**CHAPTER 7 INDUSTRIES**

Often dubbed as the backbone of the economy, industries form the bedrock for economic development. They are recognized for their socio-economic roles such as driving innovation and investment, diversifying economic base, creating employment opportunities, curbing rural-urban migration, reducing poverty, and potential to contribute towards economic self-reliance.

Industries are categorized into three sectors, viz. Production and Manufacturing, Service and Contract. Industries are further classified based on ownership as Sole proprietorship, Partnership, Company and others. The trading activities are classified based on the annual sales turnover and operation, into three groups as Micro Trade, Retail Trade and Wholesale Trade.

Foreign Direct Investment (FDI) plays a key role in promoting the transmission of capital inflow and technology transfer. It also helps in expanding the economic base, employment generation, foreign exchange earnings and revenue generation.

This chapter includes the number of licenses issued and number of active licenses in large and medium industry, Cottage and small industry, and trading activities by various categories and dzongkhag. It also includes the number of foreign direct investment and number of mines by dzongkhag.

**Concepts and Definitions**

**Sole Proprietorship:** Business owned by an individual.

**Partnership:** Business owned by more than one individual.

**Company:** If the business is incorporated under the Companies Act of Bhutan 2016.

**Others:** It includes those activities that are not covered under sole proprietorship, partnership and company. Others includes Government, Dratshang, Schools, etc.

**Production and Manufacturing:** It’s the physical or chemical transformation of material and components into new products whether the products are sold at wholesale or retail. Example of licensed enterprises are Furniture units, Nursery, Audio Visual production, Dehydrated fruits and vegetables /chips production unit, Home processed food, Fabrication activities, Bakery / Confectionary, Incense production, Gold and Black Smith, etc.

**Services:** There is no standard definition for service sector. For our purpose, it will cover all activities where labour is the main input and the activity is geared towards meeting the direct needs of the consumers/clients and therefore demand-based. Example of licensed services are Tailoring, Activities of travel agencies and tour operators, tourist assistance activities, Bar, Barber / Beauty Parlor / Saloon / mobile salon, Goods Transport, entertainment, Maintenance and Repair of Motor Vehicles, including washing and polishing, Restaurant, Hotel/Tourist standard hotel etc.

**Contract:** Criteria for cottage and small for contract firm is same. Example of licensed contract are Visionary Builders and Namgay Construction, etc.

**Large scale:** Greater than Nu.100 million investment and more than 100 people employed.

**Medium scale:** Greater than Nu.10 million to Nu.100 million and 20 – 99 people employed.

**Small:** Nu.1 million to Nu.10 million and 5 – 19 people employed.

**Cottage:** Less than Nu.1 million and 1 – 4 people employed. (Note: In case of conflict between investment and employment, investment takes precedence.)

**New Licenses issued:** Licenses that have been issued within the past one year or within that financial year.

**Existing Active Licenses:** Those licenses which are Valid excluding the New licenses issued within the past one year or within that financial year.

**Registration Certificate (RC):** It is issued to a person who intends to engage in industrial activities under the cottage scale. RC is valid for 3 years.

**Micro Trade Registration Certificate (MTRC):** It is issued to trader who engage more in sale of products/goods to consumers or those traders whose engages in trading with annual sales turnover less than Nu. 1 million.

**Wholesale Trade:** It engage in bulk purchases of products from principal companies for distribution to retailers. It has annual sales turnover more than Nu.10 million. Wholesale by default categorized as large.

**Retail Trade:** It engage more in sale of products/goods directly to the consumers. Retail trade has large, medium and small scale.

**Small Retail Trade:** It has annual sales turnover from Nu.1 million to Nu.5 million.

**Medium Retail Trade:** It has annual sales turnover from Nu.5 million to Nu.10 million.

**Large Retail Trade:** It has annual sales turnover more than Nu.10 million.