



འབྲུག་བརྗེ་དོན་འཕུལ་རིག་དང་སློབ་སྦྱོང་ཚོགས་སྡེ།

## **BHUTAN ICT & TRAINING ASSOCIATION**

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### **ICT for the development of Bhutan:**

Science, technology and innovation have become key factors contributing to economic growth in both advanced and developing economies. In the knowledge economy, information circulates at the international level through trade in goods and services, direct investment and technology flows, and the movement of people. Information and communication technologies (ICT) have been at the heart of economic changes for more than a decade. ICT sector plays an important role, notably by contributing to rapid technological progress and productivity growth.

2. In the above context, application of ICT to Bhutan's development needs holds great promise for all sectors. Providing relevant market information can increase the incomes of the farmers. New communications technologies can take phone lines and data into remote valleys. ICT can improve the operations of the government institutions, increasing integrity, accountability and transparency. ICT can increase productivity and create high value private sector jobs.

3. ICT also can play an important role in furthering Bhutan's political evolution. The policy of decentralisation can be enhanced through improved access to information and services in remote regions. Democratisation will be aided by increasing citizen access to information and participation in the political process. ICT can assist in involving isolated communities in the national development, and by improving services to remote communities, rural-urban migration can be minimised.

### **Overview of the ICT industry of Bhutan:**

4. At the apex level, The Ministry of Information and Communications, formulates the policies for the ICT Sector. The Bhutan ICT & Training Association (BICTTA), an umbrella association for the ICT sector in Bhutan, endeavours to promote and develop the private ICT & Training Industry of Bhutan. The association has been actively undertaking measures to encourage FDI and Joint venture models in Bhutan.



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5. In Bhutan, Information and Communications (ICT) industry is now emerging as an important sector of the economy. However, with the steadily-increasing demand for information systems and solutions at one end and lack of expertise /exposure to information system on the other, the Industry's growth is badly affected. This had forced the government to look at international experts and consultants to execute national and regional level ICT projects, which is a matter of concern for the domestic ICT industry.

6. There is a growing need to fulfil the demands of the domestic market. This can be done only by the establishing a strong, vibrant and competitive ICT Industry in the private sector through FDI and Joint venture models. At present, ICT contributes only 3.5 % of the country's labour force and 3.7 % of its GDP which too low compared to the other countries in the region.

### **Business and Employment Oppurtunities in ICT sector:**

7. English language being the medium of education from pre-primary to under graduate level has produced fluent English speaking population in Bhutan. Since the ICT sector has been identified as one of the priority sector by the Government, career opportunities in the ICT sector has also been increasing. Around 1,500 fresh ICT graduates enter the job market every year .A majority of them being graduated from reputed educational institutions in India, Australia and Thailand. ICT recruits in Bhutan are currently paid a monthly salary somewhere between Nu. 12,000 and Nu. 15,000.

8. Thimphu Tech Park (TTP) is the country's first IT Park. At present, the park has few domestic companies and five international IT/ITES companies. Around 700 Bhutanese professionals work at the Thimphu Tech Park. Thimphu Tech Park also has an incubation centre where foreign companies can run a pilot operation to test the opportunities offered by Bhutan. The following are the five international companies operating from Thimphu Tech Park:

1. Scan Cafe from the USA,



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2. ZOOP from Canada.
3. SELISE from Switzerland,
4. Multirational Corporation from Australia and
5. Southtech from Bangladesh :

9. ICT is being recognised as a priority sector by the government to transform Bhutan as knowledge based society. The government offers attractive incentive packages to ensure rapid and steady growth in the ICT sector. The country is now in the group of Top 100 in the latest report of ease of doing business published by World Bank Group. The World Bank has ranked Bhutan 71 among 189 economies around the world in its Annual Doing Business 2016 report. Bhutan made the biggest jump of 54 steps to become the best in South Asia.

### **10. Advantage Bhutan – An Investment destination for ICT**

- a) Single window clearance for FDI or Joint venture (IT/ITES) in Bhutan .
- b) 86 percent of the country’s youth are literate. Fluent and good command over written and oral English language skills.
- c) The government provides financial support to train people to work in your company or help pay part of the salary (INR 7,500 per month per employee) for new employees for up to 1 or 2 years depending on the skill required under the Guaranteed Employment Program.
- d) The average salaries for employees would be less in Bhutan compared to that in other neighbouring countries in Bhutan for similar talents/positions. Attrition factor is also very low in Bhutan as per the experience of the employers.
- e) IT/ITES Business established in Bhutan are provided tax holidays (10 years for establishment in Tech Park and 5 years for establishment outside Tech Park), which means your business is exempted from paying Corporate Income Tax and Business Income tax.
- f) The Government also provides subsidies on internet connections to maintain cost at par with other countries in the Regions.



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- g) The Ministry of Labour and Human Resources supports the Industry for recruitment of new employees. The ministry has introduced a direct Employment Scheme, where the government bears 70% of employee's monthly salary for two years, thus making the private industry bear only 30% of an employee's monthly salary. The ministry also supports private industries by providing financial assistance to train ICT professionals based on skills required by the Industry.
- h) 100% foreign equity for IT/ITES business established within Thimphu Tech Park and maximum of 70% foreign equity for IT/ITES business established outside Thimphu Tech Park.
- i) Hydropower, being the strength of the country, the cost of power is relatively cheaper as compared to other countries in the region. Current cost of power being Nu. 3.23/unit.

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