

Guidebook for Entrepreneurs

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*lead and stimulate private sector
development through a culture of
innovation, creativity and enterprise*

”

Introduction

After opening up the economy in the 1960s, Bhutan embarked on a far-reaching development strategy through its successive five-year development plans. Bhutan's development performance has been impressive over the years. However, achieving a sustainable economic growth continues to remain a major challenge. Thus the government recognizes that, while it has long been the main driver of economic growth, the situation must gradually evolve towards one where the private sector plays an increasingly pivotal role in fostering economic development, employment generation, investments and import substitution.

Having said so, entrepreneurship development is one of the main constraints in Bhutan. In addition, Bhutan faces major obstacles to entrepreneurship primarily because of complex loan procedures, very high collateral requirements, little variety in external financing, and a restrictive policy and regulatory environment.

One of DHI's mandate is to *"lead and stimulate private sector development through a culture of innovation, creativity and enterprise"* by promoting and encouraging entrepreneurship, innovation and business development. In line with that mandate and in support of the Government's policy of stimulating private sector growth in the economy, DHI has been undertaking various private sector development initiatives.

As one of its private sector development initiatives, DHI has developed the **BEGIN** (**B**usiness **E**ntrepreneurship **G**rowth and **I**nnovation) Program to promote entrepreneurship and innovation in the Country. The Program seeks to mainstream entrepreneurship by providing comprehensive training, sustained mentoring, and financing to highly motivated individuals with strong entrepreneurial traits who may or may not have immediate sound business ideas.

The objective and purpose of this guidebook is to facilitate and assist to the extent possible, the entrepreneurs to effectively overcome some of the hurdles faced in setting up their businesses, especially in terms of government regulations and procedures.

The guidebook follows the procedures laid out by the Royal Government of Bhutan. This guidebook has been produced for the purpose of the DHI BEGIN Training Program. .

Due to the ever-changing nature of rules and regulations, this guidebook will not be relevant once newer laws are established and new rules and regulations are in place. The G2C project initiated by the government, which is currently in its initial stages, once finalized and implemented, the procedures mentioned in this guidebook will no longer be valid.

This guidebook is only relevant for services and manufacturing sector and FDI companies.

Business Proposal

For most of the business activities that you plan to do, a business proposal will be required to explain to the other party about your business and provide information on how your business will operate. A business plan or detailed project report will suffice as a business proposal. Business plans or Detailed Project Reports (DPR) are essentially the same to the Ministry of Economic Affairs (MoEA). The difference lies in the depth of information provided in your report. For most cottage or small industry a business plan will suffice. For medium to large businesses a DPR is required.

Among other relevant factors and topics, the report (Business plan or DPR) should contain:

- Description of your business
- Promoters
- Structure and Operation of Business
- Location and Size of Project
- Market target
- Management team
- Socio-Environmental and Environmental Impact
- Etc...

Several other factors have been left out from the above list; it is not necessary that your report has to contain all the factors, but it is important that your report covers issues relevant to your business

A proper guideline for developing a DPR which is available from the Ministry of Economic Affairs' website (<http://www.moea.gov.bt/policy.php>) is also attached Annexure I

Depending on the type of business activity that you propose, the report may or may not be necessary to acquire your license. If your business activity falls under the list of common activities (attached as Annexure II), a business proposal is not required for your license. However, it is recommended that a report is prepared as it is a good business practice to do so, and also if incase you need to apply for loans from financial institutions, since they require business plans/DPRs to vet your business.

Once you have developed your business plan/DPR, you are now ready to approach your Regional Trade and Industries Office (RTIO) to acquire your license.

The steps to acquire a license is explained and illustrated in the following section.

Licensing

Before filling out a license form for your proposed business, it is important to note the following:

- i) What size of business you want to propose?
- ii) What type of license you need to acquire? and
- iii) What type of business ownership pattern that you want?

Category of Industry	Investment in Ngultrums
Micro/Cottage	<1,000,000 (1 Million)
Small	= 1,000,000– 10,000,000 (1 Million – 10 Million)
Medium	= 10,000,000 – 1,00,000,000 (10 Million– 100 Million)
Large	>100,000,000 (100 Million)

Size of Business as defined by the government

When applying for a license, the initial investment (debt and equity) is taken into account. Depending on the initial investment and the completion of the licensing process, you will be awarded a business license.

If the company is not a sole proprietorship then it is important to sign a shareholders agreement with the other shareholders.

A shareholders agreement is a legal binding document that is signed amongst the shareholders/ partners. It is always advised if there is more than one owner, then such an agreement be signed to avoid future conflicts.

Your company can be owned by: only you (sole proprietorship), you and a partner (partnership/joint venture), or multiple parties (corporation). If you plan on starting a corporation or a Foreign Direct Investment company (a company with a foreign partner), you have to register the business before applying for a business license. Otherwise, you can directly apply for the business license.

Since the process to set up a Micro or Cottage industry simply requires you to apply for the business license, this guidebook from hereon will focus on the other categories of industries.

The following are different type of business license one can acquire and what they entail:

License Types
Trade
Service
Contract
Production and Manufacturing*

A company is allowed to trade with a Production and Manufacturing License

The first step in obtaining a license is completing a license application form (attached as Annexure - III). Once you have filled out the application form, submit it to the nearest Regional Trade and Industries Office (RTIO).

Pre-requisites:

For Sole Proprietorship/Partnership - Citizen Identification card is necessary
For Companies/FDIs - Registration certificate of the parent company is necessary
Applicant shall submit the required sector clearance on a case by case basis (location clearance)
2 Passport size photographs
1 legal stamp
Industrial license form – available at the Community Centre Operator (CCO)/RTIO

If the business activity you propose does not require any clearances (sectoral/local/environmental) and all required documents are submitted, then the license can be awarded on the same day that you submit your application.

If you have proposed a business categorized as small industry, which that does not fall under the common activities delegated by the government, then your proposal will be forwarded to the Department of Cottage and Small Industries (DCSI) for approval. The list of common activities delegated by the government can be found attached as *Annexure – II (Common Activities)*.

If any clearances are required the RTIO will forward your documents to the relevant government agencies. However, it is important to note that due to logistical difficulties it is faster if you forward the documents and necessary follow ups are done on your own or even get the clearances before submitting your documents to the RTIO. Certain business activities do not require location or environmental clearances, these businesses are listed in *Annexure – IV (Clearance Exemptions)*.

If all the necessary documents are in order it can take anywhere from an hour to day to acquire your business license, however, if clearances are required it will take longer. For each additional clearance required it is realistic to assume that the process would take about two days longer. In order to avoid unnecessary delays in the licensing process, you can prepare all the necessary documents beforehand, and also ensure that the concerned officers are present while submitting the documents. For information on who and how to contact the relevant agencies, please refer to the Key Agencies and Authorities section.

Necessary Documents
Security Clearance Certificate
Sector Clearance Certificates (Case by case basis)
Copy of Business plan or proposal

When dealing with the agencies and authorities, it is important that you are persistent with your follow through to ensure quick completion of required tasks.

Regardless of the business activity proposed, if it falls under the large or medium category, the RTIO will forward your proposal to the Department of Industries (DoI) for approval.

Business Plan/DPR Approval

In order to get an approval from the MoEA your business proposal (business plan/DPR) is the most important document. Once you have submitted the business proposal, certain clearances are required depending on the type of business you propose to set up. Along with a letter, the Department (DoI/DCSI) will forward your proposal to the relevant agencies for comments and/or approval for the clearances. Again, it is advised that you personally deliver the letter and the proposal to said agencies.

The clearances required are:

- a) Sectoral Clearance – from the relevant Ministries/Department/Authorities
- b) Environmental Clearance – from the National Environmental Commission
- c) Location Clearance – from Municipal Authorities/Dzongkhag Administrations

The list of government agencies and the sectors responsible providing relevant clearances are attached in Annexure – V (Sectoral Authorities).

Once the DoI or DCSI receives your business plan, along with the required clearances, the documents are sent to an approval committee within the Department. The only way to ensure that your proposal gets processed is to follow through persistently. This process may take anywhere from 1 day to 1 week, provided all the required documents have been submitted and sectoral clearances have been received.

If you have followed all relevant rules and regulations, and submitted all the documents required, the Director (of either department) will give you a letter of approval. After you receive the letter of approval, you can acquire your business license. In case if you have proposed for setting up a corporation or a FDI company, then you need to incorporate your company with the Company Registrar before you can apply for a business license.

License Renewal

In order to renew your license you will require your original license, renewal prescribed fees, valid tax clearance certificate, renewed environment clearance and your citizenship identity card. Once the necessary documents have been submitted and the payment made you will be able to collect your renewed license. In case the valid date for your license renewal is over, you will be penalized Nu 20 a day.

Change in License Details and Applying for a duplicate license

To either change the details of a license or to acquire a duplicate license, you only need to submit the respective documents to the RTIO.

For change of details:

1. Completed Respective form (Name Transfer/Location Change)
2. Valid original license
3. Valid tax clearance certificate
4. 2 passport size photograph
5. Location clearance incase of location change
6. Citizenship Identity card incase of name transfer
7. Security clearance certificate of the approved in case of name transfer

For duplicate license:

1. Application justifying loss of license
2. Citizenship identity card
3. License number
4. Valid tax clearance certificate

If an applicant's license is revoked or expired, the applicant cannot apply for the same activity. Also, a surrendered license cannot be reissued, but you can apply for a new license for the same activity (provided all legal requirements are fulfilled).

License Fees

Service/Industrial License

Category/Scale	Registration	License Fee	Booklet Cost	Total
Small	2000	1000	100	3100
Cottage	1000	500	100	1600
Medium	4000	2000	100	6100
Large	8000	4000	100	12100
Tourism	1000	12000	100	13100

Renewal Fees

Service/Industrial License

Category/Scale	Registration	License Fee	Total
Small	2000	1000	3000
Cottage	1000	500	1500
Medium	4000	2000	6000
Large	8000	4000	12000
Tourism	1000	12000	13000

Registering a Company

Currently, registering your company is optional unless there are more than two owners of the company or if its a FDI company. The next chapter will cover FDI business while this chapter will cover domestic companies and the registration process. One can register a company after acquiring approvals for their business plan.

Although the process is longer and taxes are higher for registered companies, it is beneficial for companies to register as it protects the proprietor's personal assets. By registering your business with the Registrar of Companies you create a legal entity that retains the liabilities within the company itself. So in case your company suffers a financial disaster, you are not liable to pay for the damages out of your own pocket.

One of the main disadvantages in incorporating a company is double taxation. At a company level you are taxed on the profits, and on an ownership level, the proprietors or shareholders are taxed on their dividends. Currently, registration of a company is optional unless the company is a FDI company or there are more than two owners of the company. However, this may change in the near future.

In the current scenario, the government levies a 30% tax on company profit. An individual's income is taxed 10% if the income is more than Nu. 10,000. Dividends or profit an owner or shareholder gets is taxed 10%. Currently there is no legal framework with regard to double taxation.

In Bhutan there are two types of registered companies, private limited companies and public limited companies. In brief, the primary difference is that private companies restrict the rights to transfer shares if any, restricts the number of members (not more than 25), and prohibits the invitation to public to subscribe to any securities of the company. A public company is simply a company, which is not private. In both cases the registration follows the same process.

The first step in registering a company is coming up with three proposed names. Once you have three names which you think are good names for your company, fill in the availability of names application attached as Annexure – VI . The names and addresses of the proposed board of Directors can also be attached to the form. This form is available at the Office of the Registrar in the MoEA. Once you obtain clearance from the MoEA, the next step is drafting the Articles of Incorporation (Aol). An excerpt of an Aol from the Companies Act 2000 is attached as Annexure – VII.

Your Aol for the company will be the primary rules of governing your company's management. The Aol should include but not be limited to the following details:

1. Registered address of your company (Post Box Number)
2. The objectives of the company main, incidental or ancillary
3. The proposed Authorized Share Capital of the company
4. The regulations of the company

For further details on company registration and the articles of incorporation please refer to the Companies Act of the Kingdom of Bhutan 2000. Whilst drafting the Aol, you also have to decide on the number of directors, and the selection of Chief Executive Officer and Chairman of your company. There is a minimum requirement of at least three directors, but there is limit to the maximum.

Along with the Aol, the consent to act as director form, which is attached as Annexure VIII - schedule II of the Companies Act, and the declaration of compliance as Annexure IX – Sample Declaration of Compliance also have to be signed and submitted to the registrar of companies. The payment for the registration fees have to made during the submission of all the required documents. Registration fees are as follows:

Authorized share capital	Fees
< Nu. 1,000,000	Nu. 1000
>Nu. 1,000,000	Nu. 1500
> Nu. 2,000,000	Nu. 2000

Registration fee for incorporation of a company and at the time of increase of authorized share capital under the Companies Act of the Kingdom of Bhutan 2000

If the registrar is satisfied with all the requirements complied with, and it is authorized under the Companies Act, the certificate of incorporation will be awarded.

Foreign Direct Investment (FDI)

In case you have found a foreigner to partner with you in your business; the company becomes an FDI Company. The Royal Government of Bhutan (RGoB) allows FDI in both the manufacturing and service sectors. The Foreign Direct Investment Policy 2010 and Foreign Direct Investment Rules and Regulations 2005 cover FDI investments in Bhutan.

Schedules I and II of the policy, list prescribed sectors that are open for FDI, those listed in these schedules will be fast tracked for approval and clearances. In brief, the policy allows:

- A minimum of Nu. 20 million in manufacturing sectors
- A minimum of Nu. 5 million in service sectors
- Additionally the maximum foreign shareholding is
 - o Up to 75% in manufacturing
 - o And up to 100% in the service sectors

Business activities not mentioned in Schedules I and II are also allowed; according to the FDI Rules and Regulations 2005:

- The minimum investment requirement is Nu. 50 million in Manufacturing
- And Nu. 25. Million in services
- Foreign shareholding allowed is in between 20%-74%

Activities listed under schedule III of the FDI policy shall not be permitted. Schedules I, II and III of the FDI Policy 2010 are attached as Annexure X – FDI Policy Schedules I, II and III.

Filing for FDI Registration and Application

The application for FDI registration has to be filled and submitted as prescribed in Schedule III of the FDI rules and regulations 2005. The application has to be submitted by the authorized representative of the proposed business.

The following documents are required to be submitted with the application:

1. List of shareholders holding more than 5%.
2. Company profile and C.V of local shareholder
3. Tax return/audited accounts of foreign investor for last 3 years
4. Letter of Authority or Power of Attorney for contact officer
5. Company profile (foreign investor)
6. Company incorporation certificate/C.V of Foreign Investor in case of individual

Once the application has been submitted along with the required documents the Registration Officer will issue the Provisional Certificate in two working weeks. Project approval will be communicated within 45 days from the date of the submission.

The provisional certificate will be valid for a period of one year from the date of issue with a provision for renewal in case the business approval process could not be completed within this period for genuine reasons. If otherwise, the provisional certificate shall cease to be valid on:

- a) Surrender of the same by the investor
- b) Issue of final certificate
- c) Expire of the date specified in the provisional certificate
- d) Rejection of proposed business
- e) Cancellation

With the provisional certificate the incorporation process for your FDI business can begin immediately. The process for registration is the same as mentioned in the previous chapter.

After you have acquired a certificate of incorporation, the licensing process is as mentioned in the licensing section.

The registration officer upon the receipt of the copy of the license will issue the final FDI approval; the provisional certificate will then serve as the final FDI.

Key Agencies and Authorities

Agency/Authority	Roles	Phone Number	Website
Ministry of Economic Affairs	Most of your activities in acquiring your license or setting up your business will fall under the MoEA's jurisdiction. The MoEA will also be the authority on policies, rules and regulations		http://www.moea.gov.bt
Regional Trade and Industries Office	<ul style="list-style-type: none"> • Issuance of license for cottage and small industries • License renewal/cancellation • Issues and renewals of environmental clearance certificate • Change of license details • Issuance of duplicate license 	325622	http://www.moea.gov.bt
Department of Industries	<ul style="list-style-type: none"> • Medium/Large industry approval • FDI Approval 	323597	http://www.moea.gov.bt
Department of Cottage and Small Industries	<ul style="list-style-type: none"> • Approval of business proposals not listed under common activities 	332741	http://www.moea.gov.bt
Registrar of Companies	<ul style="list-style-type: none"> • Registration of Company 	325062	http://www.moea.gov.bt
Ministry of Labour and Human Resources	<ul style="list-style-type: none"> • Labour issues will fall under this Ministry's jurisdiction 	334397	http://www.molhr.gov.bt
National Environment Commission	<ul style="list-style-type: none"> • Environmental clearance approval 	323384	http://www.nec.gov.bt
Sectoral Authorities	<i>*See Annexure V*</i>	-	-

Annexures

Annexure I – Guideline for DPR

Guideline Annexes not included

**APPLICATION FOR ENVIRONMENTAL
CLEARANCE GUIDELINE FOR
THE PREPARATION OF INDUSTRIAL
PROJECT REPORTS**

**National Environment Commission
Royal Government of Bhutan
August 2004**



དཔལ་ལྷན་འབྲུག་གཞུང་།
རྒྱལ་ཡོངས་མཐའ་འཁོར་གནས་སྤངས་ལྷན་ཚོགས་ཡིག་ཚང་།
ROYAL GOVERNMENT OF BHUTAN
NATIONAL ENVIRONMENT COMMISSION SECRETARIAT

FOREWORD

In 1999, the National Environment Commission with technical and financial assistance from the Asian Development Bank (ADB) published six sectoral environmental assessment guidelines for the mining, roads, industries, hydropower, transmission lines and forestry sectors. Several stakeholder consultation workshops and seminars were conducted before the guidelines were published. These guidelines were intended to guide different project proponents through the process of acquiring an environmental clearance for their projects. The Environmental Assessment 2000 (EA Act 2000) was passed by the National Assembly in 2000 and the Regulations under the Act were adopted two years later. Stakeholder feedback and our experiences in implementing the EA Act and the guidelines indicated that there was a need to revise the guidelines in order to make them more practical and relevant to the Bhutanese context and also to streamline them with the provisions of the EA Act 2000. It was also felt that there was a need for two more sectoral guidelines for urban development and tourism as rapid developments in these two sectors was becoming a concern for Bhutan. Therefore, in 2003 the NEC once again revisited these guidelines and revised and updated them to make them more practical and functional documents. Several Environmental Codes of Best Practices (ECOPs) have also been produced to support these environmental assessment guidelines.

The NEC is grateful to the ADB for being so forthcoming with technical and financial assistance to revise and update these guidelines. The revision and updating of these guidelines were accomplished through close consultation with all the various stakeholders. We would also like to express our gratitude and appreciation to all the line ministries and stakeholders for their active participation, support and inputs. We are confident that the revised guidelines will be more useful documents that facilitate and expedite the environmental clearance process as project proponents will now have a better understanding of what information must be provided in order to attain an environmental clearance.

In Bhutan, environmental conservation has been embraced as one of the four pillars of Gross National Happiness - the other three pillars being good governance, socio-economic development and cultural preservation. However, with the expansion of developmental activities in the country, it is becoming very difficult to strike a sustainable balance between environmental conservation and socio-economic development. The number of industries is on the rise every year

while the demand for rural access to market facilities in the form of farm roads and feeder roads is increasing with every Five Year Plan - in the 9th Five Year Plan alone there is a plan to develop 588kms of farm roads. Environmental issues such as waste disposal related to urbanization are also becoming serious concerns for Bhutan. Bhutan is lauded by the international community for its sound environmental policies and the political will to implement these policies. However, environmental problems are becoming more and more visible and instruments like the EA Act 2000 must be implemented effectively to support the government's sound environmental policies and to ensure that Bhutan remains clean and green.

The environmental assessment process endeavors to mitigate and prevent the undesirable impacts of developmental activities. It is in no way intended to hamper socio-economic development in Bhutan but to guide project proponents in making the right investments in land, manpower, technology and mitigation measures to ensure that their projects have the least possible impacts on the environment. With the revision and updating of the old guidelines and the publication of two new guidelines on Urban Development and Tourism and relevant ECOPs, the NEC is hopeful that the private sector, line ministries and competent authorities under the Regulations for Environmental Clearance of Projects find the guidelines more useful, practical, informative and easy to comply with. It is the sincere wish and hope of NEC that all the stakeholders, both public and private will make the best use of these guidelines, which in turn will help in protecting our fragile ecology. Sound implementation of these guidelines will go a long way in minimizing the negative impacts of developmental activities on Bhutan's environment.



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INTRODUCTION

The purpose of this guideline is to facilitate an objective analysis of the proposal by the promoter and present the information for environmental clearance and industrial license.

For centuries Bhutanese have preserved their natural resources and lived in harmony with nature. His Majesty King Jigme Singye Wangchuk has always emphasized that development must not take place at the expense of our natural resources. It is because of this political will and our traditional reverence for nature that Bhutan is today blessed with a rich, natural environment.

Aware of the problems that uncontrolled economic development can cause and recognizing the need for sustainable development, the Royal Government has chosen the “middle path” of sustainable development. This is a development philosophy that recognises the need to raise the living standards of the present population without compromising the country’s cultural integrity, historical heritage or the quality of life for future generations. A series of Environmental Assessment Guidelines have been developed to ensure that development is consistent with the “middle path” and developmental activities carried out in a sustainable fashion so as to maintain the rich biodiversity base of the Kingdom and to secure these benefits for succeeding generations.

The guideline has been developed to meet the requirements of the Ministry of Trade and Industry and NEC. It is, therefore, the responsibility of the project promoter to prepare a sufficiently detailed project report covering all aspects listed in the guideline to enable the relevant government agencies to assess and clear the project. Inaccurate and incomplete information will lead to delay/rejection of the project.

It is important that the project report for large and medium-scale industrial proposals also include a detailed financial analysis. Wherever certain data and figures are required, they should be presented in appropriate table formats in the respective chapters.

Two copies of the Project report should be formulated and submitted following the sequence of chapters outlined in the Guideline.

PROJECT REPORT

The Project Report should, at the minimum, cover the following broad Chapters to facilitate appraisal of the proposal.

1. INTRODUCTION: DESCRIPTION OF THE PROPOSED PROJECT

The Report should outline the following in the introduction:

- | The Project rationale / Purpose of the project
- | Mention the proposed project activity – what the project will manufacture/produce or the type of services it will provide (the final products or services)
- | Project's installed capacity

2. PROMOTER(S):

The Report should contain the following details about the promoter(s):

- | Full Name; Citizenship Card No; Age; Sex; Name of Father; Name of Mother; Marital Status; Name of Spouse; and Occupation of Spouse
- | Permanent Address: Village/Town; Geog; Dungkhag; Dzongkhag; House No. and Thram No.
- | Mailing or Contact Address (if different from the above), Post Office Box No, and telephone/facsimile no. and email address
- | Academic qualifications / experience
- | Promoter's current line of business (es) (if any)
- | Registered name and address of the current business

In case of company, the above information is required for all the major shareholders

3. DETAILS OF THE PROPOSED STRUCTURE AND OPERATION OF THE BUSINESS

The Report should provide the following details:

- | The proposed name of the company or business
- | The proposed legal business status and ownership structure of the project (sole proprietorship, company, joint venture)
- | Business contact address, including mailing and post office box details, telephone and facsimile numbers, and email address
- | Management/organisational structure (or chart), including possible names of senior personnel (if known)

In case of Company, provide the proposed shareholding of the project, including names of each of the shareholder(s), and proposed equity contribution (in Nu).

4. PROJECT LOCATION AND SIZE OF PROJECT AREA:

Provide the name of the proposed and alternative project site: name of area; city/town/village; Geog; Dungkhang; Dzongkhag. Specify whether the proposed site is self-owned, to be purchased, rented, commercial building/area, government land or industrial or service estate. Explain the reasons for the selection of the site (e.g. advantages of location).

The proposed project location should be endorsed by local administration and other agencies where relevant as per the Annex

1: *Checklist for No Objection Certificate.*

Note: If the name for site is not available, provide the name of the village.

Also provide the total area that will be required by the project.

Attach map as below:

- | Provide a map in 1:500 or in appropriate scale showing the location, surrounding land use, all relevant existing infrastructure, rivers/streams and main towns. This is applicable for medium¹- and large²- scale industrial projects only
- | For small³ and cottage⁴ industries provide a sketch depicting all details as discussed above
- | If the project requires acillary facilities (power and roads), show the nearest connections to these services on the map

5. INFRASTRUCTURE REQUIREMENTS:

Provide an assessment of the level of infrastructure facilities available at the proposed site and information on additional infrastructure (access road, power lines, telecommunication lines, water supply and sewerage, fuel storage, etc.) that needs to be constructed.

Attach a set of drawings that show the following.

¹ Investment between Nu.10 - 100 million

² Investment over Nu.100 million

³ Investment between Nu. 1 – 10 million

⁴ Investment below Nu. 1 million

- a) On A3 size paper, provide a site plan of the project that shows all of the buildings and facilities relevant to the project boundaries. These include access roads, workshop facilities, fuel and other liquid storage areas, material dumps, water and power entry points, etc. The direction of slope of the site, the scale and north
- b) Show the location of the water supply and effluent disposal facilities. Also show if required, waste disposal areas that may be used for solid and liquid waste disposal and wastewater treatment facilities together with their drainage directions. Identify these facilities such as “2000 m³ capacity, compacted earth holding pond for waste water”

If the project requires an independent powerline, the promoter needs to submit a separate application for environmental clearance, in line with the Application for Environmental Clearance, Guideline for Transmission and Distribution Lines, 2004.

For access road, the promoter needs to submit another application for environmental clearance in line with the Environmental Assessment Guidelines for Roads, 2004.

6. TECHNOLOGY/MANUFACTURING PROCESS TO BE USED

In Table 1, List the equipment and their indicative costs. Also provide the proposed source of the equipment/technology with a copy of the manufacturer(s)' brochure(s) and explain the rationale for choosing this particular technology/equipment. Also, clarify if the equipment chosen is to be operated on a single, double or triple shift basis and provide details on the number of working days assumed in one year.

The proposed production process should be described in detail along with a production flow diagram starting from raw material input to the final product.

Further, the report should provide a list of equipment that will be required by the Project with indicative costs as under:

Table 1: List of Equipment

Equipment Details	Quantity	Amount (Nu.)
1.		
2.		
3.		

7. CONSUMPTION OF RAW MATERIAL, POWER, AND WATER:

- a) In Table 2, provide information on the amount of raw materials, fuel, electric power and water required annually. Raw materials should be calculated in terms of tonnes per annum, fuel in litres per annum, power in kwh per annum, and water in cubic metres per annum. The Report should also provide the source/ origin of raw materials

Table 2: Details of Raw Materials Required

Raw Materials including Power & Packaging Materials	Qty/Annum	Unit	Landed Price per unit	Value in Nu.	Source (Country)
1.					
2.					
3.					
TOTAL					

If the project requires more than 1MW of power, the promoter should obtain clearance from Bhutan Power Corporation.

- b) For project requiring import of raw materials in hard currency, the following information is mandatory
- i. In Table 3, provide a narrative description of the raw materials and packaging materials to be imported,

justification for import, annual requirement, source and price, applicable customs duty, landed price per unit at factory gate, total annual hard currency requirement and exchange rate

Table 3: Details of Hard Currency Imported Raw Materials and Packaging Materials

Raw Materials	Specification	Annual Requirement	CIF Price per unit (US\$ or other C C)	Customs Duty	Landed Price per Unit	Value in US\$ or in other C C	Source (Country)
1.							
2.							
3.							
Packaging Materials							
1.							
2.							
3.							
TOTAL							

Exchange rate US\$1 = Nu.

- ii. Value addition: Projects importing raw materials in exchange for hard currency should meet the minimum value addition requirement of 40 per cent. Value addition should be calculated as per the formula provided below and should be presented in a suitable format as in the Table 4 below. In case of more than one final product, calculate value addition for each product separately.

$V = \{[C - (A + B)] \times 100\} / C$, where

V = Value Addition C = Ex-factory Price of Final Product

A = Price of Imported Raw Materials B = Price of Imported Packaging Materials

Table 4: Calculation of Value Addition

Final Products	Qty/annum	Ex-factory price of final product / unit	Total cost of imported Raw Materials & Packaging Materials	Total Sales value in Nu	Value Addition% (V)
1.					
2.					
3.					

Similarly, value addition per unit should be calculated and presented for each product separately as in Table 5 below.

Table 5: Value Addition per Unit

All Raw Materials (RM)	UNIT COST OF RAW MATERIALS AT 100% CAPACITY UTILIZATION				Source (Country)
	Unit Average Consumption	Import Duty Rate	Landed Price per unit	Cost per unit of final product	
1.					
2.					
3.					
Packaging Materials					
1.					
2.					
3.					
TOTAL					
Total Cost of hard currency Imported Materials					
Ex-factory					
Price of Final Product Value Addition					

Unit Average Consumption = Quantity required to produce one unit of final product

Landed Price per unit = Landed price at factory premises including import duty

Import duty = Mention rate of import duty paid (if any)

Cost per unit of final product = unit average consumption multiplied by landed price/unit

- iii. Provide Bhutan Trade Classification (BTC) Heading as under:

Table 6: Bhutan Trade Classification Heading Change

Raw Materials	BTC Heading	Final Product(s)	BTC Heading
1.			
2.			
3.			

Further, provide the hard currency generation potential, alternative measures to meet hard currency requirement and potential for substitution of raw materials from India.

8. PROJECT COST/TOTAL INVESTMENT:

The project costs/total investment should include but not be limited to the cost (in Nu.) of the following:

- | Land
- | Site Development
- | Civil Construction
- | Infrastructure/Installation Charges
- | Plant and Equipment
- | Pollution Control Equipment and Accessories
- | Technical Know-how/Services
- | Other Pre-Operating Expenses
- | Miscellaneous/Contingencies
- | Others

Total Fixed Investment: Nu.

Working Capital: Nu.

Total Investment: Nu.

Also mention foreign exchange requirement, if any, for capital investment.

9. PROJECT FUNDING REQUIREMENTS

Describe the proposed debt/equity ratio of the project, the equity funding source(s) and the value of contributions, bank loans required for fixed asset purposes and working capital required to go into operation.

10. HUMAN RESOURCES

Specify the maximum human resource requirements of the project (at maximum level of production/sales), with a clear break-up of national/non-national requirements and requirements for professional/technical personnel separately for two project stages as under:

10.1 During Project Construction Stage

(i) Total National... ..Professional/Technical:

Casual /Seasonal.....

(ii) Total Non-National:..... .Professional/Technical:.....

Casual /Seasonal:

10.2 During Project Operation Stage

(i) Total National:Professional/Technical:

Casual/Seasonal:..... ..

(ii) Total Non-National: Professional/Technical:..... ..

Casual/Seasonal:..... ..

Completing this part of the Section does not automatically entitle the project promoters to employ that many non-nationals. A separate application needs to be made to the Ministry of Labour and Human Resources regarding employment of non-nationals

11. PROJECT IMPLEMENTATION PLAN

The details that should be provided here are: (i) tentative construction start date (ii) tentative completion date and (iii) tentative date for starting operations

12. MARKETS:

Provide an assessment of the domestic and export market. Explaining if the product is new or expected to substitute an existing or imported product and the special (or competitive) qualities of the product. If the product is export-oriented, provide information on the export market's target location, size, international prices, the known supply-demand gap, the promoter's marketing strategy, and current and likely competition along with a sales realization Table.

13. ENVIRONMENTAL IMPACT AND MITIGATION MEASURES

When quantifying the environmental impacts, avoid using subjective statements such as “*the project will have minimal environmental impact*”.

13.1 Consultations

The Applicant must explain to the affected people the expected impacts of the development, where they will occur and how they will be mitigated. Provide a record of the meeting/s and attach a list of the names of the people together with the date of consultation, details of their Geog and village, issues raised by the people and the agreement/s arrived at between the Applicant and them to resolve these issues. Provide signatures or other proof of consultation/s with the affected people. Describe issues that remain unresolved.

Any expansion of an existing industry will also require the same consultative procedures.

13.2 Emissions/Discharges (By Products)

13.2.1 Air Emissions

List the air pollutants that will be emitted by the proposed project. For example, the air pollutants that will be generally emitted from an industry are suspended particulates, oxides of sulphur, oxides of nitrogen and carbon dioxide.

Describe the overall air emission management plan and the kind of technology that will be put in place to mitigate/reduce air emissions. Mention to what level the proposed technology will reduce air emissions. Also, provide an estimated investment cost of the technology and its annual cost of operation.

13.2.2 Liquid Waste Discharges

List the liquid wastes and their quantity that will be discharged by the project in a suitable time frame (month, year etc.) Examples of liquid wastes include suspended solids, oil and grease, ammonia, pesticide residuals etc. If the wastes are discharged to a flowing water body, calculate the COD, BOD relationships in the receiving water.

Describe the overall liquid waste discharge management plan and the kind of treatment facilities that will be put in place. Also, provide an estimated investment cost of the treatment facilities and its annual cost of operation.

13.2.3 Solid Wastes

Prepare a table as shown below. In the first column, list the different types of solid wastes that the project will produce. In the next column show the quantity that will be produced per annum, the source of the waste and the waste disposal method that will be adopted. Also provide the estimated annual cost of managing the solid wastes.

Table 8: Solid Waste Details

Type of solid wastes	Quantity produced per annum	Source	Disposal method

13.2.4 Noise

Provide the maximum noise level (in decibels, dB) that the project will produce at the plant area and at the project boundary. Describe the measures that will be taken to minimize the noise level and the estimated annual cost for the mitigation measure/s.

13.3 Project Site Ecological Description

13.3.1 Land Use

Specify the type of land use the project will occupy. Types of land use include *Chushing, Kamshing, Tseri, Tsamdo, Sokshing*, Orchard, Broad leaf forest, coniferous forest, Scrubland, Wetland and Protected Areas.

Protected Areas include, Wildlife Sanctuaries, National Parks, Nature Reserves, Conservation Areas and Biological Corridors. Information about the location of Protected Areas can be obtained from the Nature Conservation Division, Ministry of Agriculture.

To provide information on land use and ownership, prepare a Table as illustrated below. For Protected Areas provide the name of the Protected Area.

Note: If the project is located within a Protected Area, enter Protected Area and do not go into any further detail regarding land use details.

Table 9: Land Use Details

Land use	Area	Ownership	Affected Households

13.4 Project Social Environment

13.4.1 Population

The proposed project may benefit surrounding communities in terms of employment, sale of farm products etc. Show the size of the surrounding population that could benefit from the project. It is important to cite the source of the information (own data collected through site assessment or data from the Gup, etc.)

⁵Protected Areas are regulated by the Bhutan Forest and Nature Conservation Act, 1995.

Provide the information in the tabular form as illustrated in Table 10 below.

Table 10: Project Beneficiaries

Dzongkhag	Geog	Village/ Town	Type of Benefit	Population Households (no)
Total beneficiaries				

Source:

13.4.2 Loss of Services, Houses, Infrastructure and Cultural Heritage Sites

This section assesses, whether the project location will cause loss of any existing houses, infrastructure and cultural or heritage sites. The impacts could either be permanent or temporary.

In tabular form, provide details on whether any of the following will be affected by the project and describe the nature of the disturbance: (i) Services (ii) Houses (iii) Infrastructure (iv) Name of cultural heritage site

Services include: telephone, electricity, water supply etc.

Houses can include shops and other buildings.

Infrastructure losses could include; roads, bridges, tracks, power and telephone lines.

Show distance (in meters) from the cultural or heritage site, if any.

Table 11: Disturbance to Existing Infrastructures

Type of Loss	(no)	Description of Disturbance
Services (list)		
Houses		
Infrastructure		
Cultural Sites		Show distance in m from project facility
Heritage Sites		Show distance in m from project facility

13.4.3 Aesthetics

Provide information on the possible adverse visual impacts that may result from the project such as whether the project will impair the aesthetic value of the immediate area. This may also include aesthetic concerns arising from the release of dust and smoke particulates into the surrounding area, disposal of solid wastes etc.

13.5 Monitoring Program

In Table 12, provide features of the monitoring program by listing the parameters that need to be monitored, the methodology of monitoring (observations, measurements, sampling etc.) and the frequency of monitoring (quarterly, biannually, and yearly).

Table 12: Environmental Monitoring

Monitoring parameter	Monitoring methodology	Monitoring frequency	Observation and comments	Person responsible for monitoring

14. PROJECT FINANCIAL PROJECTIONS

Small-scale and cottage projects should provide profit and loss statement, profitability indicators and sales realization chart.

Large- and medium-scale projects should at the minimum prepare and attach the following:

- I Financial statements: capital investments, cash flow statement, working capital calculation, interest and depreciation tables, profit and loss statement, break even analysis, and unit cost of production
- I Financial indicators: return on investment, return on equity, pay-back period, break even point, internal rate of return and net present value

15. PROJECT AT A GLANCE

This Form should be filled only after completing the main Project Report. Information for this form should be derived from the main Project Report. ***Submission of this form alone without the Project Report will not be accepted.***

1. Name of Promoter(s) :
2. Proposed Company/Project Name :
3. Contact/ Mailing Address of Promoter/Company :.....
.....
Tel No.: ... Fax No.:
- Email:
4. Proposed Legal Business Status and Ownership Structure:
 - I Sole Proprietorship
 - I Company
 - I Foreign Direct Investment

5. Proposed Project Activity:
6. Installed Capacity
7. Proposed Products or Services:
8. Proposed Location of the Business Operation:
 Precise Name of Area:.....
 City/Town/Village: Geog
 Dungkhag: Dzongkhag:

9. Proposed Alternative Locations/Sites:

10. Status, and Size of the Site
 - | Self-owned
 - | To be purchased
 - | Rented
 - | Commercial building or area
 - | Government land
 - | Industrial or service estate
 Total area required:.....sq.ft

11. Current Land Use of the Proposed Location:

Chushing	Coniferous
Kamshing	Scrubland
Tseri	Wetland
Tsamdo	Traditional and Culture Site
Sokshing	Protected Areas
Orchard	Industrial Estate (Specify)

12. Total Investment in the Project:

Capital Investment:	Nu.mill.
Working Capital:	Nu.mill.
Total Investment:	Nu.mill.

13. Foreign Exchange Needed:
 Capital Investment: US\$
 Recurrent Expenditure (US\$/year):
14. Sources of Project Funding:
 Shareholder(s) Funds/Equity Contribution:
 Debt/Loans Needed:
15. Manpower Requirements: Maximum Production
 (a) National:
 Professional/Technical: Casual/Seasonal:.....
 Total:
 (b) Non-National:
 Professional/Technical:Casual/Seasonal:
 Total:

16. Major Raw Material Requirements:

Raw Materials	Qty./Annum	Unit
1.		
2.		
3.		

17. Auxiliary Facilities Required Per Annum
 Power:
 Water:
18. Market Description: ..Domestic
 Share % India Share: . ..% International
 Share: %

19. Major Environmental Pollution and Mitigation Measures

Environmental Pollution	Mitigation Measures

20. Projected Profitability Indicators:

Profitability Indicator	Year Three	Year Five
Gross Profit	Nu.	Nu.
Net Profit	N u.	Nu.
Return on Investment (Net Profit + Interest/Total Investment (%))	%	%
Return on Equity (Net Profit, after interest, on Equity)	%	%
Pay-back Period	%	%
Break-even Point	N u.	Nu.
Internal Rate of Return	%	%
Net Present Value	%	%

Annexure II List of Common Activities

No.	Activity
1.	Contract
2.	Consultancy
3.	Tour Operator and Travel Agents
4.	Training Institutes/hotels/restaurant not involving change in land use
5.	Logging
6.	Tailor shop
7.	PCO/Fax/Photocopying Services
8.	Barber Shop
9.	Cobbler Shop
10.	Beauty Parlor
11.	Indoor Games
12.	Foreign Exchange Services (Authorized Money Changer)
13.	Internet Cafes
14.	Cleaning and Forwarding Agent
15.	Education Consultancy Services
16.	Research Units
17.	Call Centre
18.	Supply of Services of commercial and industrial workers (recruitment agency)
19.	Advertising Services
20.	Courier Services
21.	Real Estate Services
22.	Asset Brokerages
23.	Incense Unit
24.	Weaving without Dyes
25.	Sculpture
26.	Wood Carving
27.	Production of Audio Visual
28.	Assembling of Computers
29.	Door to Door delivery of Goods
30.	Home delivery services
31.	Goods Transport services
32.	Passenger Transportation
33.	Art Work
34.	Embroidery
35.	Taxi Services
36.	Private Car Rental Services

37.	Gold Smith
38.	Black Smith
39.	Providing of Security Services
40.	Repair of Watches and Clocks
41.	Repair of Household Electrical Appliances
42.	Repair of TV, VCR, Radio, tape recorder and other similar items
43.	Automobile Services
44.	Wooden/Steel Furniture Units
45.	Sawmills
46.	Printing Press
47.	Tyre Rethreading Activities
48.	Stone Crushing Activities (after obtaining clearance for DGM)
49.	Bakery/Confectionaries
50.	Oil Mills
51.	Manufacturing of Handmade paper
52.	Bricks/Hollow block manufacturing
53.	Fabrication Activities
54.	Tiles Production
55.	Poultry Farms
56.	Carpet Production using Dyes
57.	Textile Production using Dyes
58.	Photo Studios
59.	Dry Cleaning

Annexure III – License Application
Form

༡

དཔལ་ལྷན་འབྲུག་གཞུང་ བསྟན་ཀླུ་སྐྱོན་ལག་
MINISTRY OF ECONOMIC AFFAIRS

བཅོམ་གྱི་དོན་ལས་ལྷ་ཡིག་འབྲི་ཤོག་
APPLICATION FROM FOR INDUSTRY LICENCE

༡. མིང་གསལ་/Name :
 སྐྱེ་བའི་ལུང་ཚེས་: ཉིན་མ་ ཟླ་མ་ ལོ་
 Date of birth Day Month Year.....

ཕོ/ མོ: མི་ལྷངས་ལག་ཁྱེར་ཨང་
 Sex: Male/ Female Citizen ID No. :
 གཡུ་ས་ རྗེ་དོགས་

VillageGeog
 འབྲུང་ལག་ རྫོང་ལག་

DungkhagDzongkhag
 གཉེན་ལྡོག་ ཨ་པ་གི་ མིང་

Name of Spouse/Father :

༢. བཅོམ་གྱི་ལས་གཞི་གཞུགས་/ Activity : ISIC

༣. གཞི་བཅུགས་ ས་གནས་:

III LOCATION/ESTABLISHMENT:

ཀ) རྒྱུ་འཆར་གཞི་བཅུགས་ཀྱི་མིང་ :
 a) Propose Establishment Name :
 ལ) ས་སྐྱོད་མིང་ : ས་སྐྱོད་མིང་
 b) Exact Location : Name of Area :
 འཕྲོ་མ་ / གཡུ་ས་ རྗེ་དོགས་
 Town/VillageGeog
 འབྲུང་ལག་ རྫོང་ལག་
 DungkhagDzongkhag



ཇོང་ཁག/ལྷོ་མ་གྱི་དབང་ཚད་ཆན་ལས་འདོམས་ལན།

Endorsed by Dongkhag/
Municipal Authority

སྤྱི་ཚེས་:

Dated:

ཆ་འདོགས་གྲུབ་ (.....) ཚོགས་ཐམས་སྤྱོད་ཡོད་པའི་ཨང་ . . .

Approved (.....) Licence No. Alloted

ཆ་འདོགས་གྲུབ་ (.....)

Not Approve (.....)

སྤྱི་ཚེས་ :

Dated:

ཆ་འདོགས་གནང་མིའི་མིང་རྟགས་དང་

ལས་ཐམས་ལ།

Seal & Signature of the
Approving Authority



Annexure IV – Clearance Exemptions

The following activities do not require location clearances:

No.	Activity	No.	Activity
1.	Contract	21.	Real Estate Services
2.	Consultancy	22.	Asset Brokerages
3.	Tour Operator and Travel Agents	23.	Incense Unit
4.	Training Institutes/hotels/restaurant not involving change in land use	24.	Weaving without Dyes
5.	Logging	25.	Sculpture
6.	Tailor shop	26.	Wood Carving
7.	PCO/Fax/Photocopying Services	27.	Production of Audio Visual
8.	Barber Shop	28.	Assembling of Computers
9.	Cobbler Shop	29.	Door to Door delivery of Goods
10.	Beauty Parlor	30.	Home delivery services
11.	Indoor Games	31.	Goods Transport services
12.	Foreign Exchange Services (Authorized Money Changer)	32.	Passenger Transportation
13.	Internet Cafes	33.	Art Work
14.	Cleaning and Forwarding Agent	34.	Embroidery
15.	Education Consultancy Services	35.	Taxi Services
16.	Research Units	36.	Private Car Rental Services
17.	Call Centre	37.	Gold Smith
18.	Supply of Services of commercial and industrial workers (recruitment agency)	38.	Black Smith
19.	Advertising Services	39.	Providing of Security Services
20.	Courier Services	40.	Repair of Watches and Clocks
		41.	Repair of Household Electrical Appliances
		42.	Repair of TV, VCR, Radio, tape recorder and other similar items

The follow activities do not require environmental clearances:

No.	Activity	No.	Activity
I.	Foreign Exchange Services	VIII.	Real Estate Services
II.	Internet Cafes/ICT Services	IX.	Asset Brokerages
III.	Research Units	X.	Assembling of Computers
IV.	Call Centre	XI.	Private Car Rental Services
V.	Supply Services of Commercial and Industrial worker (Labour Recruitment Agency)	XII.	Door to Door Delivery of Goods
VI.	Advertising Services	XIII.	Providing Security Services
VII.	Courier Services	XIV.	Home Delivery Services

Annexure V – Sectoral Authorities

Type of Activities	Authority
Training Institutes, Labour recruitment agency other related activities	Ministry of Labour and Human Resources
Legal Firm and other legal activities	Royal Court of Justice
IT related activities	Ministry of Information and Communications
Entertainment, Media, Printing press and other related activities	Bhutan Infocom and Media Authority
Tourists standard resorts, hotels, cafeteria, and other related activities	Tourism Council Bhutan
Medical consultancy and other health related activities	Ministry of Health/Drug Regulatory Authority
Security Agencies, cultural activities, and other related activities	Ministry of Home and Cultural Affairs
Education Consultancy, schools, and other related activities	Ministry of Education
	Royal University of Bhutan
	Ministry of Works and Human Settlement
Financing and other related activities	Royal Monetary Authority

Annexure VI – Availability of Names Form

Application form for availability of Names

Form No:

The Registrar of Companies
Ministry of Economic Affairs

Sir,

Subject: - Availability of names-information-furnishing of:

We, the following applicants are desirous of forming a company to be registered under the Companies Act of the Kingdom of Bhutan, 2000.

- | | | |
|----|---|-------------------------------------|
| 1 | Name & full address of the person(s) applying for the availability of the names (IN CAPITAL) (Pl. attach separate sheet if required) - | |
| 2 | Proposed name of the company | |
| 3 | State whether public or private | |
| 4 | In case the proposed name mentioned in item (2) is not available, 3 names to be considered in the order of preference – | a. Name A
b. Name B
c. Name C |
| 5 | Main object of the proposed company: | Objective of Company |
| 6 | Name and address of the prospective directors of promoters etc. (Pl. attach separate sheet if required) – | Attach as required |
| 7 | Particulars of the names and situation of registered office of other companies in the same group or under the same management. (Pl. attach separate sheet if required): | |
| 8 | Proposed authorized capital : | |
| 9 | Please furnish: | |
| | a. Police clearance for every promoter | |
| | b. ID copy of each promoter/director | ID copy of directors attached |
| 10 | Fee: | |
| | | Legal stamp |
| | Situation..... | |
| | Dated..... | |
| | | Signature of the Applicant |

FOR OFFICIAL PURPOSE ONLY (Please do not write below)

A) Verified by Registrar of companies, Company Registry Division, Department of Industry, MoEA.

i) Name Clearance

ii) Others

Approved/Not Approved

Seal & Signature

REGISTRAR OF COMPANIES

Annexure VII – Excerpt of Articles of Incorporation

**ARTICLES OF INCORPORATION
OF**

NAME OF THE COMPANY**ARTICLE I
NAME**

The name of the company is NAME OF COMPANY.

**ARTICLE II
REGISTERED OFFICE**

The registered office of the company will be situated at NAME OF PLACE.

**ARTICLE III
OBJECT**

The main objects to be pursued by the company on its incorporation areto:

- 1) OBJECT 1
- 2) OBJECT 2
- 3) OBJECT X

The above objects incidental or ancillary to the attainment of the above objects are:

- 1) OBJECT 1
- 2) OBJECT 2

The other objects for which the company is established are:

- 1) OBJECT 1
- 2) OBJECT 2

**ARTICLE IV
LIMITED LIABILITY**

The liability of the shareholder of the Company is limited.

**ARTICLE V
CAPITAL**

The authorised share capital of the company is Ngultrum _____ divided into _____ Equity (or ordinary) shares of Ngultrum _____ each and _____ Preference shares of Ngultrum _____ each.

**ARTICLE VI
REGULATIONS**

Share Capital and Variation of Rights

Lien

Calls on shares

Transmission of shares

Forfeiture of shares

Conversion of shares into stock

Alteration of capital

General meetings

Directors and Board Meetings

Dividends Reserves

Investments Divestment Etc

Indemnity

**ARTICLE VII
SUBSCRIPTION**

1. The *Company Name* subscribes to the number of shares as set forth below:

Name of subscribers	Shares Subscribed	Signature of Authorized Signatory
<i>Company name and address</i>		<p style="text-align: center;">(_____) <i>Chief Executive Officer</i> <i>Company Name and Address</i></p>

_____ : Bhutan

[Date]

Witness to the above signature:

By: _____

(NAME OF WITNESS)

DESIGNATION

Company name and address

Annexure VIII – Schedule II of the Companies Act – Consent to Act as Director

Consent to act as Director

Name of Company: _____

Presented by: _____

To,
The Registrar of Companies
Thimphu, Bhutan.

I, the undersigned, having consented to act as director of the company, _____ and certify that I have not been disqualified to act as a director under section 79 of the Companies Act of the Kingdom of Bhutan, 2000.

Name and surname in full: _____

Father's name:

Address:

Occupation:

Date of birth:

Nationality:

Place :

Signature:

Dated :

Annexure IX – Sample Declaration of Compliance Form

Declaration of Compliance

Name of Company : _____

Presented by : _____

I _____, _____ of _____ do solemnly and sincerely declare that I, who is engaged in the formation of the company as named in the Articles as a director, and that all the requirements of the Companies Act of the Kingdom of Bhutan, 2000 in respect of matters precedent to the incorporation of the said company have been complied with, and I make this solemn declaration conscientiously believing the same to be true.

Place :

Signature :

Date : _____

Witness

Name :

Address :

Signature:

Annexure X – Schedules I, II & III FDI Policy 2010

Schedule I Production and Manufacturing

Sector	Min. Project Cost (Nu. million)	Max. Foreign Equity (%)	Conditions/Requirements
Agro-based Production	20	74	None
Forest Based* Production	50	74	None
Energy	**	**	**
Water Based Products	50	74	None
Other Manufacturing***	50	74	None

***Agro based Production:** Organic farming, Agro processing, Bio- technology, Poultry, Fisheries, Floriculture, Health Food, Animal Feed, Apiculture, Horticulture, and Dairy

** **Energy Sector:** Hydro Power, Solar and wind energy, and other renewable energy

- Hydro Power: **project cost, investors' equity, and conditions and requirements** based on "Sustainable Hydropower Policy"
- Solar, wind and other renewable energy: **project cost minimum** Nu. 20 m, **foreign investors' equity, conditions and requirements** based on "Renewable Energy Policy"

*** **Other manufacturing:** Electronics, Electricals, Computer hardware, and Building materials

Schedule II Service Sector

Sector	Min. Project Cost (Nu. m)	Max. Foreign Investor's Equity	Conditions/ Requirements
Education*	200	100%	High End
Health**	200	100%	High End
Hotel/Resorts – Five Star and Above	200	100%	International reputed chains
Infrastructure Facilities***	200	100%	PPP Model where in facility returns to government on expiry of the term
Research & Development	10	100%	Established firm employing ≥ 5 Experts
Head Office Services	5	100%	None
IT/ITES	****	****	

Construction Services	100	74%	None
Waste Management*****	25	74%	PPP Model
Water Supply & Management	25	74%	PPP Model
4 Star Hotels	25	74%	None
Technical & Vocational Education	25	74%	None
Transportation & Related Services*****	25	74%	PPP model wherein facility returns to the government on expiry of term
Consultancy Services	10	74%	Established firm employing > 5 experts
Financial Services	25	51%	As per financial services Act

***Education:** Primary Education, General Secondary Education, Higher Education

****Health:** Specialized Medical Services, Specialized Dental Services, Specialized Medical Laboratory Services, Specialized Diagnostic-imaging Services, Specialized Traditional Medical Services

*****Infrastructure Facilities:** Multi-dwelling residential buildings, Non-residential buildings, outdoor sports and recreational facilities, highways, bridges, tunnels, roads, airfield runways and airports, industrial estates, industrial parks, SEZ, AEZ, IT parks, Economic cities, Knowledge cities, sport cities, Health/wellness centers, dry port, Land reclamation, other similar activities

******IT/ITES:** IT/ITES inside IT Parks & SEZs, IT/ITES outside IT Parks & SEZs

-Inside IT Parks & SEZs: Project Cost min. Nu. 5 million, Max Foreign Investors' equity share 100%

-Outside IT Parks & SEZs: Project Cost min. Nu. 25 million, Max Foreign Investors' equity share 74%

*******Waste Management:** Recycling Domestic Waste, Waste manage services

*******Transportation and Related Services:** Green & non-fossil fuel based transportation, mass transportation, Railways, ropeways, and cable cars

Schedule III - Negative List and Prohibited List

Negative List:

Media and Broadcasting
Distribution Services including wholesale, retail and micro-trade
Mining for minerals in primary or raw form
Hotel 3 Stars and Below
General Health Services
Industries that do not meet the Certificate of Origin Requirements
Activities in the Prohibited List

Prohibited List:

Activities that violate any relevant laws of the Kingdom of Bhutan
Activities that threaten national security and public order
Activities that have harmful effects on public health, environment and Bhutanese moral and Culture
Arms, ammunitions and Explosives
Production of harmful chemicals (as per the list of NEC)
Activities based on imported waste
Production, display and sale of pornographic materials
Gambling and Betting
Tobacco and tobacco based products