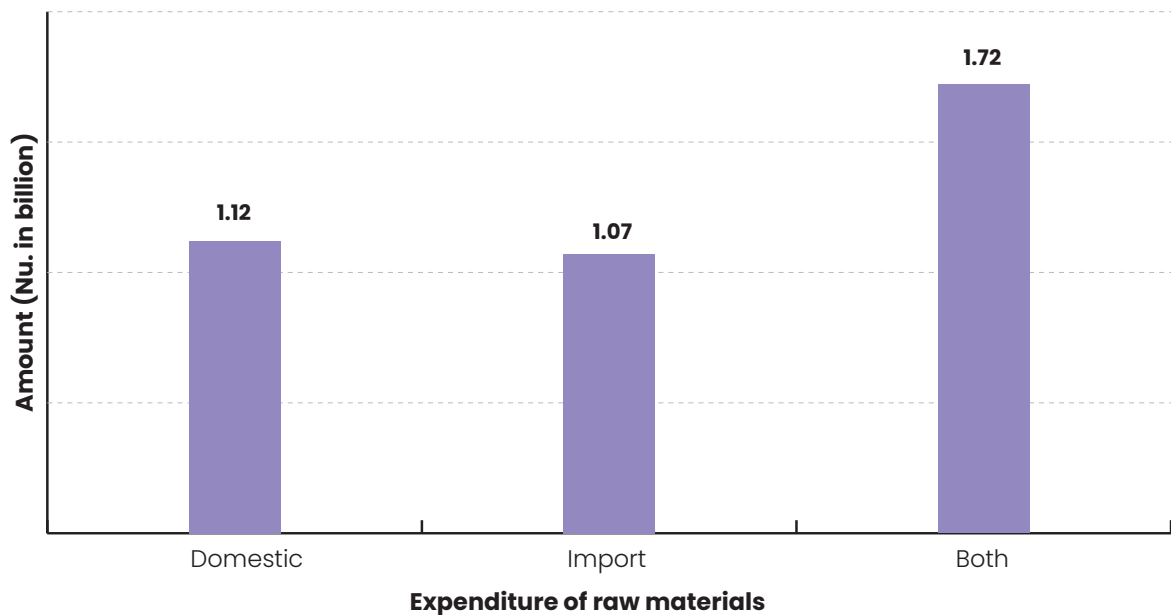


Figure 7.3 Source of raw materials for the FDI Companies

7.4 Tax Exemption Received by FDI Companies

Out of the seven subsidies - tax exemption, price support, interest rate subsidy, machinery and equipment, capital grant and other subsidies, two FDI companies, one in Information Technology Enabled Services (ITES) and one in P&M received tax exemption totaling BTN 31.79 million.

The substantial tax exemptions received by these two FDI companies indicate that Bhutan is actively promoting foreign investment through attractive incentives, which, if strategically targeted and effectively implemented, can contribute significantly to the country's economic development objectives.

7.5 Challenges faced by FDI Companies

Figure 7.5 shows the percentage of FDI companies affected by various challenges. Access to skilled labor emerged as the most significant challenge, impacting 32% out of 50 FDI companies, followed by access to the market (26%), access to raw materials (22%) and access to finance (20%).

Access to power, competition from imported goods, and access to technologies and logistics are major challenges for FDI companies. However, access to land is a minor challenge for FDI companies which affected 8% of the industries.

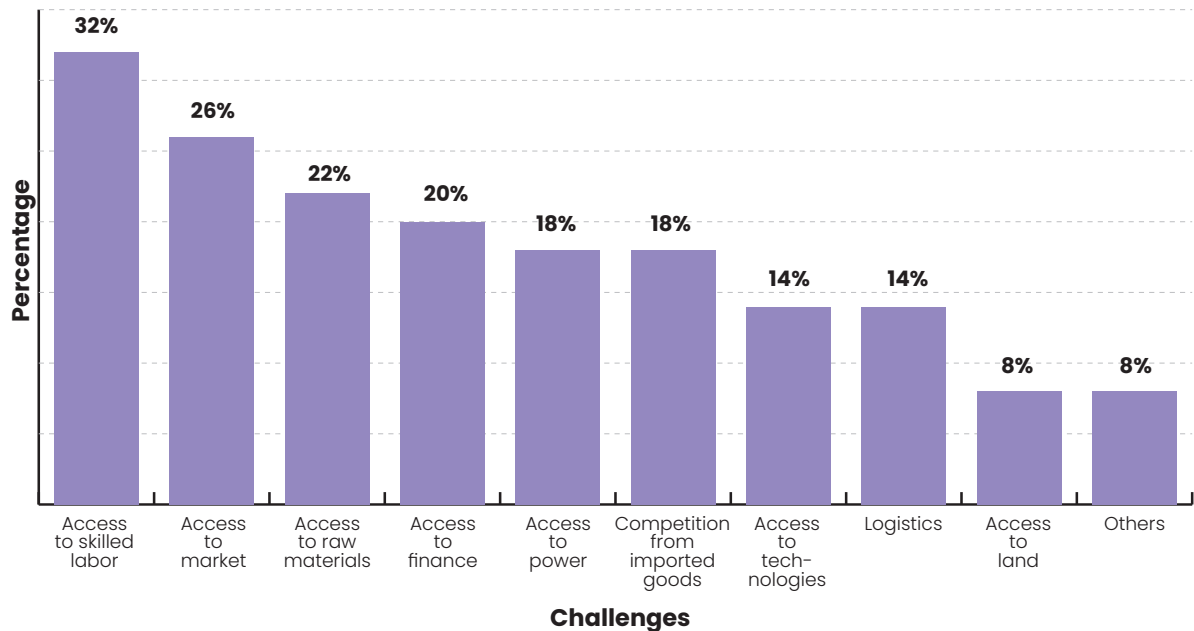


Figure 7.5 Challenges faced by FDI Companies

7.5.1 Rating of Challenges faced by the FDI Companies

Figure 7.5.1 presents the rating of various challenges faced by FDI companies, on a scale of 1 to 10, indicating the severity of different challenges. The industries were asked to rate the severity of each challenge on a scale of 1-10, using 1-2 as least severe, 3-4 as less severe, 5-6 as severe, 7-8 as more severe, and 9-10 as extremely severe⁸.

The 'Others' category with challenges such as administrative issues and fluctuating workforce retention, with a rating score of 7.3, and access to markets, with a rating score of 7.1, is a more severe challenge. Access to skilled labor, raw materials, finance and competition from imported goods are severe challenges with rating scores between 6.1 and 5.1.

In contrast, access to power, logistics and technologies are less severe challenges with ratings between 4.0 and 3.9, while access to land is the least severe challenge with a rating score of 1.8.

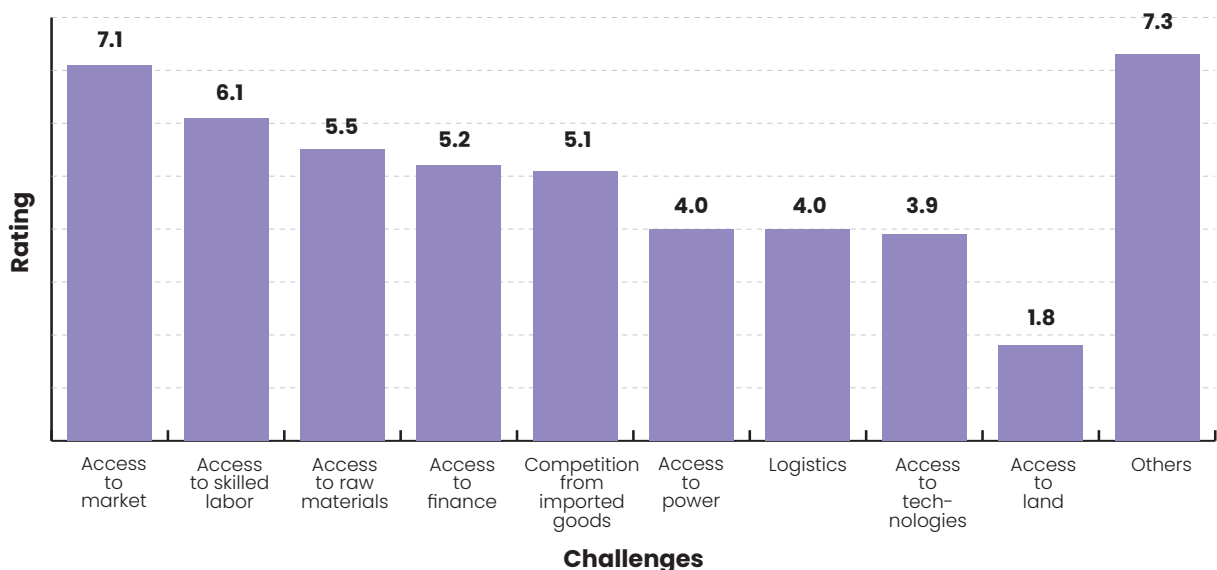


Figure 7.5.1 Rating of Challenges faced by the FDI Companies

8. The ratings between 1 to 2.9 falls under 1-2 category; 3 to 4.9 falls under 3-4 category; 5 to 6.9 falls under 5-6 category; 7 to 8.9 falls under 7-8 category; and 9 to 10 falls under 9-10 category.

7.5.2 Overall Rating Score of Challenges faced by the FDI Companies

The overall rating provides a rating that is the multiplicative combination of the number of FDI companies facing the challenges and the average severity rating of the challenges. Figure 7.5.2 depicts the overall magnitude of the respective challenges faced by FDI companies.

The overall ratings are segregated into two groups: the first group with ratings above 103 and the second group with ratings between 14 and 92. The first group includes challenges such as access to skilled labor, market, access to raw materials and finance, with access to skilled labor being the most significant challenge for FDI companies, with a rating score of 196. The second group includes challenges such as competition from imported goods, access to power, logistics, technologies and land. These are the moderate challenges for FDIs, with ratings between 14 and 92.

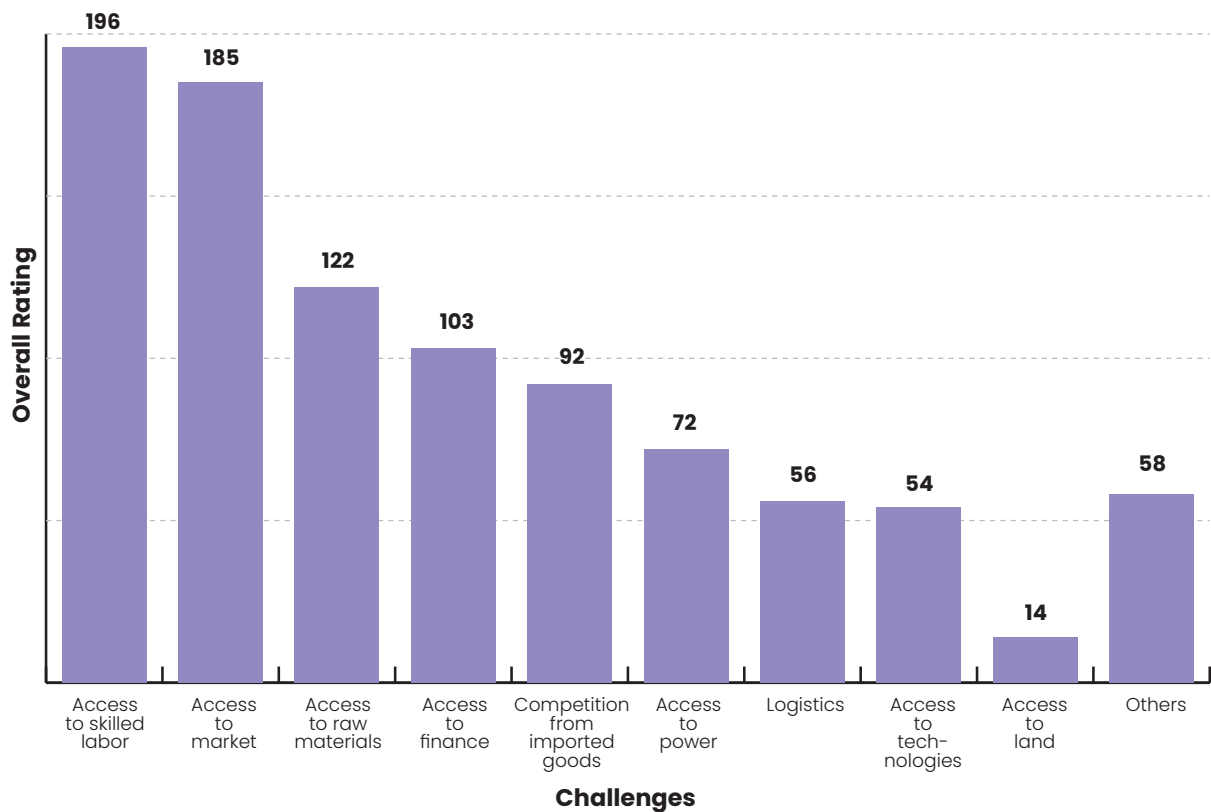


Figure 7.5.2 Overall rating Score of challenges faced by the FDI Companies

7.6 Recommendations by FDI Companies

The data is based on the recommendations provided by 22 out of 50 FDI companies enumerated for the Industry Census. The majority of the recommendation is for policy intervention at 68.18%, indicating a strong need for regulatory reforms and supportive government policies to increase FDI companies in the country. A notable 9.09% of feedback points to a shortage of labor, challenges related to accessing raw materials, and others, including issues such as but not limited to administrative challenges, and cultural and social integration issues.

This underscores the need for better workforce development strategies, investment in education and training programs, ensuring reliable supply chains, and perhaps developing local industries to support FDI operations.

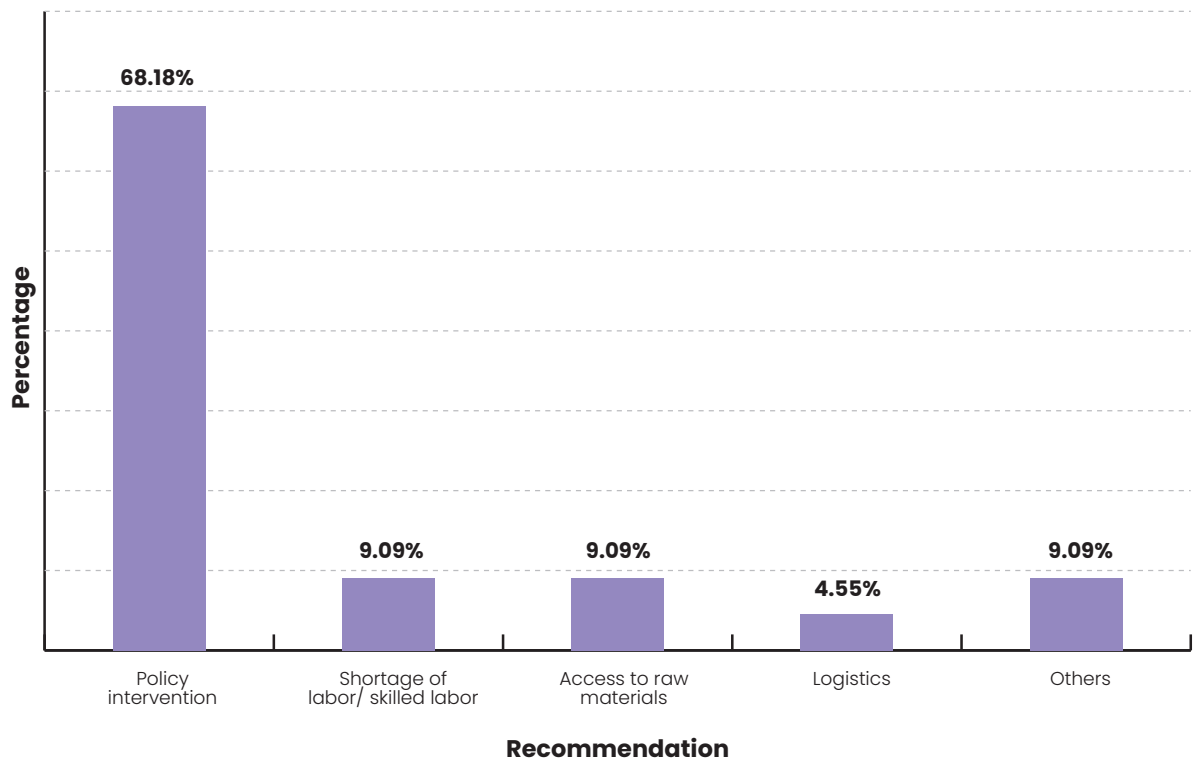


Figure 7.6 Recommendations by FDI Companies



Chapter 8

INDUSTRIAL CONTRIBUTION TO **GROSS DOMESTIC PRODUCT**

8.1 Introduction

This chapter presents the cottage, small, medium, and large industries' contribution to the GDP. The GDP projection of the Macroeconomic Framework Coordination Technical Committee (MFCTC) 2022 was used for this report. The actual share of the industrial sector will be updated once the GDP figures of 2023 become available.

The GDP estimate considers only those industries with books of accounts to determine annual industry output which is benchmarked to the Economic Census 2017, as this accounts for almost 90% of total value of goods and services produced within the economy over a period of time. The contribution to GDP by industries without books of accounts, which mostly includes the cottage and small-scales industries, are also accounted for in the benchmark estimate.

CSIs are one of the priority sectors for the government for economic diversification and employment generation. However, as indicated earlier, the sector's contribution to the economy has remained unknown. Thus, to measure the actual impact and its contribution to GDP, the Industry Census covered all operational CSIs in Bhutan, regardless of their scale and their ability to maintain books of accounts.

8.2 Cottage and Small-scale Industries by Economic Activities and Urban-Rural distribution

The Industry Census 2024 revealed that there are 12,402 CSIs engaged in various economic activities as shown in Table 8.2. The types of economic activities of CSIs are classified based on BSIC 2020. The table shows that Hotels and Restaurants are the major economic activities of CSIs, with 7,501 industries in total, constituting 60.48%. CSIs engaged in Manufacturing activities followed with a total of 1,644 industries, constituting 13.26%, and CSIs engaged in Professional, Administrative and Support services with 1,463 industries, representing 11.80%.

On the other hand, there are only 6 industries (0.05%) engaged in Financial and Insurance services, followed by 4 CSIs (0.03%) engaged in Electricity and its related activities.

The table also explains the distribution of CSIs in urban and rural areas by types of economic activities. There is an almost equal number of CSI establishments in both urban and rural areas. Out of 7,501 CSIs engaged in Hotels and Restaurants services, 4,495 industries are located in rural areas, constituting 59.93% compared to 3,006 industries (40.07%) in urban areas. A total of 838 CSIs engaged in Manufacturing activities representing 50.97% are located in urban areas, relatively more than 806 CSIs located in rural areas (49.03%). However, out of 1,463 CSIs engaged in Professional, Administrative and Support services, 1,173 CSIs are located in urban areas, representing 80.18%, which is significantly more than 290 CSIs (19.82%) located in rural areas.

In contrast, out of 6 CSIs engaged in Financial and Insurance services, 4 are located in urban areas, making 66.67% and 2 CSIs (33.33%) are located in rural areas. In terms of CSIs engaged in Electricity and its related activities, there is equal distribution between rural and urban areas.

Economic activity by BSIC	Urban-Rural Distribution of CSIs					
	Rural	Urban	Total in Number	Rural	Urban	Total in Percent
1. Hotels & Restaurants	4,495	3,006	7,501	59.93	40.07	60.48
2. Manufacturing	806	838	1,644	49.03	50.97	13.26
3. Professional, Administrative and Support Services	290	1,173	1,463	19.82	80.18	11.80
4. Construction	230	204	434	53.00	47.00	3.50
5. Wholesale & Retail Trade	119	218	337	35.31	64.69	2.72
6. Entertainment, recreation and other services	58	180	238	24.37	75.63	1.92
7. Agriculture, Livestock & Forestry	157	41	198	79.29	20.71	1.60
8. Education	28	152	180	15.56	84.44	1.45
9. Transport, Storage	49	126	175	28.00	72.00	1.41
10. Communication	37	118	155	23.87	76.13	1.25
11. Mining & Quarrying	22	7	29	75.86	24.14	0.23
12. Real Estate & Dwellings	2	13	15	13.33	86.67	0.12
13. Water Supply	5	8	13	38.46	61.54	0.10
14. Human Health and social work Health	0	10	10	0.00	100.00	0.08
15. Finance & Insurance	2	4	6	33.33	66.67	0.05
16. Electricity	2	2	4	50.00	50.00	0.03
Total	6,302	6,100	12,402	50.81	49.19	100

Table 8.2 Distribution of CSIs by Urban-Rural and types of Economic Activities

8.3 Share of CSIs to Gross Domestic Product

The Industry Census data was used to estimate the Gross Value Added (GVA) for different economic activities. The gross output of the activities was calculated from the total revenue reported by individual industries. However, GVA was calculated by applying fixed ratios which are derived from the National Accounts estimates of the respective economic sectors.

In Table 8.3, the GVA of the CSI sector was estimated at BTN 9,875.49 million in 2023, which corresponds to a 3.84% contribution by the CSI sector to GDP. Within the economic activities, the Hotel and Restaurant sector contributes approximately 97.91% of the total CSI sector's GVA followed by Professional, Administrative and Support Services which constitute 56.48% of the total CSI sector's GVA. On the other hand, Electricity and Human Health and Social work have a minimal share of 0.05% and 0.90%, respectively.

Economic Activity	Million Nu		Percentage		CSI Share %
	GVA	CSI GVA	GVA	CSI GVA	
1. Agriculture, Livestock and Forestry	36,479	242.86	14.20	2.46	0.67
2. Mining and Quarrying	4,629	283.90	1.80	2.87	6.13
3. Manufacturing	24,606	1231.32	9.58	12.47	5.00
4. Electricity	28,026	14.57	10.91	0.15	0.05
5. Water Supply	54	21.85	0.02	0.22	40.11
6. Construction	22,526	421.12	8.77	4.26	1.87
7. Wholesale and Retail Trade	34,037	552.76	13.25	5.60	1.62
8. Transport, Storage	18,651	383.69	7.26	3.89	2.06
9. Hotels and Restaurants	2,864	2804.45	1.12	28.40	97.91
10. Communication	8,562	322.78	3.33	3.27	3.77
11. Finance and Insurance	13,460	14.33	5.24	0.15	0.11
12. Real Estate and Dwellings	9,267	55.55	3.61	0.56	0.60
13. Professional, Administrative and Support Services	4,868	2749.46	1.90	27.84	56.48
14. Public Administration and defense	28,201	0.00	10.98	0.00	0.00
15. Education	9,640	575.46	3.75	5.83	5.97
16. Human Health and social work Health	4,272	38.30	1.66	0.39	0.90
17. Entertainment, recreation and other services	716	163.07	0.28	1.65	22.77
GDP at Basic Prices	250,860	9875.49	97.67	100.00	3.94
18. Taxes Net of Subsidies	5,985	0.00	2.33	0.00	0.00
GDP at Market Prices	256,844	9875.49	100.00	100.00	3.84

*** GVA and GDP 2023 are based on MFCTC projection

Table 8.3 CSIs sector GVA by Economic Activity and thier share to GDP, 2023

8.4 Share of Medium and Large-scale Industry to Gross Domestic Product

Medium and large-scale industries are defined as those industries with an investment of BTN 10 million or more, and with a work force of 20 employees or more. The Government (Public Administration and defense), Education, Health, and Wholesale and Retail sectors are outside the scope of this definition. Agriculture, Livestock, and parts of the transport sector are also excluded from this industry category in determining the GDP contribution as they are household-based operations.

The medium and large-scale industry share of GDP was estimated at BTN 107,848 million in 2023, which corresponds to 42% of the total GVA. By economic activity-wise, there was a 100% contribution by Electricity, Finance, and Insurance followed by Construction and Communication activity which contributed 98% and 96% to the total GVA. On the other hand, the Hotel and Restaurant sector has a minimal contribution share with just 2%.

Economic Activity	Million Nu		Percentage		Medium and Large Industry Share %
	GVA	Medium and Large Industry GVA	GVA	Medium and Large Industry GVA	
1. Agriculture, Livestock and Forestry	36,479	0.00	14.20	0.00	0.00
2. Mining and Quarrying	4,629	4,345	1.80	4.03	94
3. Manufacturing	24,606	23,375	9.58	21.67	95
4. Electricity	28,026	28,011	10.91	25.97	100
5. Water Supply	54	0.00	0.02	0.00	0.00
6. Construction	22,526	22,105	8.77	20.50	98
7. Wholesale and Retail Trade	34,037	0.00	13.25	0.00	0.00
8. Transport, Storage	18,651	5,595	7.26	5.19	30
9. Hotels and Restaurants	2,864	60	1.12	0.06	2
10. Communication	8,562	8,239	3.33	7.64	96
11. Finance and Insurance	13,460	13,446	5.24	12.47	100
12. Real Estate and Dwellings	9,267	0.00	3.61	0.00	0.00
13. Professional, Administrative and Support Services	4,868	2,119	1.90	1.96	44
14. Public Administration and defense	28,201	0.00	10.98	0.00	0.00
15. Education	9,640	000	3.75	0.00	0.00
16. Human Health and social work Health	4,272	0.00	1.66	0.00	0.00
17. Entertainment, recreation and other services	716	298	0.28	0.28	42
GDP at Basic Prices	250,860	107,848	97.67	100.00	43
18. Taxes Net of Subsidies	5,985	0.00	2.33	0.00	0.00
GDP at Market Prices	256,844	107,848	100	100	42

Table 8.4 Medium and Large-scale Industry sector GVA by Economic Activity and their share to GDP, 2023



Chapter 9

EMPLOYMENT

This chapter presents the population employed by establishments covered by the Industry Census 2024. Information on employment was collected based on establishment since, in most cases, despite possessing multiple licenses, employment cannot be segregated, and all employees are considered as part of the same establishment.

This section provides an analysis of demographic characteristics by employment type, sex, employment size, ownership and nationality, based on scale and classification of industry. It also presents employment by Dzongkhag, Thromde, Region and area as well as number of employed persons with disabilities. It also analyzes working hours by worker type, reviews worker type along with wages and salaries, and forecasts the demand for skilled workers.

The following employment data was obtained during the enumeration:

- The total number of workers as of December 31, 2023, categorized by worker type, sex, and nationality.
- The average number of working days per week for these workers in 2023, categorized by sex.
- The average number of working hours per day for these workers in 2023, categorized by sex.
- The total payment distributed by sex and nationality of these workers in 2023, applies to regularly paid employees, contract employees, and casual paid employees.
- The total number of employed persons with disabilities, categorized by sex.
- The immediate forecast for skilled worker requirements.

Persons who work in or for an establishment include own-account workers, regularly-paid employees, contract employees, casual-paid employees, and unpaid family workers⁹.

9.1 Demographic characteristics by Employment Type

9.1.1 Distribution by Employment Type and Nationality

Figure 9.1.1 illustrates the percentage distribution of employment type by nationality. From the total of 76,768 persons employed, regularly paid employees constitute the largest proportion of all employed individuals, accounting for 53.2%. Own-account workers make up 16%, while unpaid family workers account for 5.8% of the total workforce. Unpaid family workers mainly include individuals who support family businesses without receiving actual payment.

Bhutanese nationals make up 91% of the total workforce. Within the non-Bhutanese workforce, 33.13% work as casual paid employees, and 25.5% work as contract employees. This distribution highlights the

9. Refer 1.5 for the definition of the different categories of employees.

predominance of Bhutanese workers across most employment types. However, non-Bhutanese workers are significantly represented in the contract and casual paid employment types.

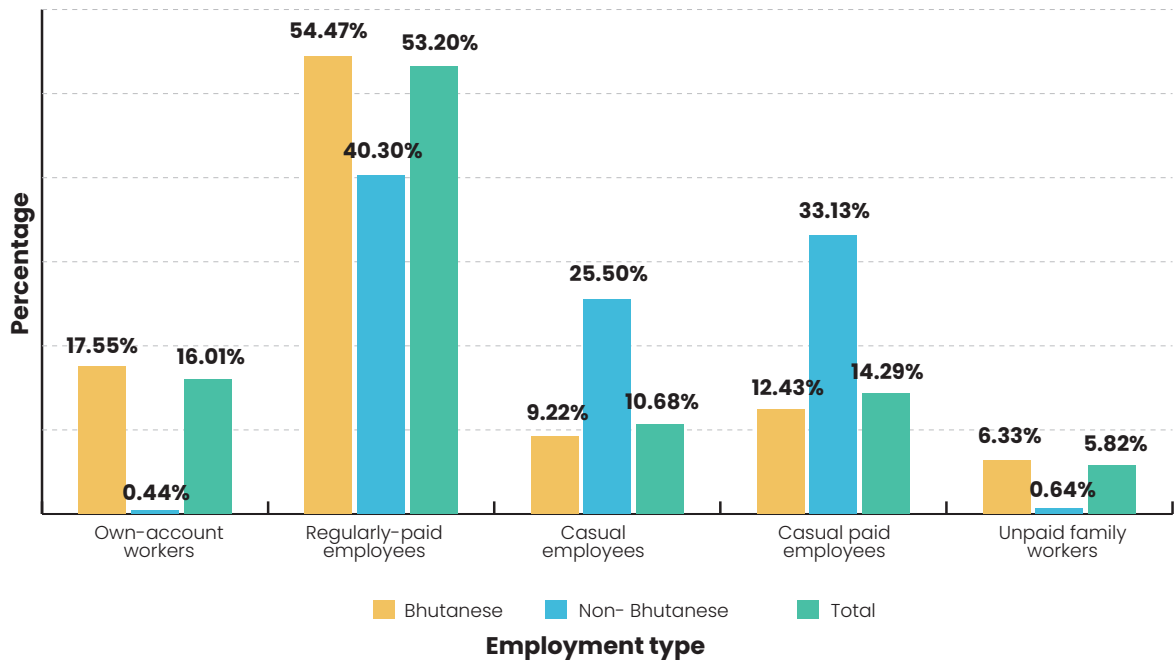


Figure 9.1.1 Distribution by Employment type and Nationality

9.1.2 Distribution by Employment Type and Sex

Figure 9.1.2 shows the percentage distribution of employment type by sex. The data reveals that the proportion of females working as own-account workers (54.86%) is higher compared to their male counterparts. Women also constitute the majority in the category of unpaid family workers, comprising 58.01%.

Conversely, the percentage of male workers is substantially higher in the categories of contract and casual paid employees, exceeding that of female workers by eight and seven times, respectively. In the category of regularly paid employees, the proportion of male workers (64.50%) is higher than that of female workers (35.50%). Overall, the workforce comprises 63.4% male employees and 36.5% female employees.

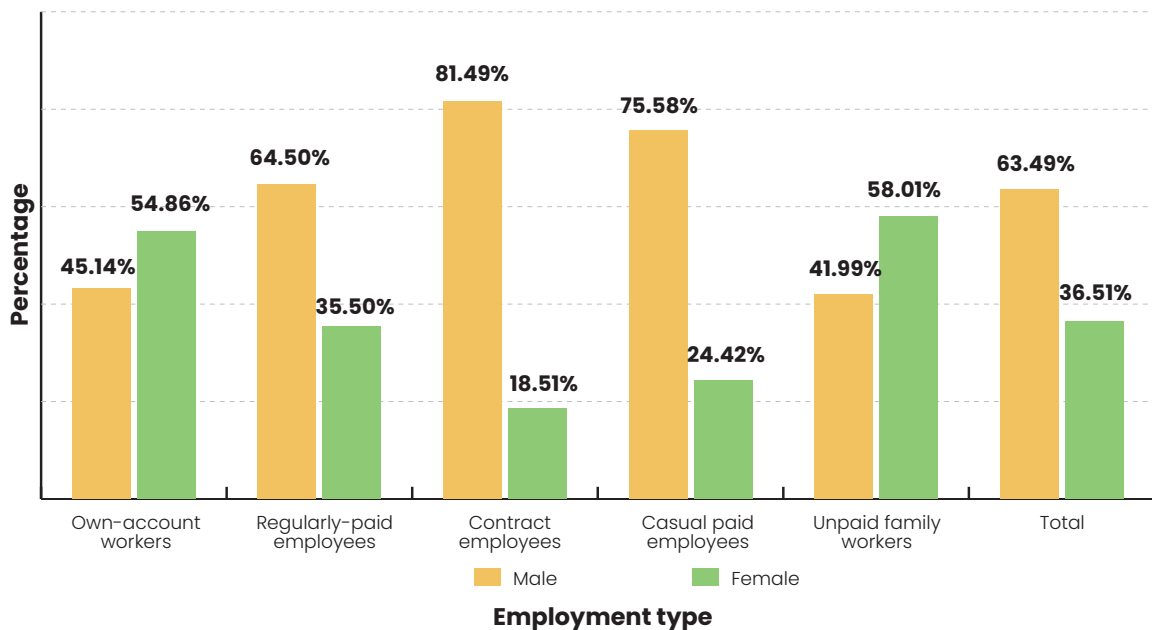


Figure 9.1.2 Distribution by Employment Type and Sex

9.2 Employment by Dzongkhag, Thromde, Region and Urban–Rural by Sex

9.2.1 Employment by Dzongkhag and Thromde by Sex

Table 9.2.1 provides information on the sex distribution across Dzongkhags and Thromdes in Bhutan, including the total proportion of employees in each Dzongkhag. In all Dzongkhags, the proportion of male workers exceeds that of female workers. This indicates a consistent trend of higher male participation in the workforce across all Dzongkhags. Thimphu Dzongkhag including Thromde has the highest concentration of employees (41.8% or 32,089 persons) followed by Chukha including Thromde (16.74 % or 12,845 persons). Gasa Dzongkhag has the highest proportion of male workers at 80%, with females at only 20%. However, the total workforce in Gasa Dzongkhag is quite small (0.22% of the total).

Dzongkhags like Sarpang (51.46% male, 48.54% female), Trashigang (53.99% male, 46.01% female) and Pema Gatshel (54.29% male, 45.71% female) show a more balanced sex distribution.

Dzongkhag	Male (%)	Female (%)	Total (%)
Bumthang	60.34	39.66	1.71
Chhukha	68.76	31.24	5.68
Phuentsholing Thromde	70.45	29.55	11.06
Dagana	65.51	34.49	1.13
Gasa	80.00	20.00	0.22
Haa	66.20	33.80	0.75
Lhuentse	66.74	33.26	0.60
Monggar	62.41	37.59	2.09
Paro	56.07	43.93	5.75
Pema Gatshel	54.29	45.71	2.60
Punakha	55.02	44.98	2.14
Samdrup Jongkhar	59.14	40.86	1.72
S/Jongkhar Thromde	68.49	31.51	2.02
Samtse	63.80	36.20	4.99
Sarpang	51.46	48.54	2.67
Gelephu Thromde	54.74	45.26	2.29
Thimphu	60.28	39.72	4.26
Thimphu Thromde	64.16	35.84	37.54
Trashi Yangtse	69.85	30.15	0.89
Trashigang	53.99	46.01	1.68
Trongsa	67.93	32.07	1.99
Tsirang	66.82	33.18	1.16
Wangdue Phodrang	66.64	33.36	3.46
Zhemgang	62.85	37.15	1.62

Table 9.2.1 Employment by Dzongkhag and Thromde by Sex

9.2.2 Employment by Region and Sex

Table 9.2.2 illustrates the sex distribution across different regions and shows varying proportions of male and female representation. All regions exhibit a male majority, with Phuentsholing region showing the highest male predominance with 68.48%. Thimphu and Phuentsholing are the most significant contributors to the total employed population, with Thimphu region accounting for 54.11% and Phuentsholing region accounting for 21.72%.

Regions	Male (%)	Female (%)	Total (%)
Thimphu Region	62.88	37.12	54.11
Trongsa Region	63.95	36.05	5.31
Mongar Region	61.47	38.53	5.26
Phuentsholing Region	68.48	31.52	21.72
Samdrup Jongkhar Region	60.14	39.86	6.34
Gelephu Region	57.14	42.86	7.25

Table 9.2.2 Employment by Region and Sex

9.2.3 Urban-Rural distribution of Employment

Figure 9.2.3 illustrates that males predominantly outnumber females in both rural areas and urban areas. However, the percentage of females in rural areas, at 37.92%, slightly surpasses that of females in urban areas.

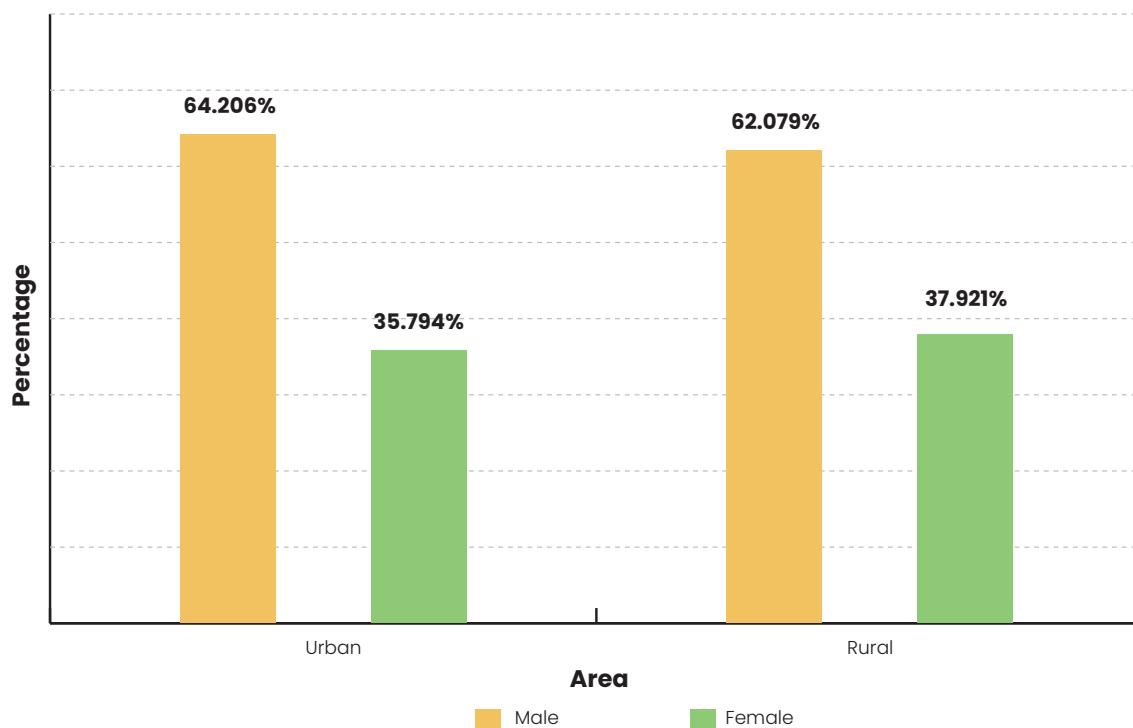


Figure 9.2.3 Urban-rural distribution of Employment

9.3 Employment by Scale of Industry and Sex

Figure 9.3 illustrates the distribution of employment by the scale of the industry. The data shows that small-scale industries employ the largest portion of individuals, constituting 44.55% of the total employed workforce. This is followed by large-scale industries, which employ 31.30% of the total workforce. Cottage-scale industries account for 13.45% of employed persons, indicating a modest presence in terms of employment. Likewise, medium-scale industries employ 10.71% of the total workforce, forming the smallest segment of employment by industry scale. This breakdown indicates that small and large-scale industries employ a significant number of employees while there are fewer employees under the cottage and medium-scale industries.

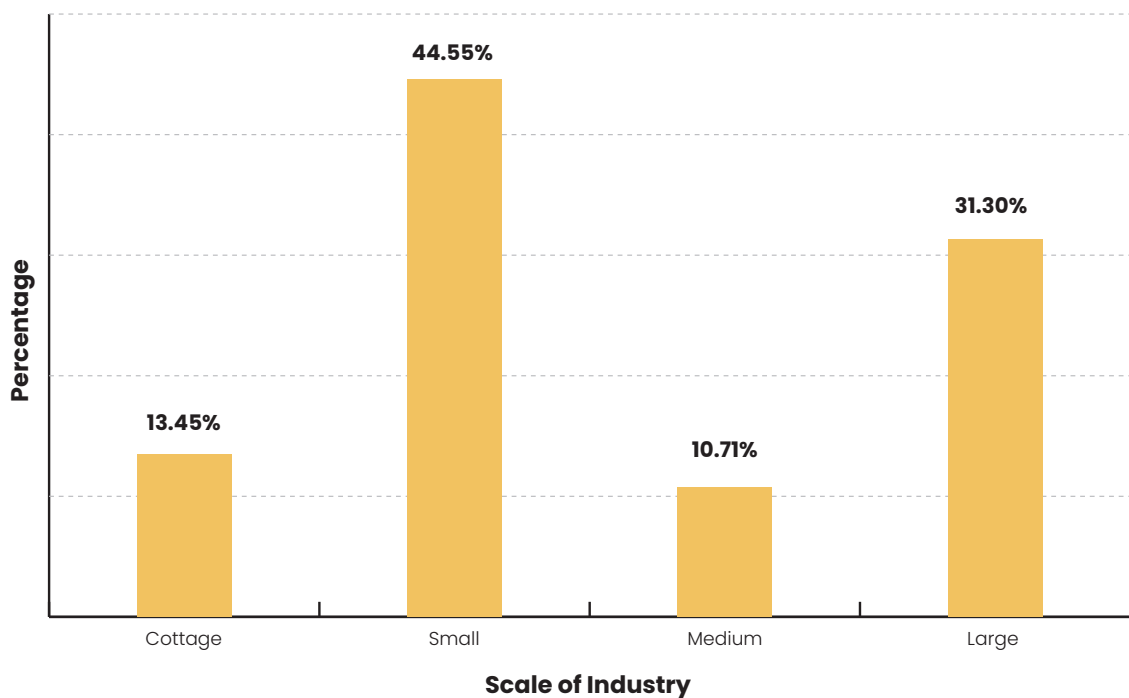


Figure 9.3 Employment by Scale of Industry

Figure 9.3.1 illustrates the distribution of persons employed by scale of industry and sex. The disparity in sex becomes more pronounced as the scale of the industry increases. Cottage-scale industries show a most balanced sex distribution (53% male and 47% female), while large-scale industries exhibit the greatest disparity (73.21% male and 26.79% female).

Small-scale industries have a relatively narrower gap (58.83% male and 41.17% female) compared to medium-scale industries, which have a more substantial disparity (67.66% male and 32.34% female). The data indicates that all the scales of industry are male-dominated. Overall, as the scale of the industry increases from cottage to large, the proportion of males employed also increases, conversely, the proportion of females decreases.

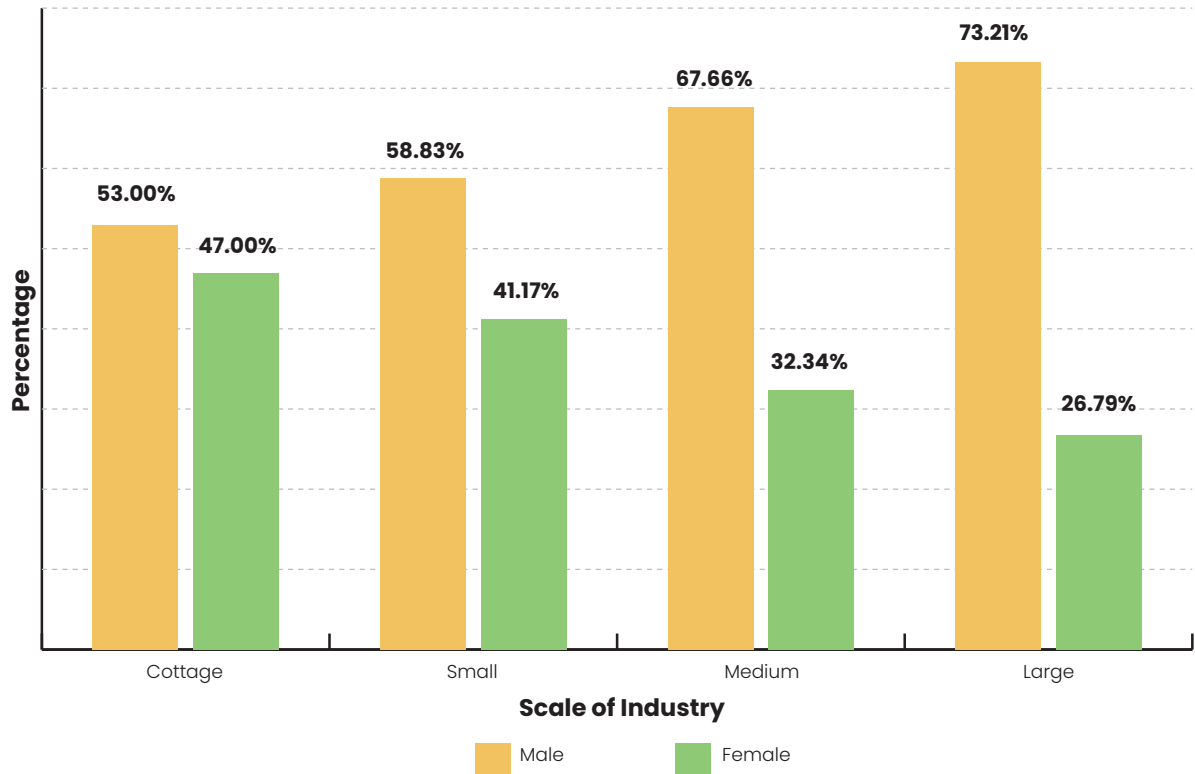


Figure 9.3.1 Persons Employed by Scale of Industry & Sex

9.4 Employment by Classification of Industry and Sex

Figure 9.4 depicts the percentage distribution of total employment by classification of industry. From the total 76,768 persons employed, the highest share 54.77% of employment is observed in the Services sector. It is followed by the P&M sector which employs 29.04% and the Contract sector which employs 16.19%.

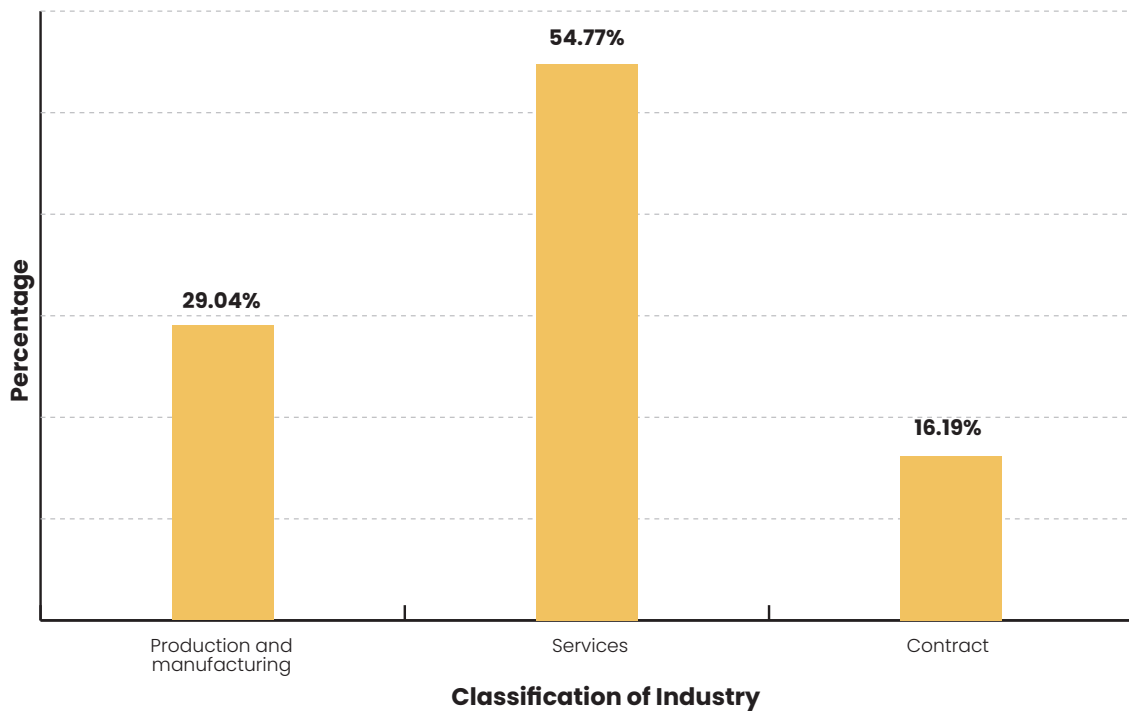


Figure 9.4 Employment by Classification of Industry

Figure 9.4.1 illustrates the distribution of males and females across the classification of industries. This data reveals distinct sex disparities. In the P&M sector, males dominate with 71.56%, leaving females significantly underrepresented at 28.44%. The services sector displays a more balanced sex ratio, with males constituting 51.08% and females constituting 48.92%, indicating near parity. However, in the contract sector, the difference is stark, with 91.01% males, while females occupy only 8.99%. These figures highlight significant sex imbalances with males predominantly having a presence in all the classification of industries.

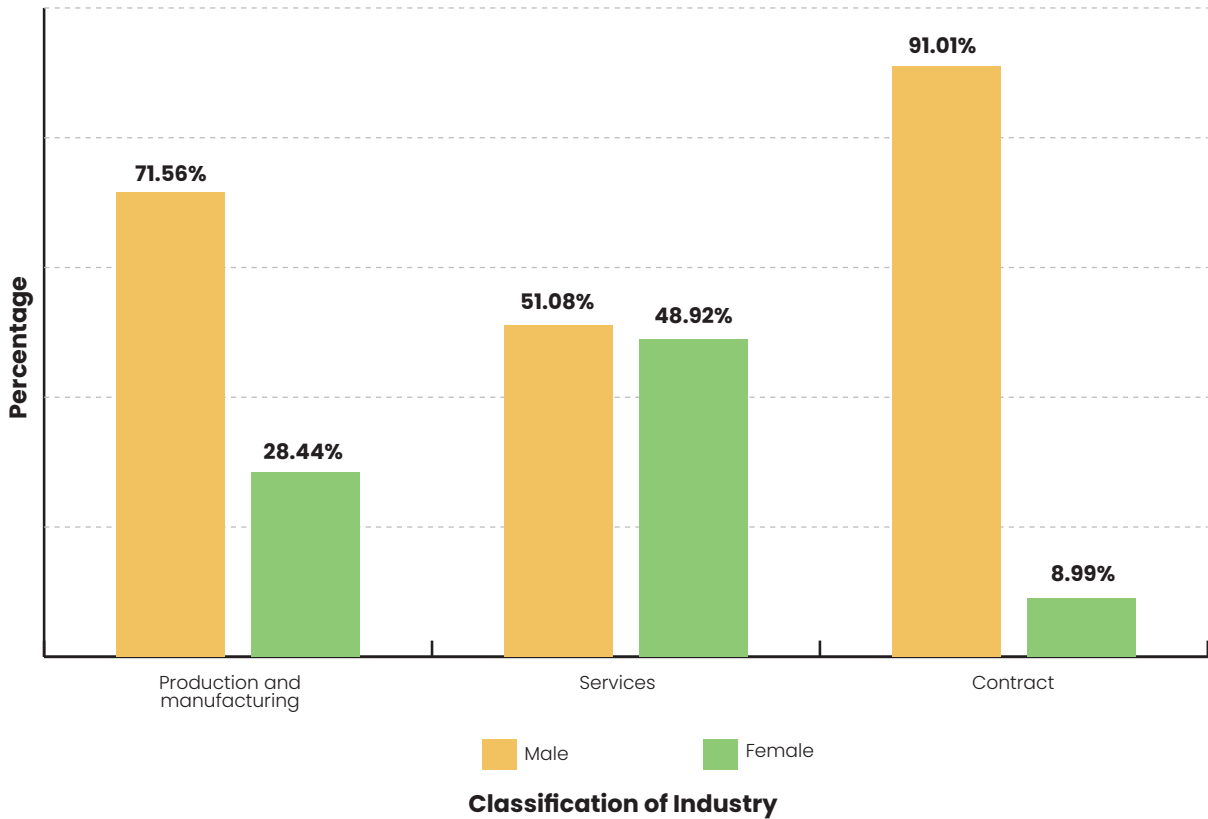


Figure 9.4.1 Employment by Classification of Industry and Sex

9.5 Employment by Ownership, Nationality and Sex

Table 9.5.1 shows the number of persons employed by ownership type focusing on nationality and sex of employee. Of the total 12,197 establishments surveyed, only 12,174 provided employee data. For the remaining 23 establishments, it was not possible to obtain employee details as the owner had relocated abroad.

Sole-proprietorships engage the most employees with 62.23% or 47,774 persons. Sole-proprietorships make up 96.6% of the 12,174 establishments enumerated, followed by private limited companies constituting 1.46%.

An estimated 91.5% of Bhutanese employees are working in sole-proprietorships which have slightly more males (56.5%) than females (43.47%). Of the 6,883 non-Bhutanese employees, 58.6% are working in sole-proprietorships, followed by 36% working in private limited companies.

Ownership	Number of Establishment	Nationality, sex								
		Bhutanese			Non-Bhutanese			Total		
		M	F	Both	M	F	Both	M	F	Both
Sole proprietorships	11,759	24,743	18,993	43,736	3,614	424	4,038	28,357	19,417	47,774
Partnerships	125	1,049	650	1,699	74	28	102	1,123	678	1,801
SOEs	21	3,796	1,677	5,473	0	0	0	3,796	1,677	5,473
Private Limited Companies	178	7,084	3,432	10,516	2,304	174	2,478	9,388	3,606	12,994
Public Limited Companies	29	5,108	2,164	7,272	218	12	230	5,326	2,176	7,502
CSO/NGO/NPOs	11	33	42	75	0	0	0	33	42	75
Cooperatives and Groups	41	650	384	1034	27	8	35	677	392	1,069
Others (Specify)	10	40	40	80	0	0	0	40	40	80
Total	12,174	42,503	27,382	69,885	6,237	646	6,883	48,740	28,028	76,768

Table 9.5.1 Employment by Ownership of the License, Nationality and Sex

Figure 9.5.2 shows the percentage of males and females by ownership type. In sole proprietorships, males dominate with 59.36% compared to females at 40.64%. This trend continues across partnerships, public limited companies, cooperatives and groups, and state-owned enterprises where the difference is even wider with 69.36% male to 30.64% female. Private limited companies exhibit the highest male ownership at 72.25%, with female ownership at just 27.75 %.

Notably, civil society organizations, non-governmental organizations, and non-profit organizations are the only categories where female ownership surpasses male ownership, with 56% female and 44% male. The 'Others' category of ownerships shows an equal split between male and female ownership at 50%.

The total distribution shows males holding 63.48% of ownership across all categories, significantly higher than the 36.51% held by females. This indicates a predominant male ownership in most business types, with notable exceptions in the non-profit sector where female ownership is higher.

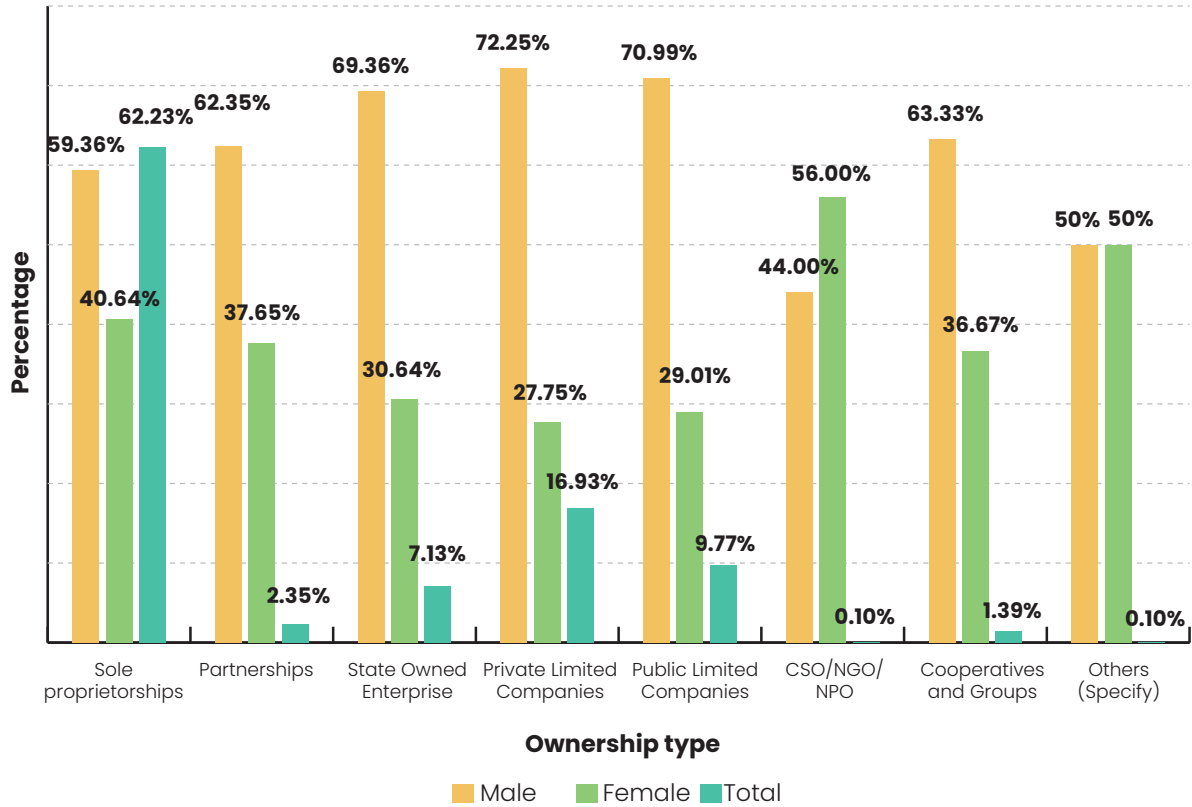


Figure 9.5.2 Distribution of Employment by Ownership and Sex

Table 9.5.3 represents the number of employees in FDI companies in Bhutan, categorized by company type (private limited companies and public limited companies) and further divided by nationality and sex.

Private limited FDI companies have significantly more employees with 65.8% or 3,256 employees compared to public limited companies with 34.19% or 1,692 employees. Of the total, 57.27% (2834) are male employees and 42.72% (2114) are female employees across both types of companies.

Of the total employed by FDI companies, 4,527 are Bhutanese and 421 non-Bhutanese. Notably, there are very few non-Bhutanese female employees, with only 16 in private limited companies and none in public limited companies.

FDI	Bhutanese			Non-Bhutanese			Total		
	M	F	Total	M	F	Total	Total Male	Total Female	Total
Private Limited Companies	1,568	1,309	2,877	363	16	379	1,931	1,325	3,256
Public Limited Companies	861	789	1,650	42	0	42	903	789	1,692

Table 9.5.3 Employees in FDI Companies, Nationality and Sex

9.6 Employment by Persons with Disability and Sex

Figure 9.6 depicts employed persons with disability and their sex. Of the 12,197 establishments enumerated in this survey, 86 establishments employed 133 individuals with disabilities. Within this group, 83 (62%) were male and 50 (38%) were female. This indicates that among establishments that hire persons with disabilities, there is a higher proportion of male employees compared to female employees.

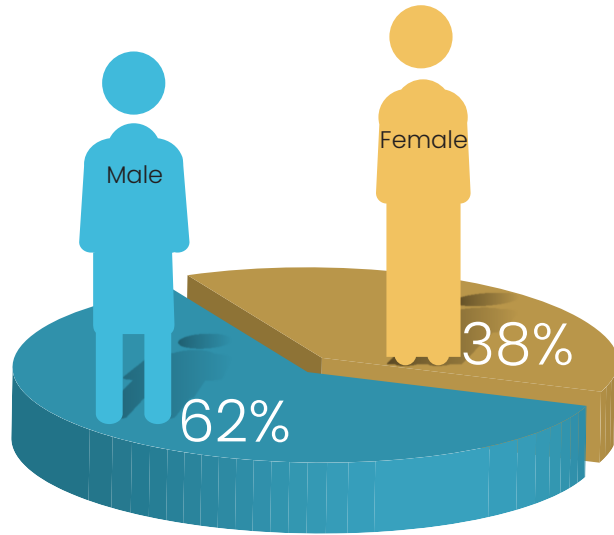


Figure 9.6 Employment by Persons with Disability and Sex

9.7 Employment by size of establishment

9.7.1 Distribution of Employment by size of the establishment, Nationality and Sex

Table 9.7.1 presents employment figures across different establishment size groups, categorized by nationality and sex. The Industry Census 2024 reports a total of 76,768 individuals employed. Notably, the distribution of establishments is heavily skewed towards smaller establishments, with those employing between one or three persons comprising 76.26% of the total 12,174 establishments. However, these small establishments account for only 18.34% of total employment. In contrast, nearly 32.8% of the total workforce work in 79 establishments. These establishments, which employ 100 or more employees, represent just 0.64% of the 12,174 establishments.

Of the 76,768 individuals employed, 48,740 (63.48 %) are males, while 28,028 (36.5%) are females. Additionally, there are 6,883 non-Bhutanese employees, with males comprising approximately 90.6% and females only 9.38%. The proportion of non-Bhutanese employment is significantly higher in larger establishments, with 93.8% of non-Bhutanese employees working in establishments with more than six employees. Conversely, only 6.16% of non-Bhutanese employees are found in establishments with five or fewer employees.

Employment size of establishment	No of Establishment	Bhutanese		Non-Bhutanese		Total		Both sexes
		M	F	M	F	M	F	
1	4,975	1,492	3,470	13	0	1,505	3,470	4,975
2 to 3	3,944	3,894	5,038	134	40	4,028	5,078	9,106
4 to 5	1,083	2,332	2,203	188	49	2,520	2,252	4,772
6 to 15	1,473	7,734	4,463	979	135	8,713	4,598	13,311
16 to 99	620	11,623	4,914	2,634	248	14,257	5,162	19,419
100 and over	79	15,428	7,294	2,289	174	17,717	7,468	25,185
Total	12,174	42,503	27,382	6,237	646	48,740	28,028	76,768

Table 9.7.1 Employment by Size of the Establishment

9.8 Working Hours by Employment type

9.8.1 Working Hours per week by Employment Type

Information on the average number of working days per week and the average working hours per day has been collected for all employee types. The weekly working hours presented in Table 9.8.1 is compiled as an average of working days per week multiplied by the average working hours per day for each worker type.

Approximately, 7% of all employees work less than 30 hours per week, which translates to less than five hours a day, assuming a seven-day work week. Notably, the category “less than 30 hours” includes larger proportions of own-account workers (17.6%), casual-paid workers (16.38%), and especially unpaid family workers (18.54%).

Over half of the workforce (48.78%) works between 40 and 49 hours per week, equating to around seven hours a day over a seven-day work week. This category is primarily composed of regular (67.79%) and contract employees (52.5%).

Higher proportions of unpaid family workers and own-account workers are found in categories exceeding 60 working hours per week. Remarkably, over 14.45% of own-account workers and 18.79% of unpaid family workers work more than 90 hours weekly, often managing family businesses and working more than 12 hours a day, assuming a seven-day work week.

Working hours per week	Employment Type					Total
	Own account workers	Regularly-paid employees	Contract employees	Casual paid employees	Unpaid family workers	
Less than 30 hours	17.6	0.79	3.33	16.38	18.54	7.01
30-39 hours	3.47	2.94	1.67	3.29	5.22	3.07
40-49 hours	13.15	67.79	52.5	30.86	10.24	48.78
50-59 hours	11.38	13.27	16.04	22.65	9.74	14.4
60-69 hours	10.15	6.62	6.49	13.46	8.94	8.28
70-79 hours	15.59	5.32	15.26	8.9	13.68	9.02
80-89 hours	14.21	1.94	3.39	2.12	14.85	4.84
90 hours or more	14.45	1.35	1.33	2.34	18.79	4.6
Total	100	100	100	100	100	100

Table 9.8.1 Working Hours by Employment Type

9.8.2 Employment by Working Hours and Sex

The analysis of the sex distribution within working hour categories shows a notable sex-specific pattern. Figure 9.8.2 suggests a divide between workers who work less than 80 hours per week and those who work 80 hours per week or more. The former group shows more representation of males and the latter group shows more representation of females. The percentage of females working 40-49 hours per week is low at 31.61%. This percentage increases with the number of working hours; for instance it rises to 60.10% for those who work at least 90 hours per week. The trend for males is the opposite; from a large over-representation in the 40-49 working hours group (68.39%), it consistently decreases to 39.90% in the 90-plus working hours.

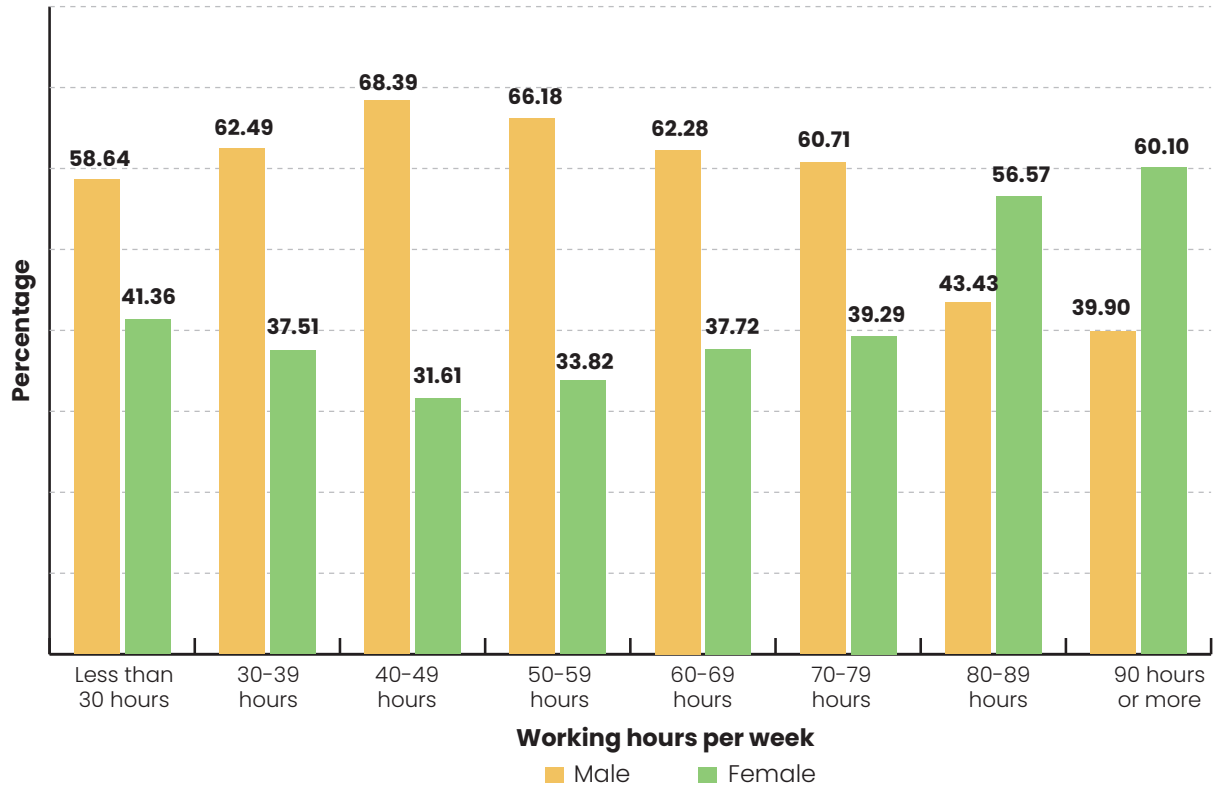


Figure 9.8.2 Employment by Working hours and Sex

9.9 Wages and Salaries

9.9.1 Regular paid and contract employees, by monthly remuneration

The Industry Census 2024 gathered data on the monthly remuneration made by employers to all employees within their establishments during the reference year 2023. These remunerations include wages and salaries, overtime payments, and other benefits for regular, contract, and casual-paid employees. This analysis focuses exclusively on regular and contract employees, as payments to casual-paid employees cannot be consistently linked to defined working hours and fixed monthly remuneration.

Table 9.9.1 details the distribution of regular and contract employees by their monthly remunerations. Among the 49,043 regular and contract employees, 32.68% earn more than BTN 25,000 per month, while approximately 17.8%, or 8,743 employees, earn less than BTN 5,000 monthly. The median monthly remuneration for regular and contract employees is BTN 16,175.6.

According to the data, a significantly higher proportion of contract employees (36.11%) earn less than BTN 5,000 per month compared to regular employees (14.16%). In the category (BTN 10,000 to BTN 14,999) both regular and contract employees have similar representation, at 16.35% and 16.57% respectively.

Monthly remuneration (BTN)	Regular paid employees	Contract Employees	Total
Less than 5,000	5,782	2,961	8,743
5,000 - 9,999	4,077	1,333	5,410
10,000 - 14,999	6,677	1,359	8,036
15,000 - 19,999	6,547	627	7,174
20,000 - 24,999	3,270	379	3,649
25,000 - 29,999	3,248	385	3,633
30,000 - 34,999	3,467	83	3,550
35,000 - 39,999	973	676	1,649
40,000 and more	6,802	397	7,199
Total	40,843	8,200	49,043

Table 9.9.1 Regular Paid and Contract Employees, by Monthly Remuneration

9.9.2 Regular paid and contract employees, by Monthly Remuneration and Sex

Figure 9.9.2 illustrates the percentage distribution of monthly remuneration by sex for regular-paid and contract employees. A larger proportion of females are concentrated in the lower income ranges of 5,000–9,999 BTN and 10,000–14,999 BTN, accounting for 15.31% and 21.39%, respectively.

In the income range of 15,000–29,999 BTN, the distribution between sex is more balanced, with males having a slightly higher representation. Conversely, at the higher end of the remuneration scale, males are more prevalent, particularly those earning 40,000 BTN or more, accounting for 16.14%.

Overall, males are more dominant in the highest earning categories, while females have a higher representation in some of the lower and mid-range remuneration scales.

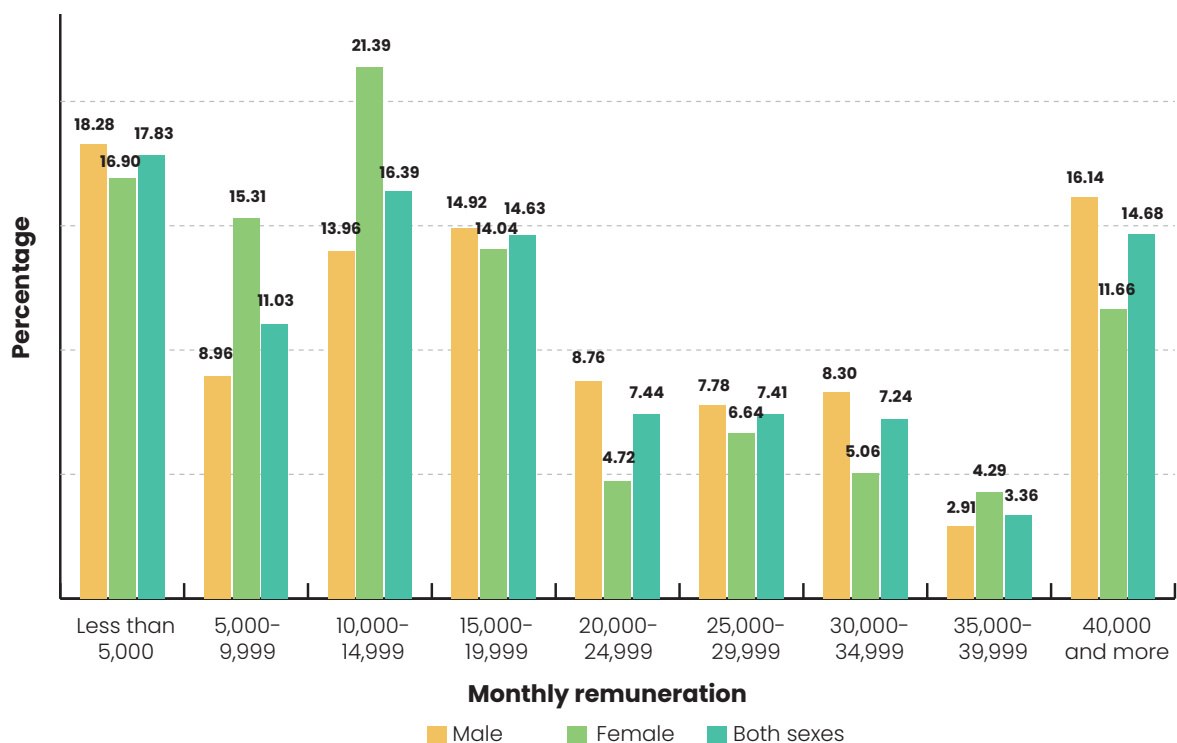


Figure 9.9.2 Regular Paid and Contract Employees, by Monthly Remuneration and Sex

9.10 Skilled Workers need forecast

The Industry Census 2024 provides insights into the demand for various types of skilled labor. Figure 9.10 illustrates the distribution of these requirements by major occupational groups, as per Bhutan Standard Classification of Occupations, along with their corresponding percentages.

The data reveals a strong demand for skilled workers in the trades and services sectors. Notably, Craft and Related Trades Workers are the most sought-after, comprising 28.81% or 1,029 workers of the total. This significant need likely reflects the demand for technical and practical skills in various trades. This is followed by Services and Sales Workers accounting for 16.63%.

Managerial and clerical roles exhibit moderate to low demand, with percentages of 4.28% and 2.44%, respectively. The agricultural, forestry and fishery sector shows the least need for skilled workers, constituting only 0.76% of the total demand.

Overall, this distribution suggests that economic activities requiring technical skills, manual labor, and service-oriented roles are currently driving the demand for skilled workers.

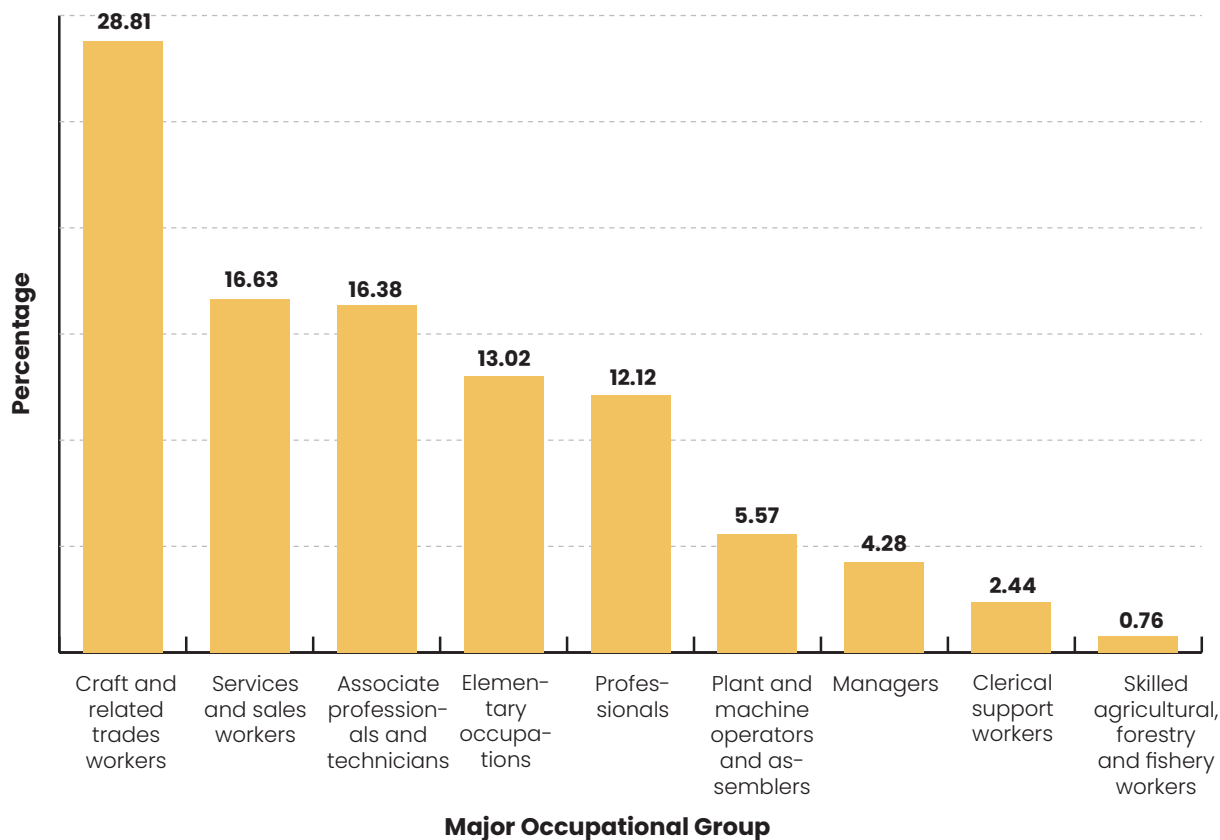


Figure 9.10 Skilled Workers need forecast with their Percentage



Chapter 10

CHALLENGES AND RECOMMENDATIONS OF INDUSTRY

10.1 Introduction

This chapter highlights various challenges encountered by the industries, expressed as percentages and rated on a scale from 1 to 10, according to their severity. It also illustrates the specific challenges faced by industries owned by sole proprietors, categorized by the gender of the owners. Additionally, the chapter presents general recommendations based on the scale of industries.

10.1.1 General Challenges faced by the Industries

Figure 10.1.1 outlines various challenges faced by industries in general. The figure shows that the most significant challenge is access to market, affecting 42% of the industries. Other significant challenges include access to finance and access to skilled labor, affecting 33.5% and 17.3% of the industries.

Additional noteworthy challenges include access to raw materials (8.0%), access to power (7.2%), access to land (6.7%), access to technology (6.0%), logistics (5.6%), competition from imported goods (4.6%), and policy issues (1.2%). Minor challenges include access to water, affecting 0.9% of the industries.

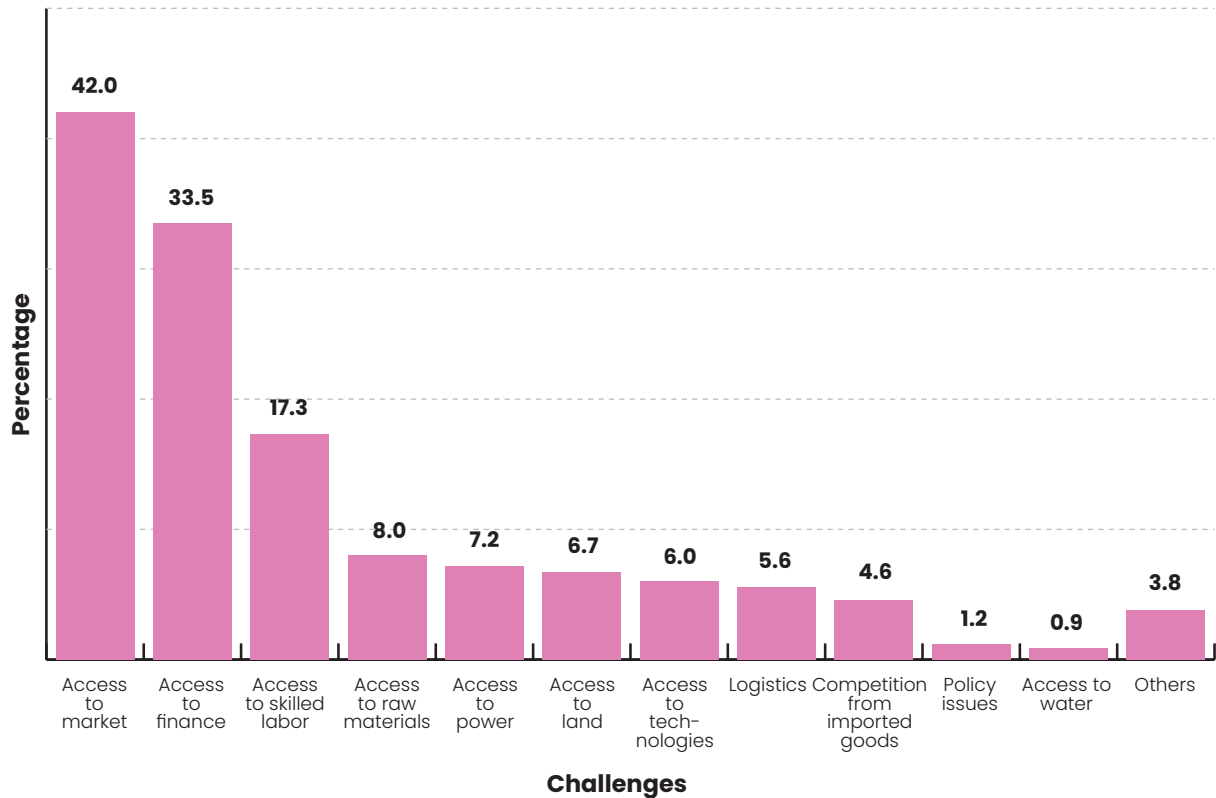


Figure 10.1.1 Challenges faced by Industries

10.1.2 Rating of Challenges faced by the Industries

Figure 10.1.2 shows the ratings of the challenges faced by the industries. Industries were asked to rate the severity of each challenge on a scale of 1-10, using 1-2 as least severe, 3-4 as less severe, 5-6 as severe, 7-8 as more severe, and 9-10 as extremely severe¹⁰.

Except for the 'Others' category, the severity of challenges faced by the industries generally ranged from 5 to 8, indicating severe to very severe challenges. 'Policy issues' was rated as the most severe challenge, with a rating of 8.1, but it is important to note that, in terms of percentage, it is just 1.16% of the total industries rating policy issues as a challenge.

Access to water, access to finance, and access to market were also rated as the more severe challenges, with ratings between 7.6 and 7.3.

Access to skilled labor, access to land, competition from imported goods, logistics issues, access to raw materials, access to technologies, and access to power were rated between 6.9 to 5.3, showing that these challenges are severe for the industries.

The 'Others' was reported by less than 500 industries, constituting 3.78% of the total industries covered for the census, with a rating of 7.8 out of 10. The reasons for the challenge include poor road connectivity, high cost of production, and family issues, amongst others.

10. The ratings between 1 to 2.9 falls under 1-2 category; 3 to 4.9 falls under 3-4 category; 5 to 6.9 falls under 5-6 category; 7 to 8.9 falls under 7-8 category; and 9 to 10 falls under 9-10 category.

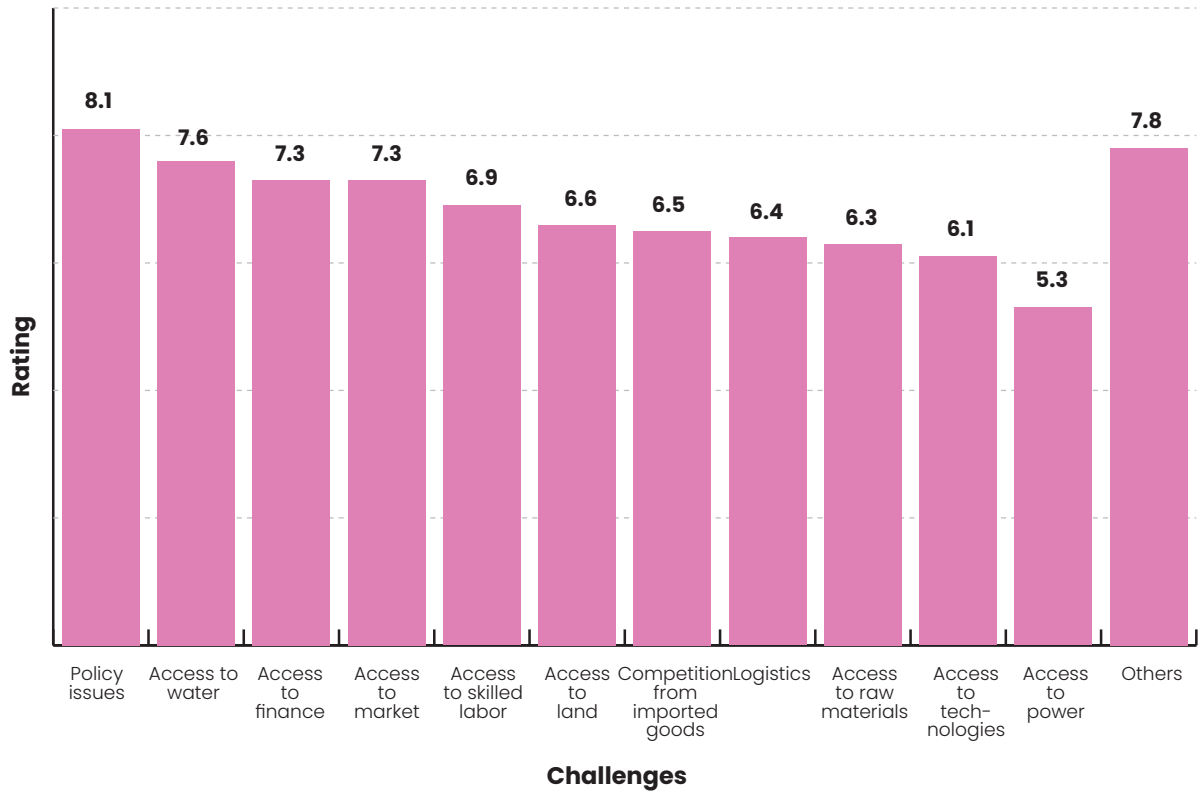


Figure 10.1.2 Rating of Challenges faced by the Industries

10.1.3 Overall Rating Score of the Challenges faced by Industries

The overall rating scores provide a multiplicative combination of the percentages of industries facing the challenges and the average severity rating of the challenges. This overall rating score is interpreted as the overall magnitude of the respective challenges.

Figure 10.1.3 presents the overall rating scores of the various challenges faced by the industries in Bhutan. Broadly, there are three groups of challenges according to the overall rating scores.

The first is the group with overall rating scores of 120 or more, which depicts the challenges as the most significant for the industries. Access to market is the most severe challenge, with a rating score of 305, followed by access to finance, with a rating score of 244. Another significant challenge is access to skilled labor, with a rating score of 120.

The second group with rating scores between 30 and 51 indicates moderate challenges, of which access to raw materials with a score of 51 is a severe challenge. Other moderate challenges include access to land (44), power (38), technologies (36), logistics (36), and competition from imported goods (30).

The third group, with rating scores between 7 and 9 indicates minor challenges for the industries. Policy issues and access to water, rated at 9 and 7 respectively, are the minor challenges for industries in Bhutan.

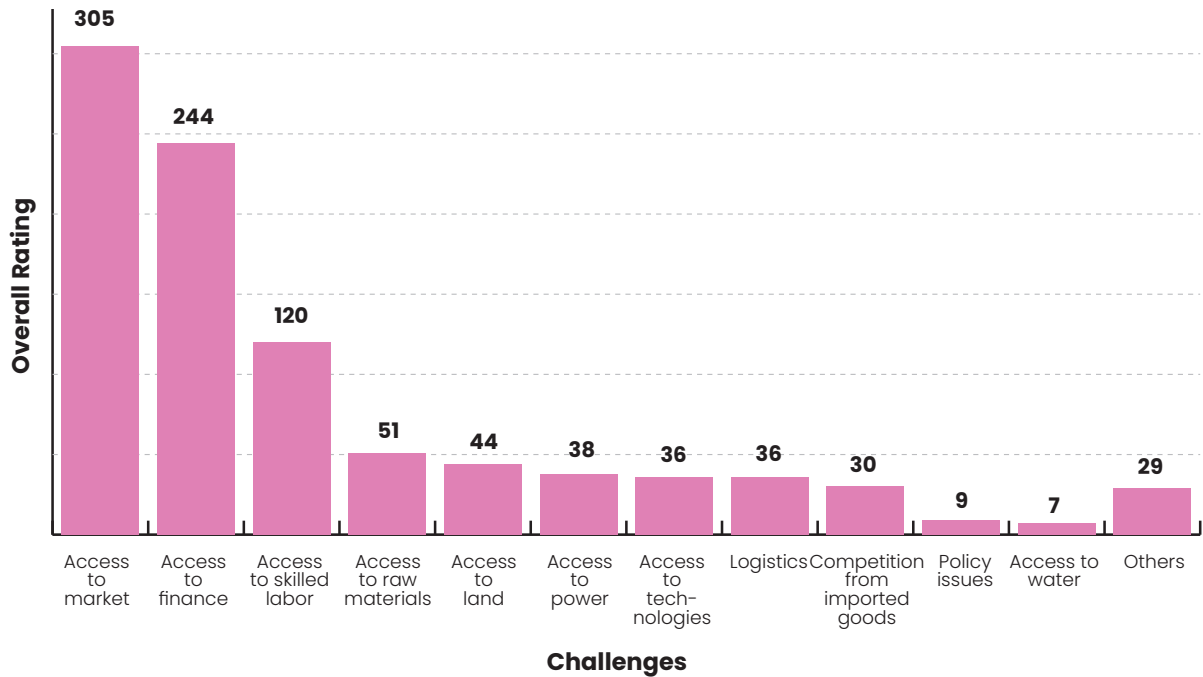


Figure 10.1.3 Overall rating of challenges faced by Industries

10.2 Challenges faced by Cottage-Scale Industry

Figure 10.2 explains the different types of challenges faced by cottage-scale industries. Access to market, access to finance, and access to skilled labor are the major challenges for cottage-scale industries, affecting 37.3%, 34.4%, and 23.3% of the cottage-scale industries, respectively.

Challenges such as access to raw materials (10.6%), access to technologies (8.9%), access to land (7.7%), access to power (7.2%), competition from imported goods (5.8%), and logistics (5.5%) are notable challenges for cottage-scale industries. However, policy issues and access to water are minor challenges for cottage-scale industries.

In the 'Others' challenge, representing 3.8%, 124 cottage-scale industries stated strong competition from informal businesses and mechanical failure issues, as the prominent reasons for the challenge.

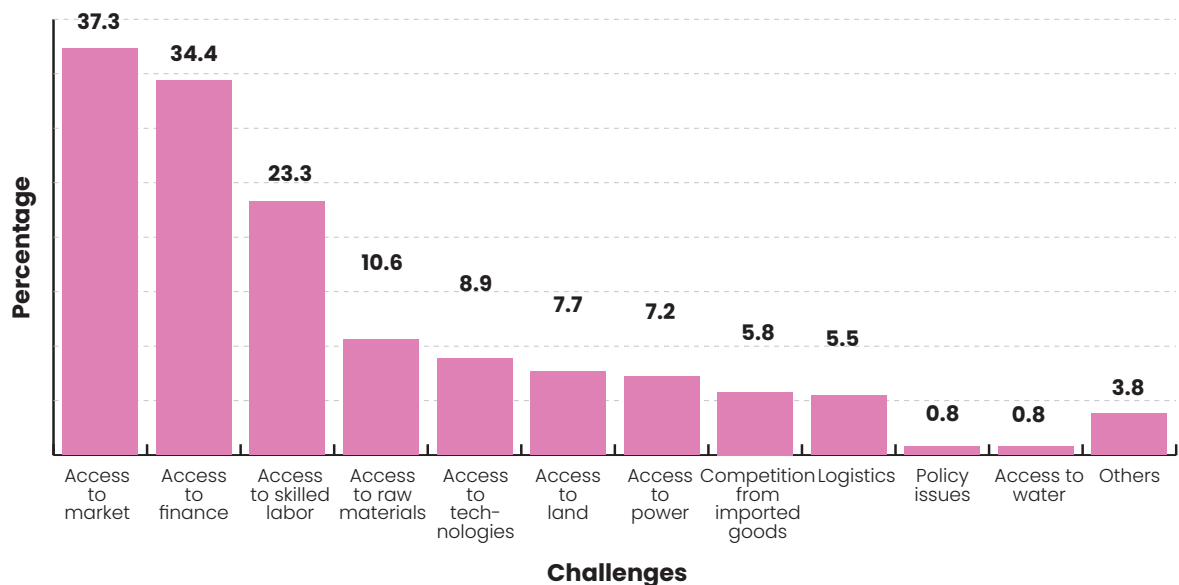


Figure 10.2 Challenges faced by Cottage-Scale Industry

10.2.1 Rating of Challenges faced by Cottage-Scale Industry

Figure 10.2.1 shows the ratings of the challenges faced by the cottage-scale industries, on a scale from 1 to 10. Policy issues are rated as the most severe challenge, at 8, followed by access to water at 7.4, access to finance at 7.3, and access to market at 7.

In contrast, access to skilled labor, competition from imported goods, access to land, access to raw materials, logistics, access to technologies and access to power are rated as severe challenges with ratings between 6.9 and 5.3.

However, about 3.8% of cottage-scale industries rated 'Others' as a more severe challenge, with a rating of 7.3, specifying reasons such as competition from informal businesses and mechanical failure issues.

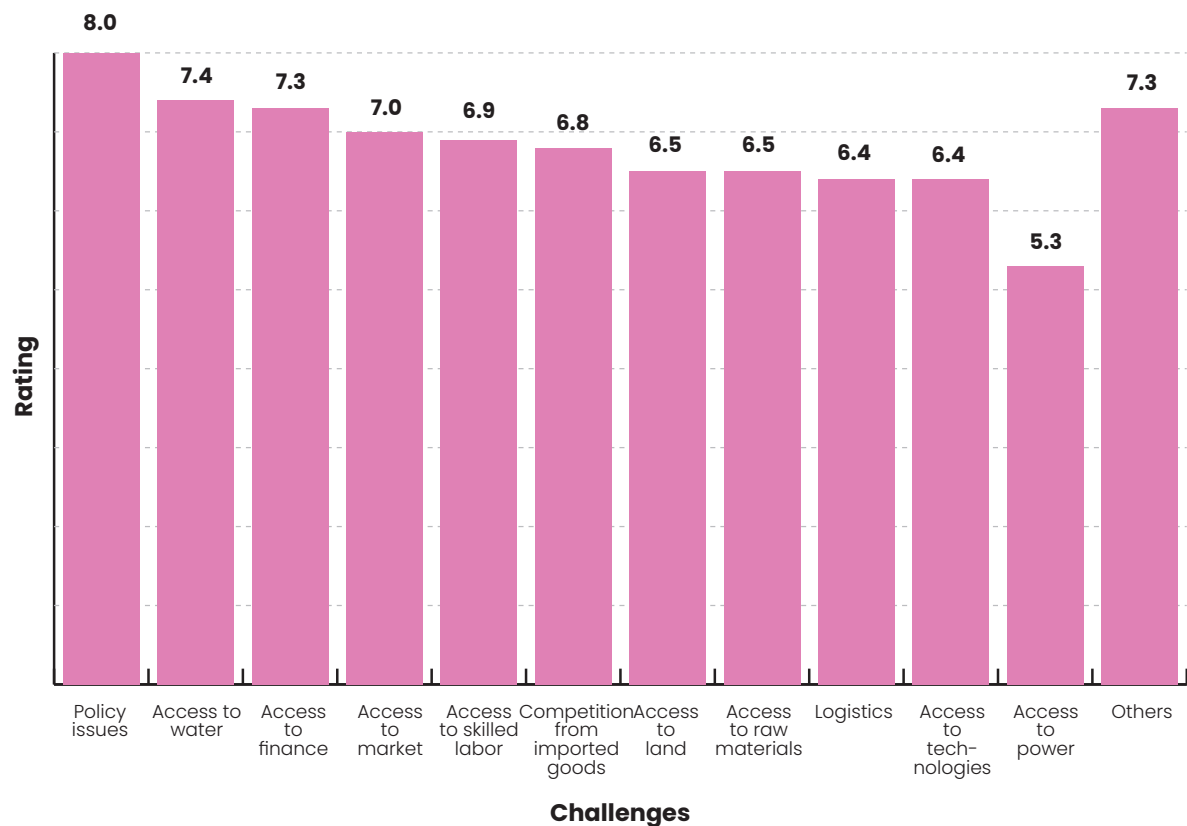


Figure 10.2.1 Rating of challenges faced by Cottage-Scale Industry

10.2.2 Overall Rating Score of Challenges faced by Cottage-Scale Industry

Figure 10.2.2 illustrates the overall rating scores of the challenges faced by cottage-scale industries. The overall rating scores are the multiplicative combination of percentages and average ratings of the challenges. The figure shows the three groups of challenges: the first group with rating scores above 160, the second group with rating scores between 35 and 69, and the third group with rating scores of 6.

The first group with rating scores above 160 indicates the most significant challenges for cottage-scale industries. Access to market (262) is the most severe challenge, followed by access to finance (249) and access to skilled labor (160).

The second group with rating scores between 69 and 35 includes challenges such as access to raw materials, access to technologies, access to land, competition from imported goods, access to power, and logistics, indicating that these challenges are moderate for the cottage-scale industries.

The third group includes challenges such as policy issues and access to water. These two challenges are minor for cottage-scale industries, with rating scores of 6 each.

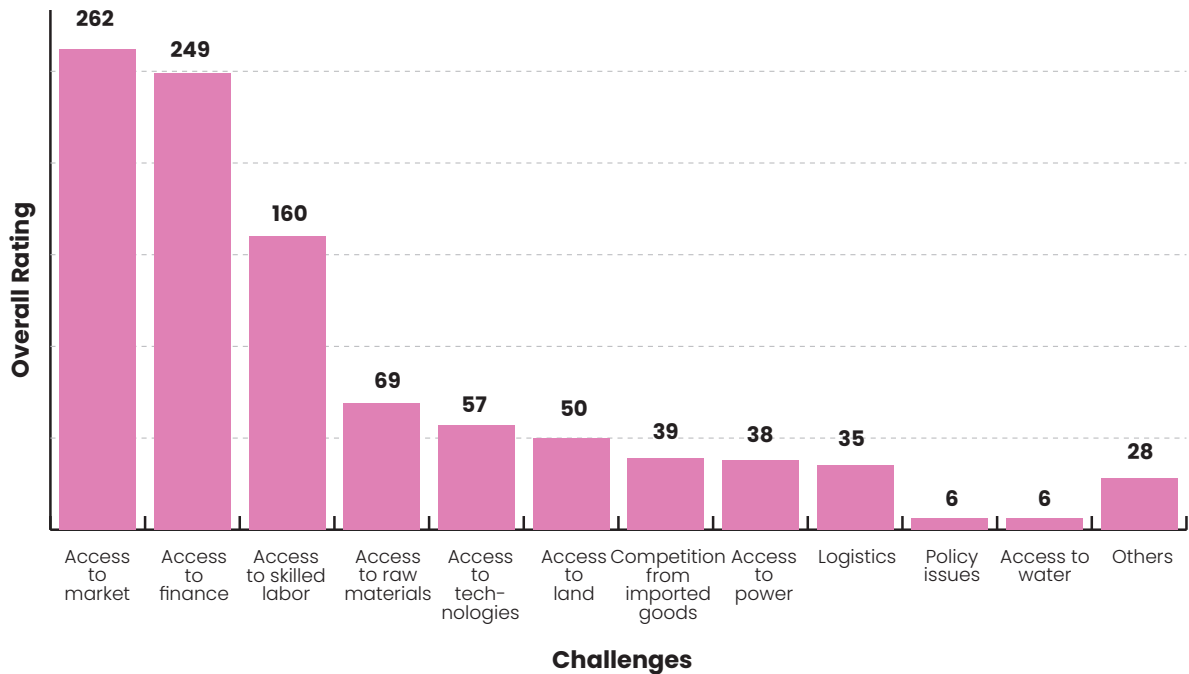


Figure 10.2.2 Overall rating of challenges faced by Cottage-Scale Industry

10.3 Challenges faced by Small-Scale Industry

Figure 10.3.1 illustrates the types of challenges faced by small-scale industries. The most significant challenges are access to market, access to finance, and access to skilled labor, affecting 43.9%, 32.8%, and 13.6%, respectively. Challenges such as access to power (6.8%), access to raw materials (6.3%), access to land (6.0%), logistics (5.2%), access to technologies (4.2%), competition from imported goods (3.4%), and policy issues (1.2%) are major challenges for small-scale industries.

However, access to water is a minor challenge for small-scale industries, affecting less than 1% of the total industries.

The 'Others' (3.6%), a total of 327 small-scale industries, constituting 3.6% of the total, specified poor road connectivity, family issues, and covid-19 pandemic as some of the main reasons for the challenge.

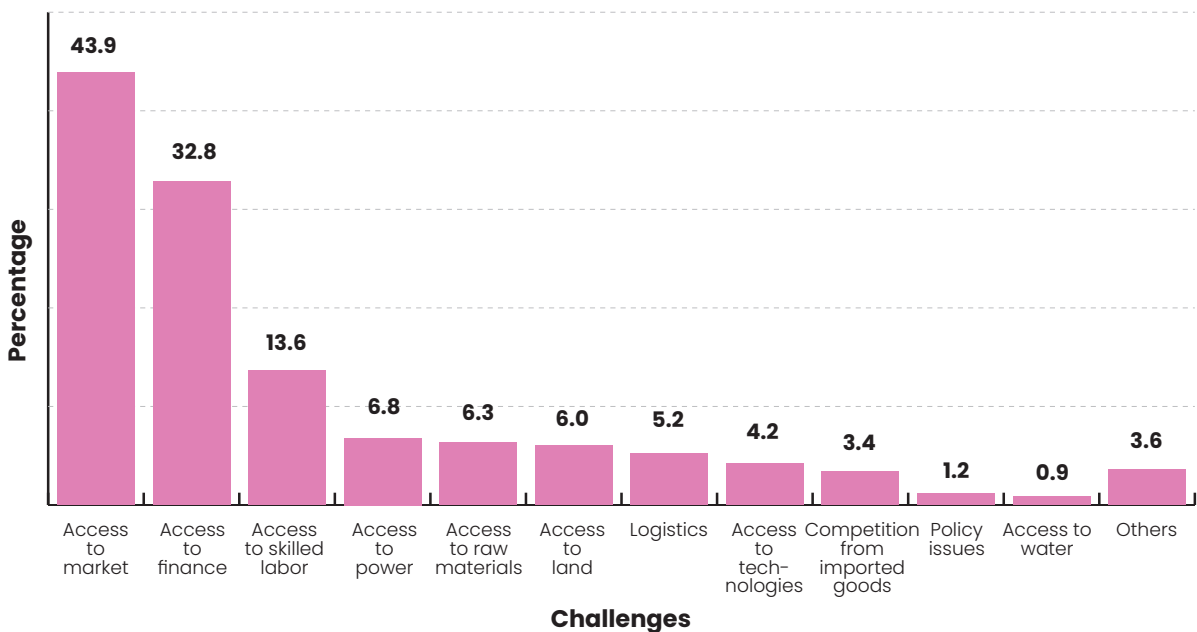


Figure 10.3 Challenges faced by Small-Scale Industry

10.3.1 Rating of Challenges faced by Small-Scale Industry

Figure 10.3.1 explains the ratings of the challenges faced by small-scale industries. Policy issues, access to water, access to market, and access to finance are severe challenges, rated between 8.1 and 7.3.

Access to skilled labor, access to land, logistics, competition from imported goods, access to raw materials, access to technologies, and access to power are rated as severe challenges for small-scale industries, with ratings between 6.9 and 5.3.

However, the 'Others' rated at 8.0, indicates a more severe challenge for small-scale industries, mentioning reasons such as the seasonal nature of businesses, family issues, and poor road connectivity, amongst many others.

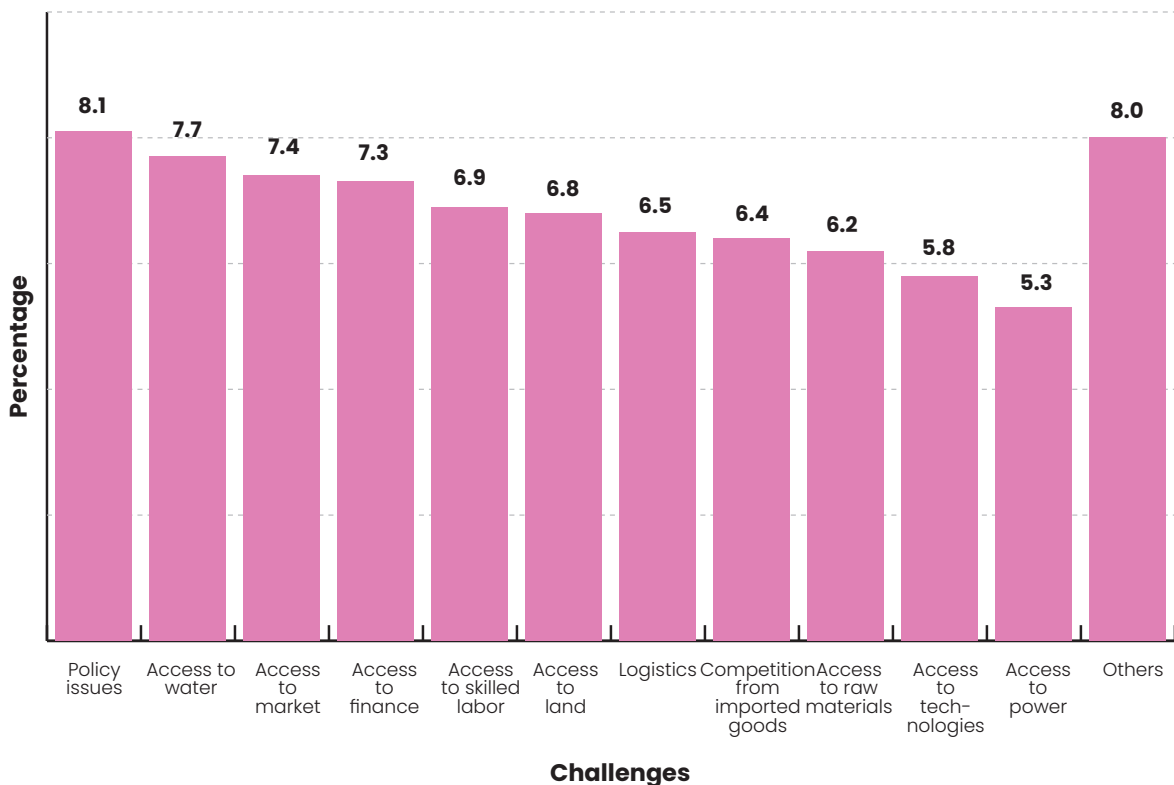


Figure 10.3.1 Rating of challenges faced by Small-Scale Industry

10.3.2 Overall Rating Score of Challenges faced by Small-Scale Industry

Figure 10.3.2 presents the overall rating scores of the challenges faced by small-scale industries. The overall rating scores are the multiplicative combination of percentages and average ratings of the challenges. The challenges are classified into three groups. The first group with rating scores above 240 includes challenges such as access to market (322) and access to finance (240), indicating the most significant and severe challenges for small-scale industries.

The second group includes rating scores between 94 and 10. The challenges include access to skilled labor, access to land, access to raw materials, access to power, logistics, access to technologies, competition from imported goods, and policy issues, indicating moderate challenges for small-scale industries.

The third group includes the challenge in terms of access to water, with a rating score of 7, indicating a minor challenge for small-scale industries.

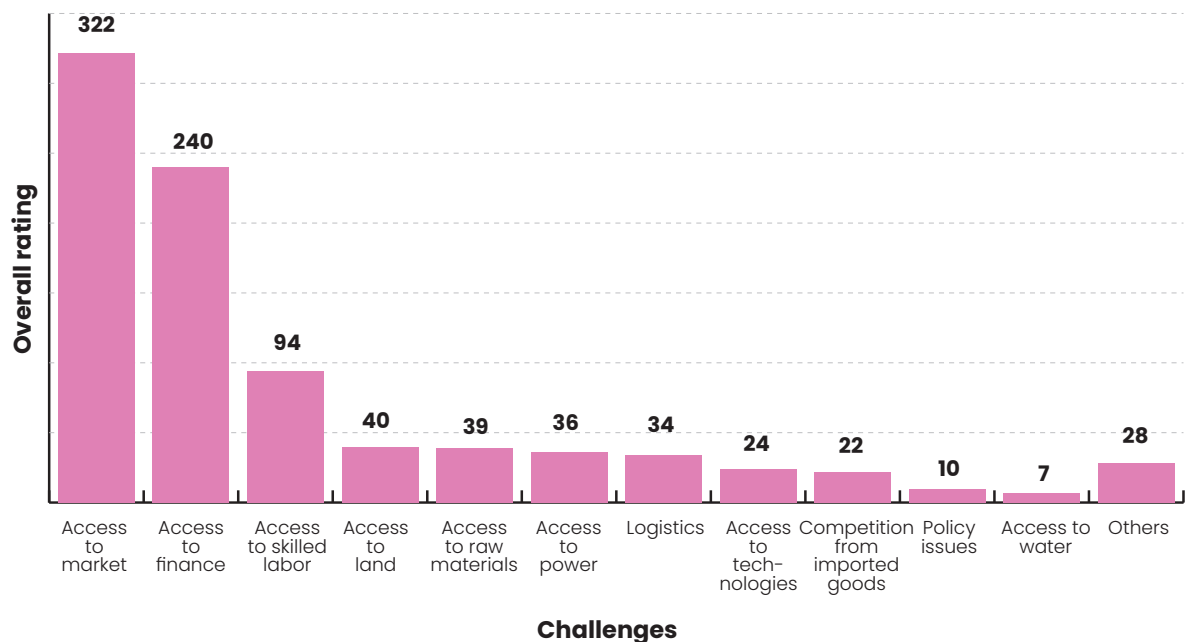


Figure 10.3.2 Overall rating score of challenges faced by Small-Scale Industry

10.4 Challenges faced by Medium-Scale Industry

Figure 10.4 highlights the types of challenges faced by medium-scale industries. Access to finance, access to market, and access to skilled labor are the most significant challenges for medium-scale industries, affecting 41.3%, 40.8%, and 39.8% of the industries, respectively.

Access to raw materials (20.4%), access to technologies (17.6%), competition from imported goods (15.6%), access to power (12.8%), access to land (10.5%) and logistics (9.7%) are other notable challenges, indicating major challenges for medium-scale industries. Policy issues and access to water are minor challenges, affecting 2.0% and less than 1% of medium industries, respectively.

'Others' challenge affected 7.7% of the medium-scale industries, mentioning some of the particular reasons such as the closure of businesses due to covid-19 pandemic and inflation, amongst many others.

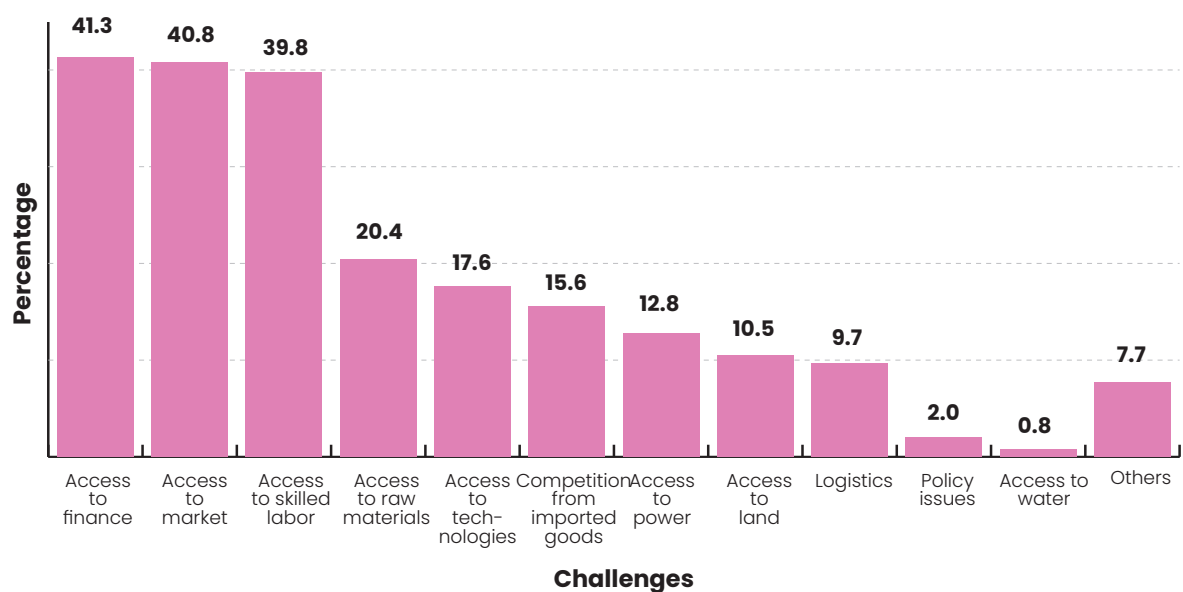


Figure 10.4 Challenges faced by Medium-Scale Industry

10.4.1 Rating of Challenges faced by Medium-Scale Industry

Figure 10.4.1 shows the severity ratings of challenges faced by medium-scale industries on a scale of 1 to 10. Policy issues, access to water, access to skilled labor, access to finance, and access to market are more severe challenges for medium-scale industries, with ratings between 8.5 and 7.1.

Competition from imported goods, access to raw materials, access to technologies, access to land, logistics, and access to power are severe challenges for medium-scale industries, with ratings between 6.8 and 5.1.

The 'Others' category was also rated as a more severe challenge for medium-scale industries, rated at 7.6.

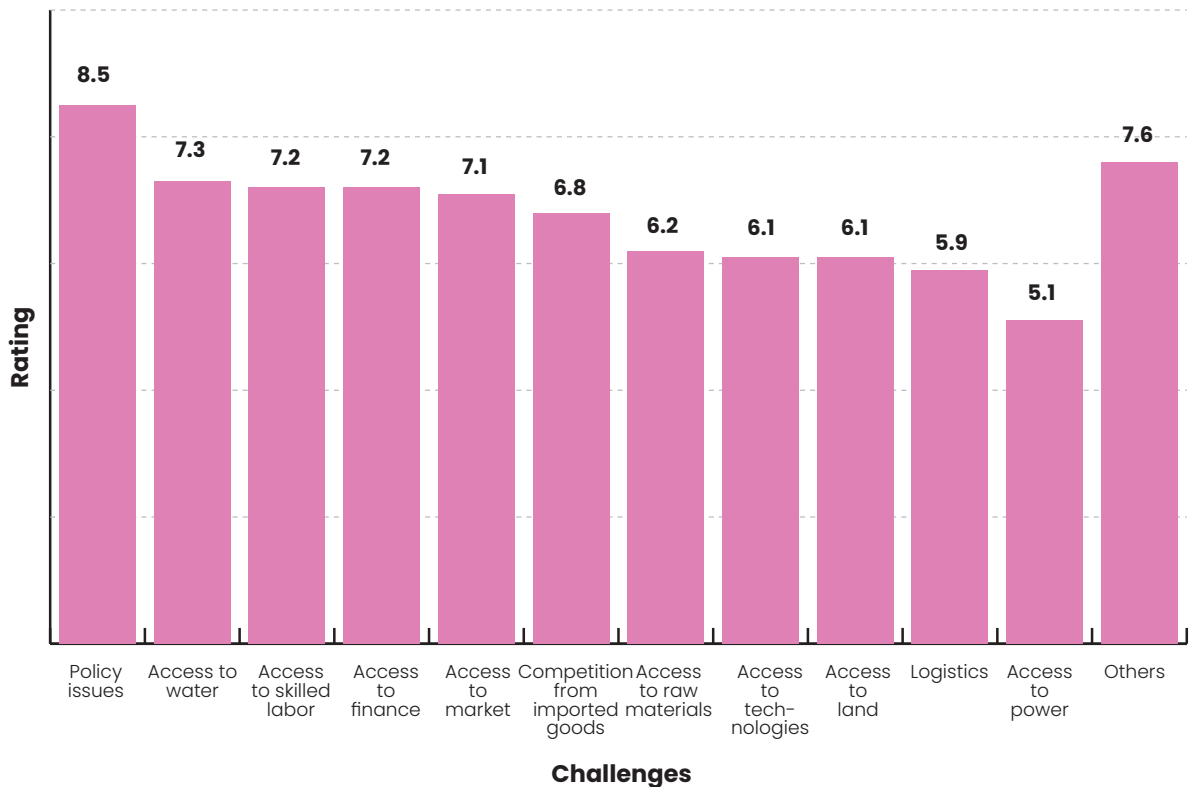


Figure 10.4.1 Rating of challenges by Medium-Scale Industry

10.4.2 Overall rating score of Challenges faced by Medium-Scale Industry

Figure 10.4.2 illustrates the overall rating scores of the challenges faced by medium-scale industries. The overall rating scores are the multiplicative combination of percentages and average ratings of the challenges. The overall rating scores are divided into three categories: the first category with rating scores above 106, the second category with rating scores between 65 and 17, and the third category with a rating score of 6.

The first category includes challenges such as access to finance (296), access to market (291), access to skilled labor (186), access to raw materials (127), access to technologies (108), and competition from imported goods (106). Among these challenges, access to finance, access to market, and access to skilled labor are the most significant challenges for medium-scale industries.

The second category includes challenges such as access to power, access to land, logistics, and policy issues, indicating major challenges, with rating scores between 65 and 17.

The third category includes the challenge in access to water for medium-scale industries, indicating a minor challenge, with a rating score of 6.

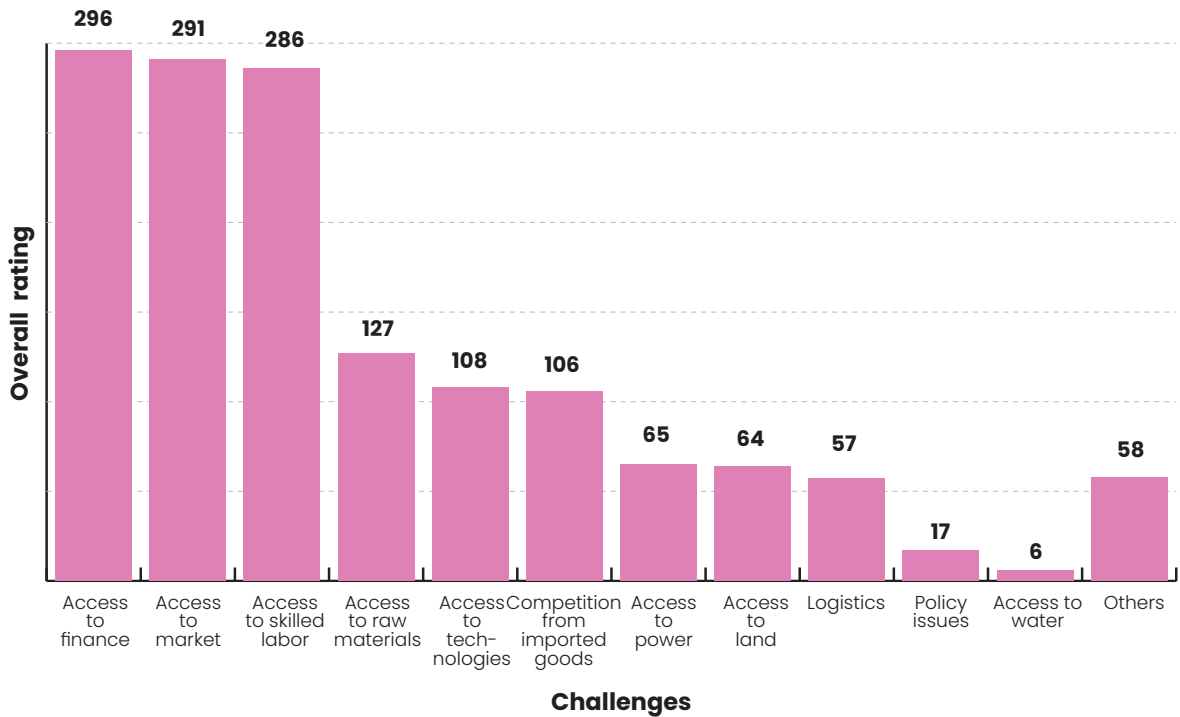


Figure 10.4.2 Overall rating score of challenges faced by Medium-Scale Industry

10.5 Challenges faced by Large-Scale Industry

Figure 10.5 identifies the main challenges faced by large-scale industries. Access to skilled labor, access to finance, and access to market are the most significant challenges for large-scale industries, affecting 43%, 37.9%, and 33.6% of industries, respectively.

Access to raw materials (22.9%), access to technologies (19.6%), logistics (17.8%), competition from imported goods (16.4%), access to land (14.5%) and access to power (12.6%) are major challenges for large-scale industries.

However, policy issues are minor challenges for large-scale industries, affecting only 1.9% of the total industries.

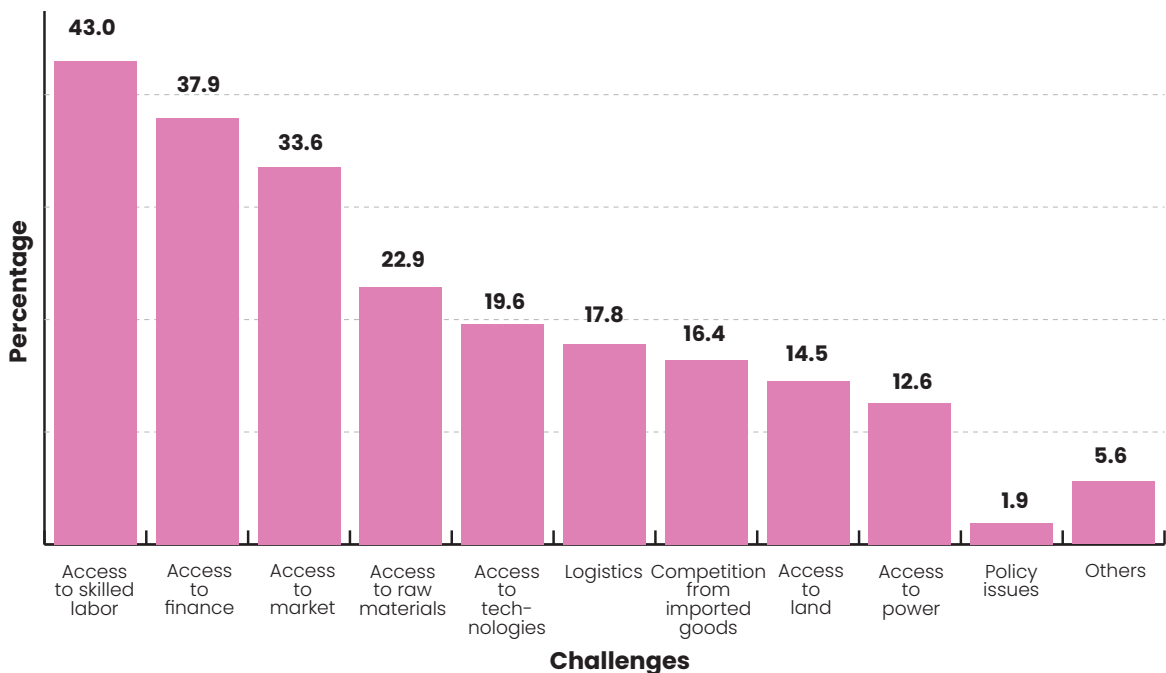


Figure 10.5 Challenges faced by Large-Scale Industry

10.5.1 Rating of Challenges faced by Large-Scale industry

Figure 10.5.1 shows the ratings of the challenges faced by large-scale industries, on a scale of 1 to 10. For large-scale industries, policy issues and access to skilled labor are the more severe challenges, rated at 7.8 and 7.2 respectively.

Large-scale industries face severe challenges such as access to finance, markets, and technologies; competition from imported goods; logistics; access to raw materials and land; and power, with ratings ranging from 6.8 to 5.0.

The large-scale industries rated 'Others' category challenge as more severe, with 8.2, stating the reasons such as competition among the informal businesses, family issues, and businesses affected by natural disasters.

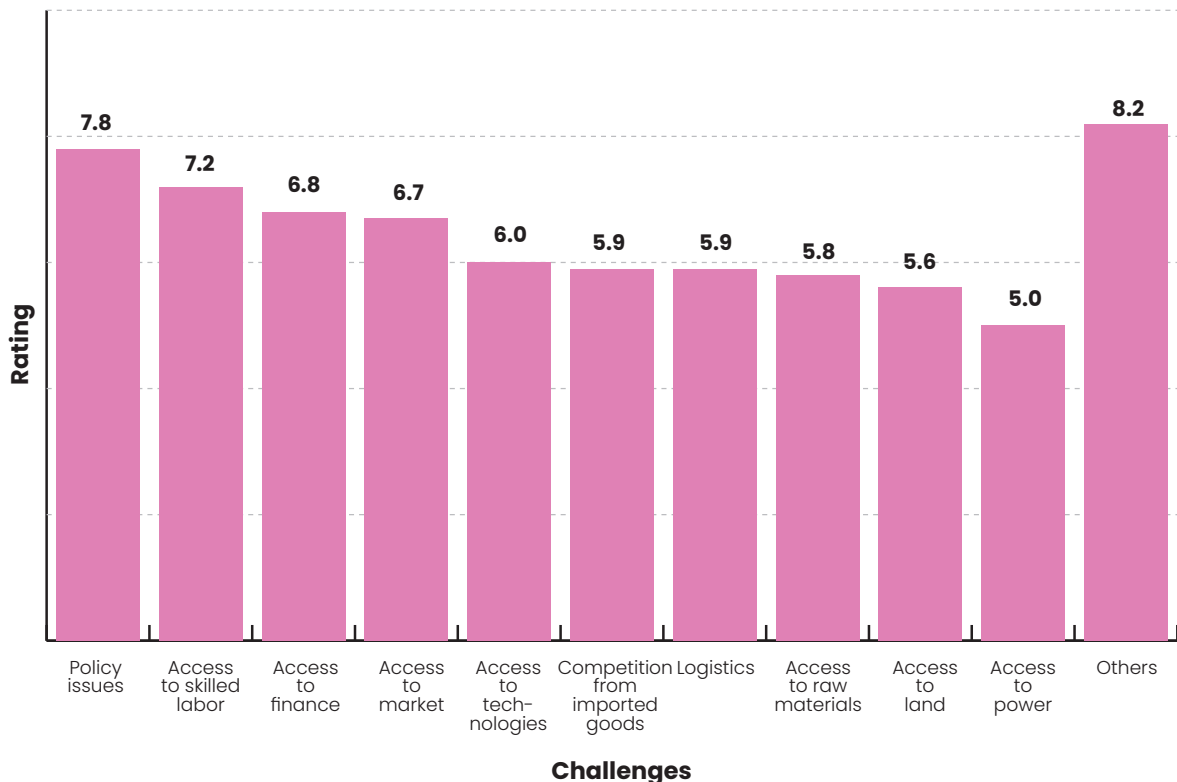


Figure 10.5.1 Rating of challenges faced by Large Industry

10.5.2 Overall Rating score of Challenges faced by Large-Scale industry

Figure 10.5.2 presents the overall rating scores of the challenges faced by large-scale industries. The overall rating scores are the multiplicative combination of percentages and average severity ratings of the challenges. The overall rating scores are divided into two categories: the first category with rating scores above 104 and the second category with rating scores between 96 and 14.

The first category includes challenges such as access to skilled labor (307), access to finance (258), access to market (225), access to raw materials (134), access to technologies (118), and logistics (104). Access to skilled labor, access to finance, and access to market are the most severe challenges for large-scale industries.

The second category encompasses challenges such as competition from imported goods (96), access to land (82), access to power (63), and policy issues (14), indicating minor challenges for large-scale industries. Policy issues are minor challenges for large-scale industries.

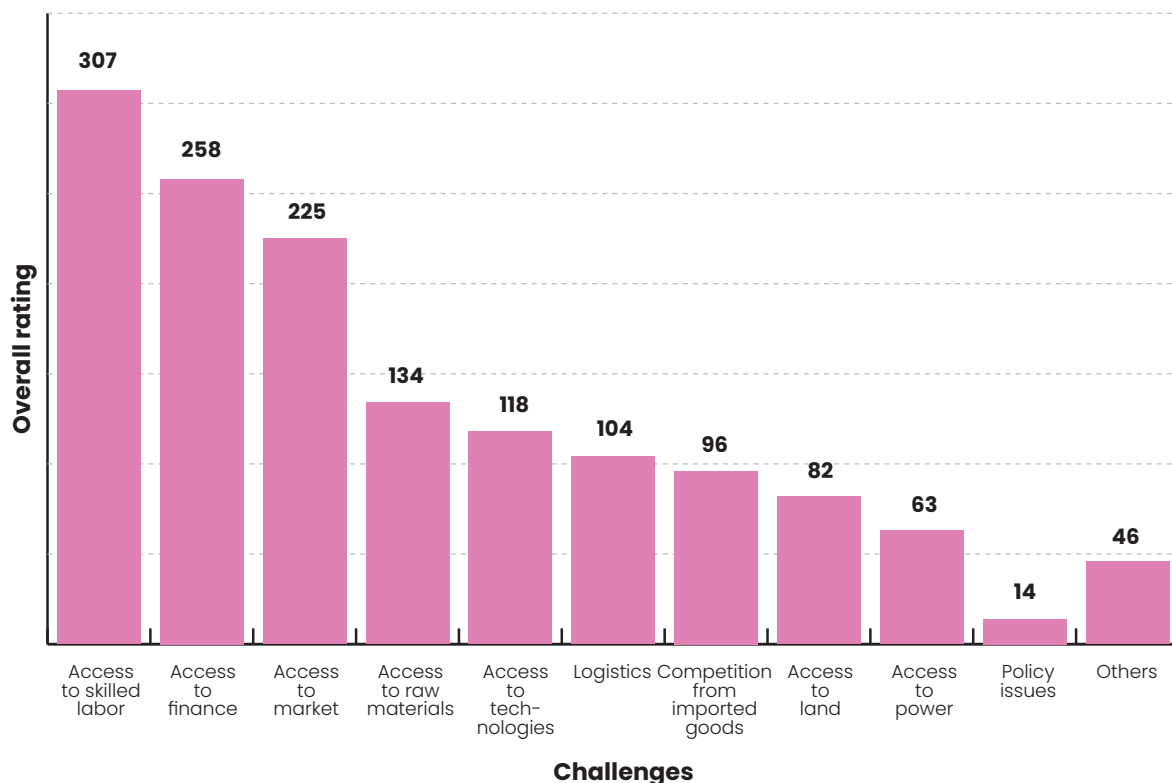


Figure 10.5.2 Overall rating score of challenges faced by large industry

10.6 Challenges faced by Sole Proprietors

Figure 10.6 specifically highlights the challenges faced by industries owned by sole proprietors. Out of 13,008 industries enumerated for the Industry Census, 12,480 industries are owned by sole proprietors. A total of 7,729 solely-owned industries identified and rated different types of challenges, of which 4,021 industries are owned by female sole proprietors and 3,708 are owned by male sole proprietors. The challenges identified and rated by other ownership types are not discussed in this section because the gender of the owners could not be determined due to the presence of more than one proprietor.

The graph shows that the significant challenge for the industries owned by sole proprietors for both sexes is access to market, affecting 23.0% of industries owned by females and 19.2% of industries owned by males. Access to finance is another significant challenge for 17.1% of industries owned by females and 16.3% of industries owned by males.

In contrast, access to water, policy issues, and competition from imported goods are minor challenges faced by the industries owned by both females and males, affecting less than 1%. Generally, the challenges faced by industries owned by females are greater than industries owned by males.

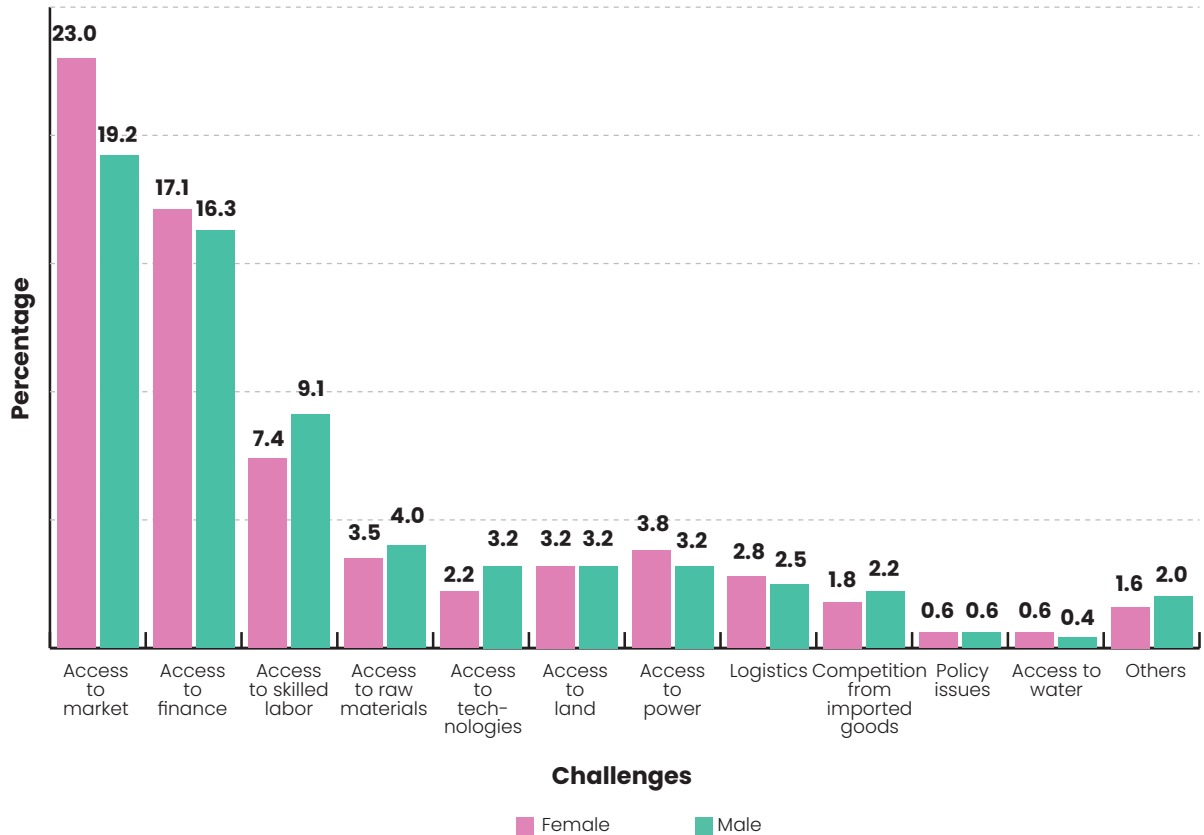


Figure 10.6 Challenges of Sole proprietorship by Sex

10.7 General Recommendations by the Industries

As mentioned in the previous chapters and sections of the report, one of the objectives of the Industry Census is to gather recommendations from the industries to determine and understand the actual business environment of the industries of Bhutan. Out of 13,008 industries enumerated for the census, a total of 8,461 industries provided recommendations. The recommendations are categorized as follows:

- Access to finance (accessibility, without collateral and at low interest rates)
- Access to markets
- Access to logistics
- Access to raw materials
- Access to power
- Access to technology
- Policy intervention
- Shortage of labor/skilled labor
- Others

Figure 10.7 outlines the recommendations provided by the industries. Government policy intervention in industrial sector development is the most significant recommendation provided by 41.32% out of total industries. Improving access to finance is another important recommendation provided by 23.86% of industries, followed by improving access to markets, constituting 8.7% of the total industries.

Recommendations such as addressing the shortage of skilled labor (6.11%), improving logistics (4.3%), addressing accessibility in raw materials (2.04%), and sufficient supply of power (0.91%) and, access to technology (0.35%) are common recommendations provided by industries to improve the overall business environment.

Additionally, 12.4% of industries provided recommendations in other areas such as improving access to land for the establishment and operation of industries and addressing the competition from informal businesses.

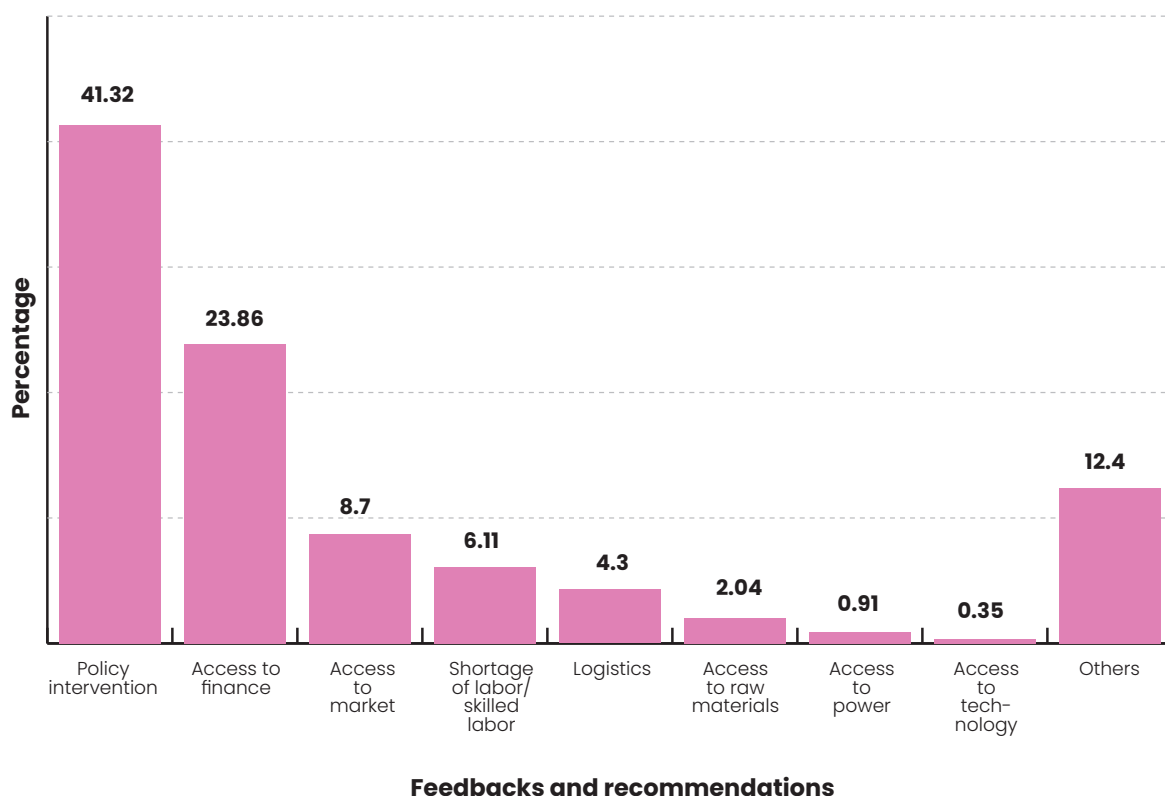


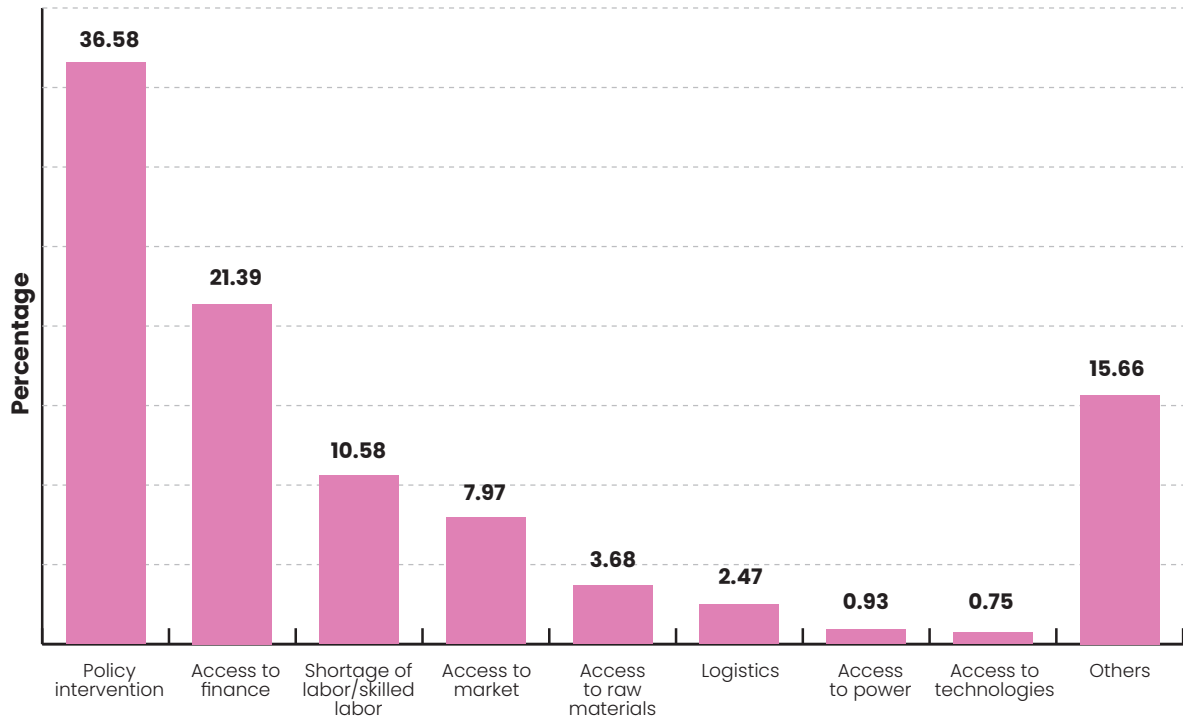
Figure 10.7 General recommendations of the industries

10.7.1 Recommendations by Cottage-Scale Industry

Figure 10.7.1 highlights the recommendations provided by cottage-scale industries. The most significant recommendation is the need for strong policy intervention through appropriate policies and regulatory reforms, provided by 36.58% of industries. Easing access to finance is another major recommendation, provided by 21.39% of industries.

Addressing the shortage of skilled labor is a common recommendation provided by 10.58% of industries. Other notable recommendations include facilitating access to markets (7.97%), raw materials (3.68%), and logistics (2.47%). Minor recommendations include supplying sufficient power (0.93%) and improving access to technology (0.75%).

The 'Others' recommendations comprise 15.66% of industries, providing various additional recommendations such as prompt actions in addressing concerns about strong competition from informal businesses, reliable water supply, and skill and re-skill development programs.



Feedbacks and recommendations

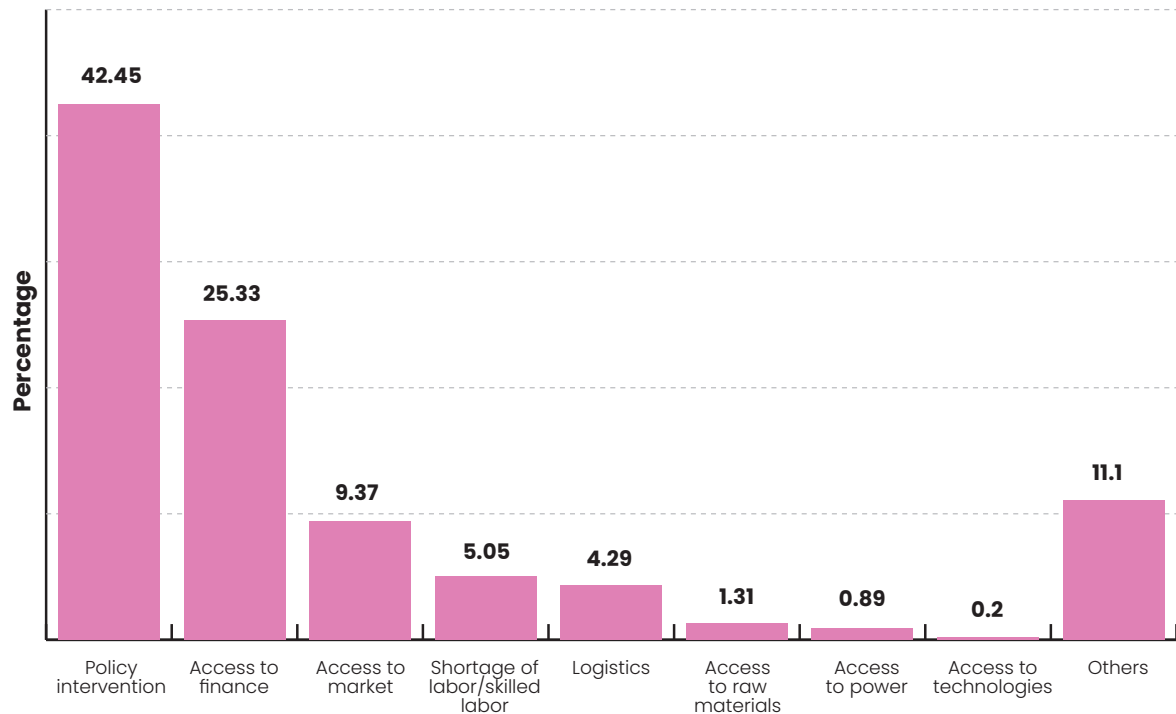
Figure 10.7.1 Recommendations by Cottage Industry

10.7.2 Recommendations by Small-Scale Industry

Figure 10.7.2 illustrates in detail the recommendations provided by small-scale industries regarding improvements required in the business environment. Proper and timely government policy intervention is the most significant recommendation provided by small-scale industries, constituting 42.45% of the total. Improving access to finance is another significant recommendation, which comprises 25.33% of small-scale industries.

Recommendations for improving market access (9.37%), addressing the shortage of skilled labor (5.95%), improving logistics (4.25%), and improving access to raw materials (1.31%) are the major recommendations provided by small-scale industries. Improving access to power and access to technology are minor recommendations of small-scale industries, constituting 0.89% and 0.20%, respectively.

The 'Others' recommendation constitutes 11.10% of small-scale industries including reasons such as improving infrastructure, including better internet connectivity and water supply.



Feedbacks and recommendations

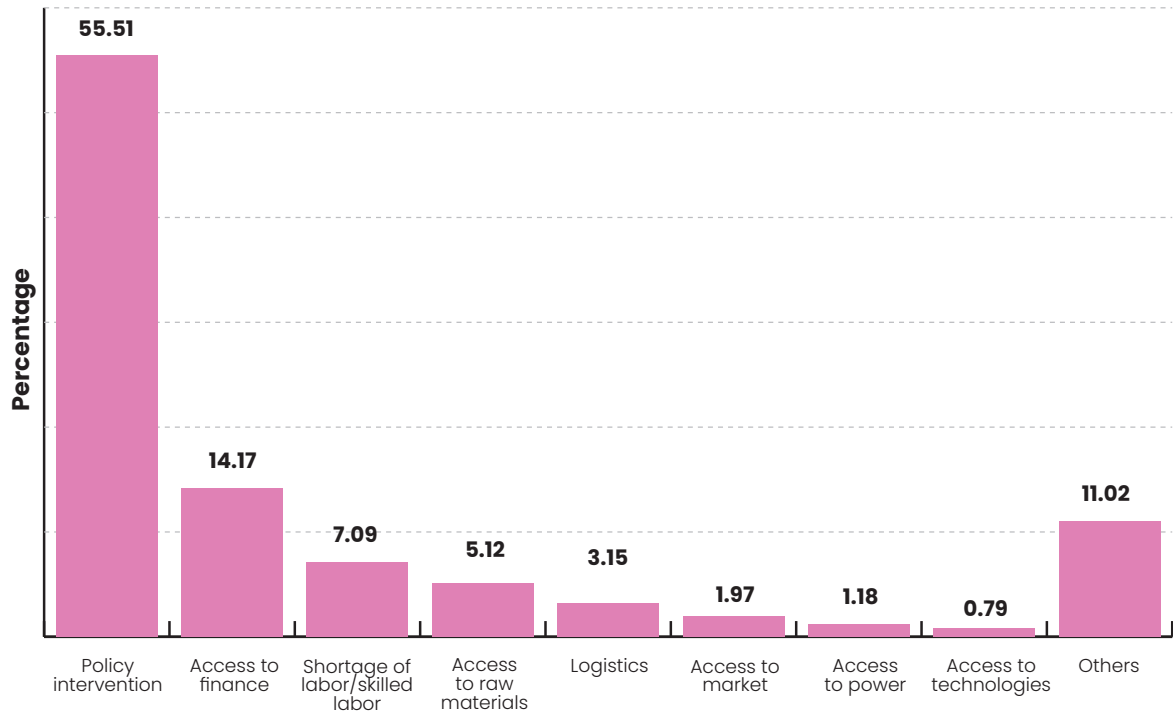
Figure 10.7.2 Recommendations of Small-Scale Industry

10.7.3 Recommendations by Medium-Scale Industry

Figure 10.7.3 presents recommendations provided by medium-scale industries. A significant majority, 55.51% of medium-scale industries recommended policy intervention, suggesting strong government policy and regulatory reforms. A recommendation to improve access to finance constitutes 14.17% of medium-scale industries, highlighting the need to improve financial accessibility, and 7.09% of industries recommended the need to address the shortage of skilled workers.

Issues related to access to raw materials (5.12%), logistics (3.15%), access to market (1.97%), and access to power are common recommendations provided by medium-scale industries. Improving access to technology is recommended by 0.97% of the industries.

The 'Others' recommendation accounts for 11.02% of the industries providing recommendations, capturing a variety of additional reasons such as standardizing contract evaluations, more capital grants and reductions of license issuance and renewal fees.



Feedbacks and Recommendations

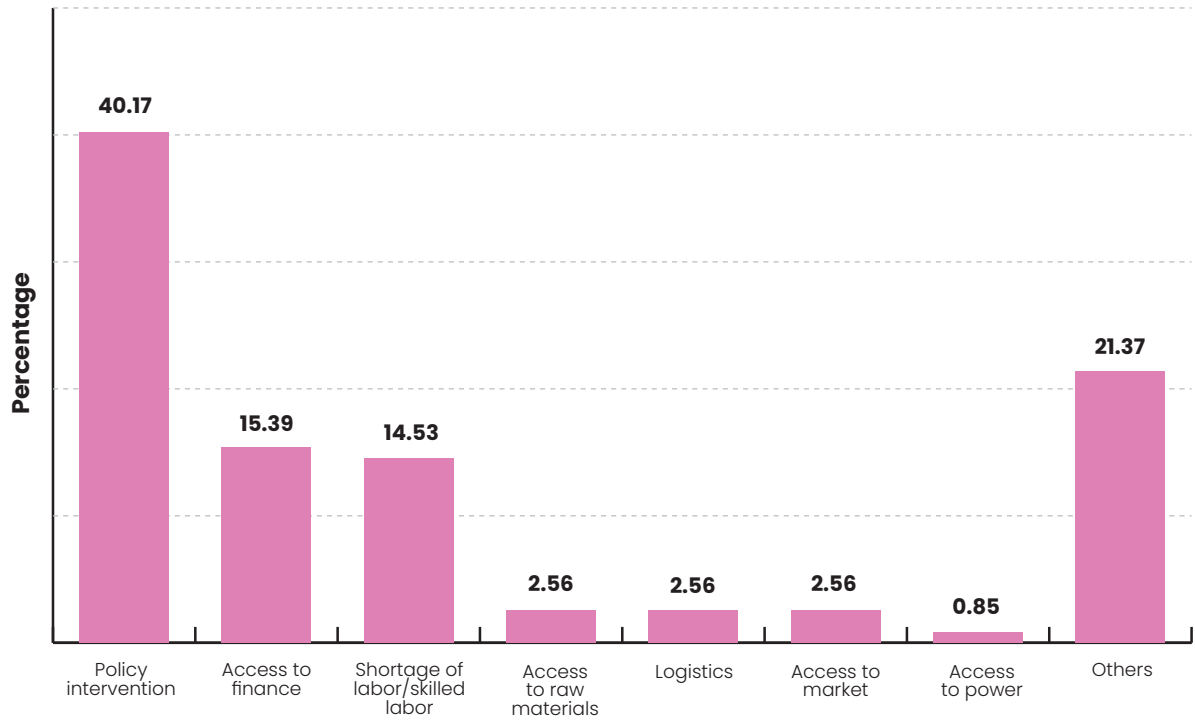
Figure 10.7.3 Recommendations of Medium-scale Industry

10.7.4 Recommendations by Large-Scale Industry

Figure 10.7.4 presents the recommendations provided by large-scale industries. The most prominent recommendation is for proper government policy intervention, constitutes 40.17% of total industries. Easing access to finance (15.39%) and addressing the shortage of skilled labor (14.53%) are other important recommendations provided by large-scale industries.

Improving access to raw materials (2.56%), logistics (2.56%), access to market (2.56%), and access to power (0.85%) are the minor recommendations by large-scale industries.

The ‘Others’ recommendation constituting 21.37% of the large-scale industries stated various reasons such as improving system issues and addressing competition from informal businesses and imported goods.



Feedback and recommendations

Figure 10.7.4 Recommendations of Large-scale Industry



Chapter 11

OBSERVATIONS

11.1 Introduction

This chapter presents the reasons why some of the industries were partially operational for the reference period and why some could not be contacted during the field work though their licenses were valid in the licensing database system. The chapter also suggests various recommendations based on the observations of the Industry Census 2024.

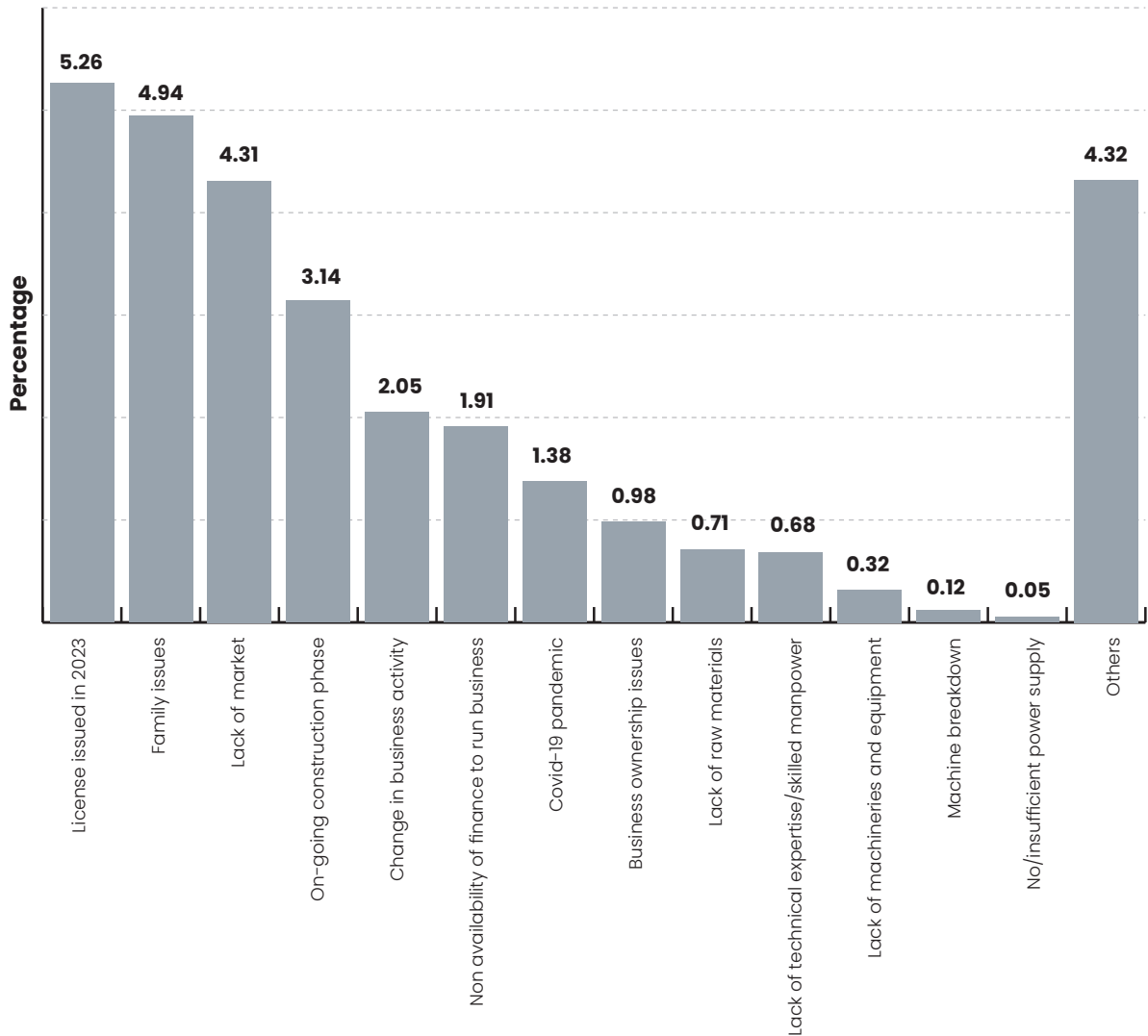
11.1.1 Partial Operation of Industries in 2023

Figure 11.1 determines the reasons for partial operation in 2023. Of 13,008 industries enumerated for the census, 3,259 industries (25.05%) were found to be partially operating. Among the reasons cited for partial operations, 5.26% mentioned obtaining business licenses midway through 2023, while 4.94% cited family issues and 4.31% attributed the lack of markets as their main challenges in fully operating.

Full operations were also affected for some industries being under-construction phase (3.14%), change in primary business activity (2.05%), non-availability of finance to run business (1.91%) and the COVID-19 pandemic (1.38%).

Business ownership issues (0.98%), lack of raw materials (0.71%), technical expertise and manpower (0.68%), lack of machinery and equipment (0.32%), mechanical breakdowns (0.12%) and insufficient power supply (0.05%) were the minor reasons as compared to the aforementioned reasons for being partially non-operational.

In the 'Others' category, 4.32% of the industries cited being partially operational due to change in location, businesses being affected by natural disasters, and personal issues amongst many other reasons.



Reasons for partial operation in 2023

Figure 11.1 Reasons for partial operation in 2023

11.1.2 Observations of the Industry Census

As summarized earlier in section 2.7, Limitations of the Census, this chapter will further present the reasons why all the listed data for the Census could not be enumerated. As previously mentioned, the data listing exercise initially excluded non-operational industries in 2023. However, during the actual field work, as depicted in the chart below, an additional 1,617 industries (37.40%) were found to be non-operational. The reasons for non-operation were due to the following:

- Businesses that have been closed for extended periods or were never established continue to have their license renewed annually;
- Businesses recently established, beyond the reference period;
- The business did not operate in the reference period as of December 31, 2023;
- Businesses that have been non-operational for a few years and are considering canceling their licenses;
- Licenses renewed with the intention to start/re-start the business in future and;
- Licenses canceled, but status not yet updated in the government licensing and taxation system.

Subsequently, 24.84% of the industries could not be reached despite being correctly located. The in-accessibility of the industries was due to the following reasons:

- No response to calls despite repeated attempts;
- Mobile numbers were switched off during the entire census duration;
- Incoming calls were blocked and;
- Business closed during the entire census period.

Among other reasons, industries that changed their mobile numbers from what was provided when the license was issued stand at 15.10%. It indicates that the change was never informed to relevant authorities, though it is mandatory for license holders to inform any change in contact number, location, ownership, business name or activity as per the Trade and Industry Rules 2023.

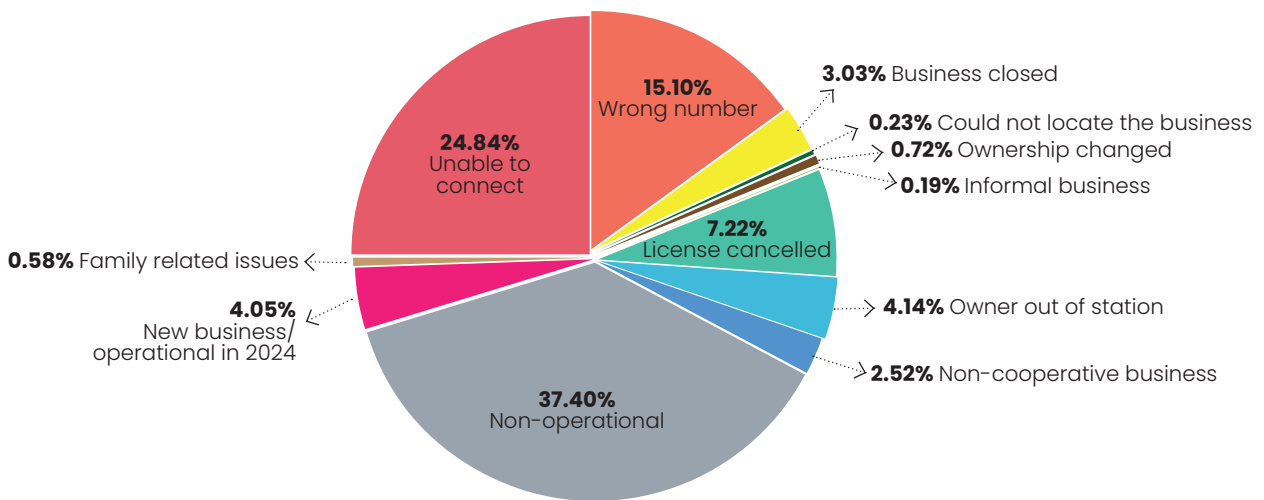


Figure 11.2 Observations of the Industry Census

11.1.3 Recommendations Based on the Observations

Based on the observations mentioned above, the relevant agencies need to consider the following:

1. Business advocacy is strongly encouraged for the following reasons:
 - To advocate that any change in license details should be intimated to licensing or relevant authorities, particularly for those engaged in the construction and tourism sectors. Given that many operate primarily from their homes, updating their location when they relocate is often overlooked.
 - To create awareness on the license renewal and cancellation process as most of the business entities are currently not aware, especially among the industries in the rural areas.
 - To promote awareness of the taxation system, particularly among industries in rural areas, many of whom are unfamiliar with the annual taxes and the registration and filing processes.
2. For non-operational industry licenses and those not renewed for extended periods, it is encouraged that clients do not retain them unnecessarily but cancel them. Unlike in the past, a new license can be obtained at any time. These dormant licences do not contribute economically and distort license data counts.

3. Monitoring needs to be carried out routinely due to the following reasons:
 - Some industries are operating even after their license has expired;
 - There are instances of some industries operating without a valid license;
 - Most of the Micro Trade Registration Certificate holders are involved in selling liquor and fast food items;
 - There are discrepancies between activities and information on signboards;
 - Signboards are sometimes left abandoned even after businesses have closed or relocated; and
 - Signboards are often absent in the rural areas.
4. Industry databases should be regularly updated, as there are cases where industries are operational in the field but this information is not reflected in the system.
5. The Department of Industry and RoICE should collaborate and engage in discussions to address the issue where multiple licenses are being issued by RoICE under the same FDI company's name, in addition to the FDI license issued by the Department of Industry.
6. Inter-agency collaborations are necessary. For instance, it has been observed that tax clearance certificates are being issued by DRC even for non-operational licenses leading RoICE to renew the license as a result. Additionally, discrepancies exist wherein licenses shown as active in the DRC system may appear as cancelled or expired in the RoICE system.
7. There is a need to streamline the various online systems, as industries are experiencing confusion regarding where and how to log in or access services.
8. It was reported that various walk-in fees were collected from the businesses apart from the license issuance and renewal fees. Thus, highlighting the importance of streamlining and obtaining mandatory clearances from MoICE to ensure that businesses are well-informed about the types of fees.
9. Some of the cottage, small and medium-scale industries need to upgrade to a higher scale because their investment and employment levels exceeded the limits of the current licensing definition. Therefore, there is a need for mandatory reclassification and regular audits of industries.

ANNEXURES

Annex I: List of agencies that participated in stakeholder consultation meetings

1. National Statistics Bureau
2. Department of Industry, Ministry of Industry, Commerce and Employment
3. Department of Employment and Entrepreneurship, Ministry of Industry, Commerce and Employment
4. Regional Office of Industry, Commerce and Employment
5. BAEyul – Bhutan Association of Entrepreneurs

Annex II: Questionnaires



INDUSTRY CENSUS 2024 (CSIs, Medium & Large Industry)

Department of Industry, Ministry of Industry, Commerce & Employment & National Statistics Bureau



SECTION I : IDENTIFICATION		
	NAME	CODE
1.1	Dzongkhag <input type="text" value="/Prefilled"/>	<input type="text"/>
1.2	Establishment serial number	
1.3	Tap to record Start Time	
1.4	Tap to record GPS location	
1.5	Gewog/Town <input type="text"/>	<input type="text"/>
1.6	Chiwog <input type="text"/>	<input type="text"/>
1.7	Village/Location (name of the place) <input type="text"/>	
1.8	Name of respondent <input type="text"/>	
1.9	What is the Designation of the respondent <input type="text"/>	
1.10	Enter Mobile Number <input type="text"/>	
1.11	Enter Telephone Number <input type="text"/>	
SECTION II : ESTABLISHMENT INFORMATION		
2.1	Name of the establishment <input type="text"/>	
2.2	Which of the following best describes your establishment? [1] Single establishment (Go to 2.5) [2] Branch only [3] Branch and Head office (Go to 2.5) [4] Head office only (Go to 2.5)	<input type="text" value="(refer the list below)"/>
2.3	What is the name of the head office? <input type="text"/>	
2.4	Does this establishment maintain a separate book of account? [1] Yes <input type="checkbox"/> (Yes/No) [2] No (end interview)	
2.5	List all the registration/license(s) of this establishment which were operational (Fully or partially) in 2023? BSIC Code <input type="text"/> registration/licenses (activity name) <input type="text"/> <i>(will be registration/license based until next section)</i>	
2.6	Is this a trade related registration/license? <input type="checkbox"/> (Yes/No) [1] Yes (Go to section 3) [2] No	

2.7	what is the type of registration/license ownership ?	<input type="text"/> (refer the list below)
[1]	Sole proprietorships	Go to 2.7a / contd.
[2]	Partnerships	Go to 2.8
[3]	State Owned Enterprise	Go to 2.9
[4]	Private Limited Companies	Go to 2.9
[5]	Public Limited Companies	Go to 2.9
[6]	Foreign Direct Investments (FDI) Companies	Go to 2.9
[7]	Civil Society Organization/Non Governmental Organizations (NGOs)/Non-Profit Public Organization	Go to 2.9
[8]	Cooperatives and Groups	Go to 2.9
[99]	Others (Institutions, monasteries, and education, etc.,)	Go to 2.9
2.7a	Name of the Owner of this registration/license.	<input type="text"/> <i>This question is for sole proprietorship only</i>
2.7.1	Sex of the Owner	
	Male	<input type="text"/>
	Female	
2.7.2	Educational Background of the Owner	<input type="text"/>
2.7.3	Age of the owner	<input type="text"/> <input type="text"/>
2.8	List all the owners for this registration/license? <i>*(This question is for partnership)</i>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
2.8.1	Sex of the Owner	
	Male	<input type="text"/>
	Female	
2.8.2	Educational Background of the Owner	<input type="text"/>
2.8.3	Age of the owner	<input type="text"/>
2.9	What is the category of this registration/license?	<input type="text"/> (refer list below)
[1]	Production and Manufacturing (PAM)	
[2]	Services (SVC) (Go to 2.11)	
[3]	Contract (CON) (Go to 2.11)	
2.10	What is the sub-sector of this registration/license?	<input type="text"/> (refer list below)
[1]	Forest based Production	
[2]	Agro-based Production	
[3]	Mineral-based Production	
[99]	Others (specify)	
2.11	What is the scale of the registration/license?	<input type="text"/> (refer list below)
[1]	Cottage	
[2]	Small	
[3]	Medium	
[4]	Large	

2.12 **Initial date of registration/license** D D M M Y Y Y Y

--	--	--	--	--	--	--	--

2.13 **When did you start operating this registration/license?** D D M M Y Y Y Y

--	--	--	--	--	--	--	--

2.14 **Registration/license number**

2.15 **Was this registration/license operational in the year 2023?**
 [1] Yes(Full year) (Go to 2.19) (refer list below)
 [2] Yes(Partially)

2.16 **How many months was the registration/license operational in 2023? (note: if it is less than one month, consider as one month)**

2.17 **In which months of 2023 was this registration/license operational? (Please tick below)**

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

2.18 **What were the reasons for not being able to operate fully in 2023?**

[A] Non availability of finance to run business	(refer list below)
[B] Under construction phase	(refer list below)
[C] No/insufficient power supply	(refer list below)
[D] Lack of technical expertise/skilled manpower	(refer list below)
[E] Family issues	(refer list below)

[F] Lack of raw materials
 [G] Lack of machineries and equipment
 [H] Change in business activity
 [I] Machine breakdown
 [J] Lack of market
 [K] Business ownership issues
 [L] Investor withdrawal
 [M] Business started to operate in 2024
 [N] Covid-19 Pandemic
 [99] Others (Specify)
 [99] Others (Specify)
 [99] Others(Specify)

2.19 **List all the products and services produced/provided by this registration/license (Main product)**

2.20 **Where were the products or services sold?** (refer list below)
 [1] Domestic market Only
 [2] Export Only
 [3] Both

2.21 **Do you face any issues or challenges related to your registration/license?**

Yes
 No (Go to section 3)

2.22 **Please rate the following registration/license obstacles on a scale from 1 to 10, with 1 indicating 'No obstacle' and 10 indicating 'Very severe obstacle'.**

[1] Access to finance (Accessibility)	
[2] Access to Finance (Need for Collateral)	
[3] Access to Finance (High Interest Rate)	
[4] Access to land	
[5] Access to market (Local)	
[6] Access to market (Export)	
[7] Access to skilled labours	
[8] Access to technologies	
[9] Logistics (Transport, cold storage, warehouse, etc.)	
[10] Competition from imported goods	
[11] Access to raw materials - Regional, International and Local)	
[12] Access to Power	
[99] Other (specify)	
[99] Other (specify)	
[99] Other (specify)	

SECTION III : EMPLOYMENT

3.1 **How many persons were working for this establishment as of 31 December 2023?**
 Please provide the information by worker type.

Employment Type	Bhutanese		Non-Bhutanese	
	Male	Female	Male	Female
Own account workers				
Regularly-paid employees				
Contract employees				
Casual paid employees				
Unpaid family workers				

3.2 **Please provide the following information about the average working time for persons working in this establishment.**

	Average working days per week		Average working hours per day	
	Male	Female	Male	Female
Own account workers				
Regularly-paid employees				
Contract employees				
Casual paid employees				
Unpaid family workers				

3.3 How much was paid in 2023 in total as wages and salaries, including overtime payment and other benefits?

(Please provide the gross payment in Nu. by worker type, nationality and gender)

(1 hundred thousand: 100,000, 1 million: 1,000,000, 10 million : 10,000,000)

Employment Type	Bhutanese		Non-Bhutanese		Total	
	Male	Female	Male	Female	Male	Female
Regularly-paid employees						
Contract employees						
Casual paid employees						
Total						

* if amount by nationality and sex isn't available, record total

3.4 Do you currently employ Persons With Disabilities (PWDs)?

[1] Yes

[2] No (Go to 3.5)

3.4 How many do you employ?

Male	Female

3.5 Do you have any immediate requirement for skilled workers?

[1] Yes

[2] No

3.6 What kind of skilled worker do you need?

(List down at most five requirement)

Code: BSCO

SECTION IV: INCOME & EXPENSE

(PLEASE PROVIDE THE ANNUAL REVENUE OR SALES TURNOVER OF THIS ESTABLISHMENT IN THE YEAR 2023 FOR THE FOLLOWING CATEGORIES)

4.1 Please provide income details for the activity that has generated the highest income for this establishment in 2023?

(figures)

Pre-filled main activity (Name)	Domestic	Nu.	
	Export	Nu.	
	Total	Nu.	

Income from the [four] most important other economic activities (apart from the above) of this establishment during 2023?

A Prefilled the second highest income activity

Domestic	Nu.	
Export	Nu.	
Total	Nu.	

B	Prefilled the third highest income activity	
Domestic	Nu.	
Export	Nu.	
Total	Nu.	
C	Prefilled the fourth highest activity	
Domestic	Nu.	
Export	Nu.	
Total	Nu.	
D	Prefilled the fifth income activity	
Domestic	Nu.	
Export	Nu.	
Total	Nu.	

4.2 Please provide the expenditures made by this establishment in the year 2023 for the following categories ?

[1] Raw materials(including packaging, labeling.)

Domestic	Nu.	
Import	Nu.	
Total	Nu.	

	(Tick)	(Expenditures only)
[2] Fuel for transportation, machinery and other equipment	<input type="checkbox"/>	Nu.
[3] Utilities (Electricity, Water, etc.)	<input type="checkbox"/>	Nu.
[4] Human resources training	<input type="checkbox"/>	Nu.
[5] Advertisement	<input type="checkbox"/>	Nu.
[6] Maintenance and repair	<input type="checkbox"/>	Nu.
[7] Transportation	<input type="checkbox"/>	Nu.
[8] Rent (Buildings / space for business)	<input type="checkbox"/>	Nu.
[9] Rent (Machinery and equipment)	<input type="checkbox"/>	Nu.
[10] Rent (Other rental expenses)	<input type="checkbox"/>	Nu.
[11] Office supplies	<input type="checkbox"/>	Nu.
[12] Direct Taxes	<input type="checkbox"/>	Nu.
[13] Indirect Taxes	<input type="checkbox"/>	Nu.
[14] Communications	<input type="checkbox"/>	Nu.
[15] Goods for resale	<input type="checkbox"/>	Nu.
[16] Total of other cost not included above	<input type="checkbox"/>	Nu.
[16] Total of other cost not included above	<input type="checkbox"/>	Nu.
[16] Total of other cost not included above	<input type="checkbox"/>	Nu.

4.3 Did this establishment receive any of the following subsidy/capital grants? (refer list below)

- 1 Yes
- 2 No (Go to Section 5)
- 98 Don't know (Go to Section 5)

4.4 Types of subsidy/capital grants received

	Total Amount (Nu.)
[1] Tax exemption	
[2] Price support	
[3] Interest rate subsidy	

[4]	Machinery and equipment	
[99]	Others (Specify)	
[99]	Others (Specify)	
[99]	Others (Specify)	

SECTION V: ASSETS & INVENTORY

5.1 Please provide the following information about the assets owned by this establishment (Nu.):

	Value as of Jan 2023 (Nu.) (a)	Acquisition during the year (b)	Disposition (c)	Depreciation (d)	Value as of 31st Dec 2023 (a)+(b)-(c)-
[1] Land					
[2] Buildings, other structures and land improvements					
[3] Vehicles					
[4] Machinery and other equipment					
[5] Research and development					
[6] Intangible assets					
[7] Financial assets					
[8] Other fixed assets (Specify)					
[8] Other fixed assets (Specify)					
[8] Other fixed assets (Specify)					

5.2 What was the value of the following goods owned by this establishment from 1st January 2023-to-31st December 2023? (from inventory)

	As of 1st Jan, 2023	As of 31st Dec, 2023
[1] Finished products		
[2] Raw materials		
[3] Work-in-progress		
[4] Office supplies		
[5] Goods for resale		
[6] Fuels		
[7] Other inventories (if any)		
[7] Other inventories (if any)		
[7] Other inventories (if any)		

5.3 Please provide any recommendation/feedback to improve this business establishment.

(List Maximum 5)

Enumerator/ Interviewer Name **Cell No:**

Annex III: Training Agendas

INDUSTRY CENSUS 2024 Training of Supervisors

(Monday) January 12th, 2024		Time: 9.00 - 17.00
Time	Topic	
09.00 - 09.30	Registration of Participants	
09.30 - 90-50	Opening Remarks	
09.50 - 10.30	Overview of the Industry Census 2024	
10.30 - 11.00 (Tea Break)		
11.00 - 12.00	Supervisor Manual	
12.00 - 12.30	Questionnaires & Industry Census 2024 Frame Problem & Solutions	
12.00 - 13.00	Books of Accounts/ Balance Sheets	
13.00 - 14.00 (Lunch Break)		
14:00 - 15:00	Questionnaires Presentations on CAPI & Survey Solutions /Supervisors Dashboard & Assignments /Geo-coding for Gewog & Chiwog by Supervisors	
15.00 - 15.30 (Tea Break)		
15:30 - 16:30	BSIC & BSCO	
16:30 - 16:50	Control Forms	
16:30 - 17:00	Discussions / Field Work Planning	
End of Supervisors Training		

INDUSTRY CENSUS 2024

Training of Enumerators

(Day 1, Tuesday) January 13th, 2024 **Time: 9.00 - 17.00**

Time	Topic
09.00 - 09.30	Registration of Participants
09.30 - 10.20	Opening Remarks & Group Photo
10.20 - 10.30	Terms of Reference (TOR) during Training
10.30 - 11.00 (Tea Break)	
11.00 - 11.30	Overview of the Industry Census 2024
11.30 - 12.00	Questionnaire & Manual (Section 1: Identification)
12.00 - 13.00	Questionnaire & Manual (Section 2: Establishment Information)
13.00 - 14.00 (Lunch Break)	
14.00 - 14.30	Questionnaire & Manual (Section 2: Establishment Information) contd.
14.30 - 15.00	Discussions/ Mock Session
15.00 - 15.30 (Tea Break)	
15.30 - 16.30	Questionnaire & Manual (Section 3: Employment)
16.30 - 17.00	Questionnaire & Manual (Section 3: Employment) contd.
End of Day 1	

(Day 2, Wednesday) January 14th, 2024 **Time: 9.00 - 17.00**

Time	Topic
09.00 - 09.30	Recap of Day 1
09.30 - 10.30	Questionnaire & Manual (Section 4: Income and Expense)
10.30 - 11.00 (Tea Break)	
11.00 - 11.30	Questionnaire & Manual (Section 4: Income and Expense) Contd.
11.30 - 13.00	Discussions/ Mock Session
13.00 - 14.00 (Lunch Break)	
14.00 - 15.00	Questionnaire & Manual (Section 5: Assts and Inventory)
15.00 - 15.30 (Tea Break)	
15.30 - 16.30	Books of Accounts/ Balance Sheet
16.30 - 17.00	Discussions/ Mock Session
End of Day 2	

(Day 3, Thursday) January 15th, 2024 **Time: 9.00 - 17.00**

Time	Topic
09.00 - 09-30	Recap of Day 2
09.30 - 10-30	Bhutan Standard Classification Of Occupations (BSCO)
10.30 - 11.00 (Tea Break)	
11.00 - 11.30	Bhutan Standard Industrial Classification (BSIC)
11.30 - 13.00	Discussions/ Mock Session
13.00 - 14.00 (Lunch Break)	
14:00 - 14:30	CAPI
14:30 - 15:00	CAPI Practical/ Dashboard
15.00 - 15.30 (Tea Break)	
15:30 - 16:30	CAPI Practical/ Dashboard
16:30 - 17:00	Discussions/ Mock Session
End of Day 3	

(Day 4, Friday) January 16th, 2024 **Time: 9.00 - 17.00**

Time	Topic
09.00 - 09-30	Recap of Day 3
09.30 - 10-30	CAPI Practical & Interview
10.30 - 11.00 (Tea Break)	
11.00 - 13.00	CAPI Practical & Interview (supervisors & enumerators)
13.00 - 14.00 (Lunch Break)	
14:00 - 14:30	Feedback & Discussions on Practical Session
14:30 - 14:50	Terms of Reference (TOR) for enumerators and Supervisors
14:50 - 15:00	Closing Remarks
15.00 - 15.30 (Tea Break)	
15:30 - 17:00	Discussions with Supervisor for Thimphu Thromde Census
End of Enumerators Training	

ANNEX IV: Tables

Thromde	Number of licenses			
	Cottage	Small	Medium	Large
Thimphu	905	1,340	68	53
Phuentsholing	199	404	19	5
Gelephu	128	287	4	0
Samdrup Jongkhar	52	141	3	2
Total	1,284	2,172	94	60

Thromde Distribution Service Sector by Scale of Industry

Thromde	Number of licenses			
	Cottage	Small	Medium	Large
Thimphu	1,328	2,843	139	65
Phuentsholing	433	1,598	27	6
Mongar	202	1,004	3	1
Gelephu	274	1,324	8	2
Samdrup Jongkhar	165	722	6	3
Trongsa	138	735	6	0
Total	2,540	8226	189	77

Regional Distribution of Service Sector by Scale of Industry

Thromde			
	Small	Medium	Large
Thimphu	61	28	33
Phuentsholing	13	8	13
Gelephu	1	4	3
Samdrup Jongkhar	4	6	1
Total	79	46	50

Thromde Distribution of Contract Sector

Thromde			
	Small	Medium	Large
Thimphu	156	52	43
Phuentsholing	62	14	15
Mongar	51	19	6
Gelephu	42	11	3
Samdrup Jongkhar	22	11	4
Trongsa	94	12	4
Total	8226	189	77

Regional Distribution of Contract Sector

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