

# FOURTH PARLIAMENT OF BHUTAN

## THIRD SESSION



Resolution No. 3

# PROCEEDINGS AND RESOLUTIONS OF THE NATIONAL ASSEMBLY OF BHUTAN

14 November - 11 December, 2024

**Speaker: Lungten Dorji**



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**Proceedings and Resolutions of the Third Session of the Fourth Parliament**

**1. Opening Ceremony**

The opening ceremony of the Third Session of the Fourth Parliament of Bhutan commenced on the auspicious day on 23 May, 2025, corresponding to the 26<sup>th</sup> Day of the 3<sup>rd</sup> Month of the Wood Female Snake Year. His Majesty the Druk Gyalpo was received in traditional Chipdrel and Serdrang ceremony, followed by the Zhug- Drel-Phuensum-Tshogpai ceremony in the Grand Hall of the Parliament.

**2. Opening Speech by the Speaker**

On behalf of all Members of Parliament, the deepest respect and heartfelt gratitude are extended to His Majesty for graciously presiding over the Opening Ceremony of this Parliamentary Session. His Majesty's presence, despite the many demands of His national duties, reflects the profound importance accorded to the Parliament and its role in the governance of the nation.

A warm welcome is extended to the Members of the Royal Family, whose gracious presence greatly enhances the significance of this occasion. Furthermore, the Parliament conveys its deep gratitude to all distinguished guests, both from within and outside the country, who are present to witness the opening of the Parliamentary Session.

In fulfillment of the sovereign duty to safeguard the nation's independence and security, and to promote its development and prosperity in accordance with the demands of the 21<sup>st</sup> century, His Majesty The Druk Gyalpo has undertaken exemplary initiatives. This year, His Majesty graciously extended a special invitation to Their Majesties the King and Queen of

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Thailand to visit Bhutan. During the visit, Their Majesties The Druk Gyalpo and Her Majesty The Gyaltshen accorded the Royal Guests a most cordial and ceremonious reception, extending the highest honors and hospitality in accordance with Bhutanese tradition.

In a deeply significant and sacred gesture, His Majesty the King of Thailand presented a sacred relic of the Lord Buddha to His Majesty the Druk Gyalpo. The offering was followed by a solemn prayer ceremony, during which a thousand butter lamps were lit presided by His Holiness the Je Khenpo and performed Zhabten Kurim for the well being and long lives of the two Monarchs. This profound moment served as a powerful symbol of the enduring spiritual bond between the two Buddhist Kingdoms and their shared commitment to the preservation and propagation of the sacred Dharma.

The Parliament conveys its profound gratitude and heartfelt appreciation to His Majesty for the construction of the Gelephu Chorten, modeled after the revered Jarong Khashor Stupa in Nepal, and the establishment of Guru Nangsid Zilnon under the auspices of the Special Royal Project. The Parliament further acknowledges His Majesty's other eight Royal Commands for initiating and supporting other projects related to religion within Gelephu Mindfulness City.

The Parliament conveys its profound gratitude and heartfelt appreciation to His Majesty The Druk Gyalpo for dispatching medical aid from Bhutan to Myanmar in the aftermath of the devastating earthquake. The Parliament further expresses its sincere appreciation to His Majesty for initiating the De-Suung Program in 2011 and the Gyal-Suung Program in 2024.

This year marks the 70th Birth Anniversary of His Majesty the Fourth Druk Gyalpo, His Holiness the Je Khenpo, and Her Majesty the Queen Dorji Wangmo Wangchuck. It is most auspicious and incumbent upon all to offer heartfelt prayers for their continued well-being, long life, and enduring guidance for the nation.

The Parliament expressed its gratitude to the Prime Minister for strengthening diplomatic relations with other countries during official visits. The Parliament further reported its participation in several international parliamentary meetings, where significant matters pertaining to parliamentary affairs were deliberated and discussed.

As part of the legislative proceedings, the agenda for the Third Session of the Fourth Parliament comprises the presentation of five Money Bills, three new Amendment Bills, three International Treaties or Instruments, six Petitions from Local Governments, eight follow-up reports, and two Committee Reports. The agenda, together with the Question Hour, will be deliberated accordingly.

Regarding the Joint Sitting, deliberations included the Marriage Amendment Bill and the National Assembly Bill of Bhutan, followed by the review of the Annual Audit Report for 2023–24 and pending unresolved cases from 2010–2022. Additionally, the Prime Minister is scheduled to present a comprehensive report on the State of the Nation, encompassing legislative developments and the Annual Plan.

In conclusion, with the blessings of the Triple Gem, the mighty grace of His Majesty the Druk Gyalpo, the Members of the Royal Family,

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collective merits of the people of Bhutan, I would like to offer prayers for the successful conclusion of the Third Session of the Fourth Parliament.

**The Speakers Address is attached in Annexure I**

### **3. Resolution on Annual Budget Report FY 2025-26**

The Finance Minister, in accordance with the Constitution of Bhutan, the Public Finance Act of 2007, and the Public Finance (Amendment) Act of 2012, presented the National Annual Budget Report for the fiscal year 2025–2026 to Parliament.

He stated that the Articles of the Constitution of Bhutan symbolize an unwavering commitment to transparency, accountability, and parliamentary oversight, and have, since 2008, served as the guiding principles for the country’s financial administration and the strengthening of democratic institutions.

The 2025–2026 budget has been formulated in alignment with the 13<sup>th</sup> Five-Year Plan priorities. Beyond this alignment, the budget aims to accelerate the process of economic recovery, stimulate growth, deepen inclusivity, and foster collaborative transformation across the nation.

The Annual Budget for 2025–2026, being the second budget under the 13<sup>th</sup> Five-Year Plan, is designed to ensure that the identified priorities are translated into tangible, result-oriented outcomes, thereby serving as a key instrument of public policy and financial planning.

The formulation of National Annual Budget (2025-2026) was guided by Section 7 of the Public Finance Act of 2007, which serves as the main policy for drafting of financial laws. The Government presented the budget with a clear framework and financial allocations, reflecting

the main fiscal policies and strategies. The budget was emphasized as the principal tool of fiscal policy, playing a critical role in ensuring sustainable economic growth and macroeconomic stability.

The fiscal policy is aligned with the priorities of the 13<sup>th</sup> Five-Year Plan, with the objective of stimulating economic recovery, creating employment opportunities, and guiding the economy on a growth-oriented path. However, it was also cautioned that without addressing domestic resource mobilization challenges, the nation will remain dependent on external borrowings, which may result in an increase in public debt and create vulnerabilities for future generations.

Therefore, the Government committed to ensuring fiscal sustainability by maintaining the fiscal deficit within 3% of GDP over the Plan period, while supporting domestic production and broad-based economic participation.

Accordingly, the budget allocations will be focused on high-impact priority areas, with the aim of strengthening the nation's productive capacity. Institutional and structural reforms will be carried out simultaneously to enhance efficiency and productivity, reduce wastage, and mobilize domestic revenue sources more effectively.

Additionally, investment in human capital development will remain a key priority, ensuring long-term benefits to the nation by creating a resilient and self-reliant economy. These priorities will guide the fiscal policy and budgetary direction for the fiscal year 2025–2026:

1. The fiscal deficit will be maintained within 5% of domestic GDP.
2. A domestic revenue of Nu. 71,000 million will be mobilized.

3. It is resolved that 80% of the recurrent expenditure will be met from domestic revenue.
4. It was submitted that less than 40% of the Government's borrowings should be utilized for recurrent expenditure.

With regard to the current budget, it was submitted that His Majesty the King's Royal Address during the 117th National Day, which highlighted the Diamond Strategy and the vision of an Enlightened Entrepreneurial Bureaucracy, serves as a profound source of inspiration. This vision has rekindled hope among the people of Bhutan that the civil service must be transformed into a highly skilled, dynamic, and results-oriented institution. Therefore, this budget is framed to align with that Royal vision, laying the foundation for a prosperous, inclusive, and forward-looking national economy.

#### **A. The state and outlook of the National Economy**

Regarding the state and outlook of the national economy, it is noted that the national economy is recovering, and according to projections from the Royal Government and the IMF, the economy is expected to grow at 3.3% in FY 2025-2026. In the context of the low base effect in China, there is an expectation that the national economy could achieve a growth of 6.2%.

On the revenue side, domestic revenue, trade-related revenue, and inter-district transfers were reviewed in the 3<sup>rd</sup> session of the 4<sup>th</sup> National Assembly. It is highlighted that in the process of national economic recovery, there is potential to enhance revenue mobilization from trade and other sources.

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Regarding electricity generation from Punatsangchhu I and II, fast-tracking of project implementation has led to projected revenue contributions of 6.1% in FY 2024 and 8.3% in FY 2025. Accordingly, revenue from the US dollar is projected at USD 3,895 million in FY 2024 and USD 4,727 million in FY 2025, amounting to 21% of total revenue projections.

Considering the base effect of non-tax revenue, domestic revenue is projected at 3.5% in FY 2024 and 3.6% in FY 2025. This will contribute to the growth of national revenue and ensure adherence to projections. It is projected that non-tax revenue will reach 3.4% of total revenue in FY 2026.

## **B. General reserve status**

The consolidated public accounts show that the US dollar equivalent was 625.4 million for the fiscal year 2023–2024 and 991.1 million for the fiscal year 2024–2025. Out of this, from April 16 to June 26, 2025, a total of 862.9 million USD has been recorded as received. Over time, these consolidated accounts form the basis for foreign currency inflows and for facilitating external trade and related financial activities.

## **C. Public debt status**

From the Ministry of Finance’s perspective, regarding this public debt management, the Department of Finance has carried out an assessment of certain major aspects to establish for ensuring sustainable, accountable, and well-managed public debt resources.

- i. The Ministry of Finance, after coordinating over time regarding the status and organization of Public debt management, is scheduled to submit a report to the government in every three month.

- ii. The Ministry of Finance will duly follow a proper procedure to submit the reports regarding the untagged or unspecified transactions of the government, as well as the status of public debt management, ensuring careful verification for accuracy and reliability.
- iii. As per Article 4 of International Monetary fund, for the two previous fiscal years, although no formal submission was made, a proper review has now been conducted over time to ensure the sustainability and accuracy of revenue records. This review carefully examines the status of Bhutan's national wealth, taking into account both sovereign authority and overall completeness.
- iv. In order to properly implement procedures and guidelines related to public debt management and associated financial regulations, the required arrangements for administration and monitoring have been established.

As of March 31, 2025, the total public debt stand at 298,183.3 million USD, which accounts for 99.1 percent of the Domestic revenue.

- v. Of the total public debt, international debt accounted for 277,085.2 which represent 92.1 percent, while domestic debt amounted to 21,098.1 which represent 7 percent of the domestic revenue.
- vi. The largest portion of international debt is attributed to electricity development, which accounts for 61.5% of the total debt, while non-electricity-related debt makes up 38.6%.

- vii. Owing to high-priority activities and the development of hydroelectric plants, the debt is expected to rise. As of March 31, 2025, the central government's debt is projected to reach 358% of GDP, equivalent to 35.5% of domestic revenue, which remains within the limits set by the Public Finance Act of 2023.

#### **D. Results of the revised budget for the fiscal year 2024-2025**

For the fiscal year 2024-2025, based on the collection from domestic sources and the mobilization of external funds, the total revenue collected amounted to 73,182.0 million (domestic currency), and the revised revenue was 83,434.8 million. After including grants and other receipts, the total expenditure amounted to 97,628.8 million and the revised expenditure was 99,216.9 million. This indicates that the mobilization of external funds contributed 1.6% to the total revenue from external sources.

Regarding the status of funds in the treasury, there are uncollected revenues, with domestic collection and mobilization contributing 5.21%, and external sources contributing 2.37%. Since these amounts have not yet been revised, the government has instructed that records be properly maintained and that long-term revenue management be ensured.

#### **E. Supplementary Appropriation bill for FY 2024-2025**

Out of a total budget of 1588.0 million, foreign grants and other receipts amounted to 1413.158 million, and domestic revenue collected was 174.865million. These funds have been submitted for the approval by the House.

## **F. The Budget Appropriation for FY 2025-2026**

For the fiscal year 2025-2026, the budget has been allocated based on national revenue and priority activities. The total budget amounts to Nu. 138,500.7 million, which includes Nu. 1,864.1 million for lending purposes and Nu. 17,425.2 million For principal repayment.

Of the total budget allocated, which includes salary and allowances, retirement benefits in which the recurrent expenditures is Nu. 58,481.2 million. In which increase of 15.1 percent from the 2024-2025 budget allocation due to the government priority and revenue generated.

In general terms, income includes wages, salaries, pensions, benefits, and the interest payments, the incentives, the gifts, and the operating expenses. The total cost is 58,481.2 million for fiscal year 2024-25. This represents an increase of 15.1% over the budget allocated for the FY 2024-2025 budget. Interest payments totaled 10,907.9 million, an increase of 55.6%. For the FY 2025-2026 the principal amount of debt is totaled to 17, 425.2 million in which current debt is 28, 3331 million.

Regarding the capital budget, an allocation of Nu. 60,730.1 million has been made for the approved budget of the FY 2024-25, which is an increase of 58.8%. This allocation constitutes 24.8% of the total capital allocation for the 13<sup>th</sup> Five-Year Plan.

### **Budget Allocation for the Agencies/ Sectors**

Regarding the budget allocation to the agencies, he submitted that it is clearly stated in the Budget Appropriation Bill.

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**Financial results and capital investment of public corporation.**

**1. Performance of the State-Owned Enterprises (SOEs)**

In 2024, the State-Owned Enterprises (SOEs) under the Ministry of Finance saw a total decrease of 92.7%, falling to Nu. 75.2 million in terms of profit. The National Housing Development Corporation Ltd. (NHDCL) saw its profits drop from Nu. 213.2 million in 2023 to Nu. 83.9 million in 2024. However, their overall total assets still increased by 1.8%, standing at Nu. 8,368.9 million.

**2. Druk Holding and Investment.**

In 2024, the revenue of the Druk Holding and Investments (DHI) increased by 4.1%, standing at Nu. 10,983.9 million. This was due to higher dividend payouts, leading to a 30.8% increase in the contribution to the total internal revenue. Furthermore, due to DHI's primary focus on increasing capital investments and undertaking development works, their total assets stand at Nu. 97,490.3 million.

**3. Loans of state owned enterprise.**

In 2024, the loans of state-owned enterprises increased by 92 percent, rising from Nu. 4,874.2 million to Nu. 9,694.7 million.

**4. Governments Liability**

As of December 31, 2024, the outstanding government-guaranteed loans to state-owned enterprises amounted to Nu. 3,693.3 million.

**5. National Pension and Provident Fund.**

As of December 31, 2024, there were 65,819 members registered under the National Pension and Provident Fund. The membership increased

by 10,360 during the year, representing 6.3 percent growth, bringing the total fund amount to Nu. 69,142.7 million.

## **6. Hydro electricity**

The Hydroelectricity Project falls outside the 13th Five-Year Plan. Following discussions with the EIB, OPEC Fund, Kuwait Fund, JICA, Asian Development Bank, and DGPC as funding sources, the Ministry of Finance has signed the project agreement.

## **7. Royal Monetary Authority of Bhutan**

As of June 2024, the government's financial administration reported that the total fund allocation of Nu. 4.8 billion had increased to Nu. 110.1 billion. However, due to internal and external constraints, the progress did not advance as expected.

## **8. Foreign direct investment**

As of June 2024, a total of Nu. 15,962.9 million in foreign direct investment (FDI) was approved, reflecting an increase from previous years due to a higher number of approved projects and an increased investment ceiling. By December 2024, the total number of approved FDI projects stood at 121. Among these, the hospitality sector accounted for 34.7 percent, and the information and technology sector accounted for 23.1 percent. In terms of investment by country, Asia contributed 58.3 percent, with India at 55 percent, Singapore at 15 percent, Thailand at 11 percent, and the United States at 23.5 percent.

## **9. Trust Fund**

The government holds and manages both unrestricted and earmarked funds. Similarly, it also administers the unrestricted and earmarked funds

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Resolution of the 3<sup>rd</sup> Session of the Fourth Parliament of the Bhutan Trust Fund. As of March 31, 2025, the total fund balance amounted to Nu. 9,528.9 million. These funds are not based on external borrowing and are intended for the protection of public interest, as well as for investment and maintenance within the development framework.

As of the 13<sup>th</sup> installment of the Fifth-Year Plan, the total approved budget for the second year amounted to Nu. 13,850.5 million. Compared to the 42 percent increase in 2024–2025, this reflects a significant rise. The funds are intended for public welfare, including support for underprivileged groups, and are to be allocated transparently and in consultation with relevant stakeholders. To ensure proper planning and effective utilization, detailed guidelines and budgetary reports for 2025–2026, along with expenditure reports for 2024–2025, have been carefully prepared and submitted for review.

In accordance with the Rules of Procedure of the National Assembly of Bhutan, the budget appropriation for FY 2025–2026 and the supplementary budget for FY 2024–2025 have been referred to the Economic and Finance Committee for detailed review before being submitted to Parliament for discussion.

### **Review Report of the Economic and Financial Committee on the Annual Budget for the Fiscal Year 2025-2026**

The Chairperson of the Economic and Finance Committee, Hon. Member of Bartsham Shongphuk, informed the House that the Committee has reviewed the Budget Appropriation Bill for the Financial Year 2025-2026 and the Supplementary Budget Appropriation Bill for the Financial Year 2024-2025. He reminded the House that, in previous session, the

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house had considered eight recommendations from the 13th Five Year Plan Report, as well as the report on budget allocations for the Financial Year 2024-2025. Out of the sixteen recommendations made, some have already been implemented by the relevant agencies and departments, as they constituted resolutions of the House. The Chairperson emphasized the importance of submitting the implementation report to the House during the ongoing Third Session of the Fourth Parliament.

In the interest of time, the Chairperson requested the opportunity to present the recommendations directly. The House assented to the request, and the 15 recommendations on the Budget Report were presented as follows:

**Recommendation 1: Supplementary Budget Appropriation Bill for the FY 2024-25**

During its review of the Supplementary Budget Appropriation, the Committee considered both external grants and loans as well as internal grants. The external grants and loans amounted to Nu. 1,413.158 million, while internal grants totaled Nu. 174.865 million. In accordance with the law, the Committee recognized a revision of Nu. 1,588.023 million against the approved budget for the Financial Year 2024-2025 and submitted the same to Parliament for approval.

**Recommendation 2: Budget Deficit**

The Committee noted that, contrary to the objectives of the budget, the Government is proposing to run a fiscal deficit of 6.2 percent of GDP, amounting to Nu. 21,438.69 million. The Committee further observed that, as of 31 March 2025, the liquidity for the Financial Year 2024-

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2025 is estimated at Nu. 11,247.4 million, and is expected to decline to Nu. 7,224.4 million in the Financial Year 2025-2026. It was also noted that medium-term inflation is expected to rise, driven by geopolitical uncertainties.

The Committee emphasized that, in order to promote the private sector, it should be clearly defined who will bear the economic burden, whether the private sector or the Government. In line with the objectives of the budget policy for the previous financial year, the Government was urged to maintain the fiscal deficit within five percent of GDP to create opportunities for the private sector. The Committee further noted that, for the previous fiscal year, although the deficit was initially estimated at five percent, it was reduced to 2.5 percent by the end of the financial year, and recommended that a similar approach be adopted for the current fiscal year to ensure fiscal prudence.

**Recommendation 3: Chirrup Farm and commercial farm initiative**

The Committee noted that this observation had been submitted in the previous session; however, no proper follow-up has been received to date. It further observed that innovative activities for private sector development are better outsourced. Accordingly, the budget allocated for this purpose, as in the previous year, should be excluded from the budget. After review, the Committee recommends that the Government exclude an allocation of Nu. 149.12 million from the budget for this purpose.

**Recommendation 4: General Reserved and Legal compliance**

The committee observed allocation Nu. 4,312.5 accounting to 3.1% of the total budget under general reserve. While it is normal to allocate certain amount of money as reserve to meet unforeseen expenses, it is important to note that this allocation is only for the purpose intended and cannot be to circumvent the prohibitory provisions of the relevant laws of the Kingdom of Bhutan.

**Recommendation 5: Rural Life insurance scheme**

The Committee observed that funds have been allocated under two categories: Rural Life Insurance and the Third Child Policy. Regarding Rural Life Insurance, the Committee recommends that this item be temporarily removed from the budget until proper justification and rationale are provided. The Committee further urges that a comprehensive study be immediately undertaken to enable the effective implementation of this program.

**Recommendation 6: Third Child Policy**

Regarding allocation of Nu. 31,500 million for the third child policy, since the required documents are not yet ready, the committee recommended to temporarily halt the allocation and can be reviewed in the future.

**Recommendation 7: Implementation and responsibility of centrally executed activities.**

The committee observed that allocation of Nu. 11.3 billion in the centre is basically meant for the LGs. If such budget is directly allocated to the LGs, there will be no doubt with regard to competency of the Human

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resource and quality of works. Because of this, committee stated that it will be better if Nu. 11.3 billion is given to the LGs as per the activities.

The committee also informed that Division of Responsibility Framework is not implemented at the moment, the committee questioned whether it was because of reform or is there any plan to revise it. The committee sought clarification from the government.

### **Recommendation 8: Internet bandwidth subsidy**

With regard to Internet bandwidth subsidy, the allocation of Nu. 443.7 million by the government, is it to provide 50% subsidy for increase in the internet bandwidth globally, that USD 4.5 per Mbs in a month. If it is for the provision of subsidy, there is no data and details about how it will be executed, to which agency will it be given, and how it will be subsidized. The committee reminded the government to make realistic allocation.

The committee has not made any recommendation because it may be due to technical error, and since there is required documents, it is not sure whether it is the finalized allocation or not.

### **Recommendation 9: ESP fund integration**

The committee observed that Nu. 3.9 billion has been integrated for ESP, which should have been done since the start of programme. The integration of Nu. 3.9 billion is going to benefit in the annual budget and it should be done as per the plans.

**Recommendation 10: Tourist airfare subsidy**

The allocation of Nu. 49.5 million for the tourist airfare subsidy by the government is a noble objective to which the committee also supported. However, there is no evidence to establish that it has really benefitted in attracting the tourist to visit Bhutan. Therefore, the committee requested the government to clarify whether it has really benefitted or not.

**Recommendation 11: Priority Development Fund (PDF)**

This issue was decided since the first session, however, looking at the allocation of fund, PDF is to be utilized from the Gewog Grant, which itself is in limited amount. The committee suggested to allocate a separate amount as PDF or to be allocated from the total fund of 13<sup>th</sup> FYP.

**Recommendation 12: Underutilization of capital budget**

The issue of underutilization of capital budget, 20% annually has been pointed out repeatedly in the Royal Audit Authority's report and Public Accounts Committee's report. The committee informed that MoF always stated budget constraint whenever asked for additional fund, he asked whether it was due to unrealistic budget planning or due to human resource shortage. In this FY 2024-2025, there is underutilization of 40% of the budget.

If the Parliament approves blindly, it might hamper the supremacy of the parliament in future. Therefore, it is important for all the Members to carefully examine and fix accountability.

### **Recommendation 13: Budget for National Land Commission**

Despite giving private land for developmental activities, the land was not deleted from the thram, thereby imposing land tax to the individuals. This issue needs to be fixed at the earliest, and to resolve these issues, adequate budget needs to be allocated to National Land Commission.

### **Recommendation 14: Mini Hydropower Project in Lunana**

Hydropower project is very important to the highlanders. However, source of funding for this hydropower project is from different unlike other hydropower projects. The project is under Project Tied Assistance (PTA) unlike other hydropower projects, which is constructed with loans or constructed by DGPC.

The project under PTA with funding of Nu. 337 million may hamper in executing the activities from 13<sup>th</sup> FYP. The committee requested the Members to carefully examine the issue and moreover, without any documents and details regarding hydropower, it is understood that it is against the budget allocation.

### **Recommendation 15: General observations**

From the total annual grant of Gewog, only 10% can be allocated for preservation and conservation of religious and spiritual activities, which is very challenging. These activities cannot be clubbed under PTA or SDP projects, therefore, the committee requested to increase the amount to 20% for preservation and conservation of religious and spiritual activities.

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The committee informed that follow up reports on past resolutions to be submitted and deliberated before the end of third session and requested to club the 15 recommendations with the current fiscal year.

While deliberating on the recommendations, particularly on **first recommendation**: in Supplementary Budget Appropriation Bill for the FY 2024-25, the revision of Nu. 1,588.023 million against the approved budget of Nu. 97,628.839 million totaling to Nu. 99,216.862, no one raised any objection, therefore, the House endorsed the recommendation as submitted by the committee.

While discussing on **recommendation 2**, Budget deficit, the Finance Minister submitted that although the aim was to keep the budget deficit at 3% during the drafting of 13th FYP, it has been decided to keep at 5% this year. However, it has increased to 6.2% while planning the financial budget. To this, the Member from Gangzur Menjey constituency submitted that it is important to specify the Budget deficit to be below 5% in the report, otherwise it will be difficult later on.

Moreover, there is risk of inflation, and if we keep on asking for loans for trade, it will keep on increasing the deficit. Therefore, as intended by the MoF, it is better to keep the budget deficit below 5% .

To this, the Finance Minister submitted that plans have been formulated in consultation with RMA to avail loans from private loans, external loans, loans from world bank, and IMF. The Ministry also plans to keep the budget deficit below 5% from the domestic revenue.

While deliberating on **recommendation 3**, issues related to chirrup farm, the opposition Leader supported the recommendation to give the initiative of chirrup farm and commercial farm to the private instead of taking up by the government. To this, the Minister for Agriculture and Livestock (MoAL) informed that as instructed by the Ministry of Finance to see opportunity of this programme in economy and IT, the MoAL has been preparing to participate in the chirrup farm and commercial farms.

Moreover, the MoAL informed that they are aiming to increase the domestic revenue from 30 billion to 50 billion from commercial farms. This program was already endorsed in the past session and Ministry already has a plan to engage around 40-50 dessungs, therefore, the Ministry requested the House to carefully review and not to delete the budget allocated for this program.

The Member from Sergithang-Tsirang-Toed constituency expressed that if the government participates in the program such as chirrup farm, then what are the public going to do. He stated that instead of government participating in the program, he suggested it should be given to the citizens to take it up or should be carried out by government-private partnership. To this, the Member from Nganglam constituency also submitted that it should be out sourced to the private instead of government carrying out the program.

The Minister of Infrastructure and Transport stated that looking at the chain link fencing carried out by the MoAL for the crops, it is a kind of chirrup work which is going well. With regard to business, he stated that it is the responsibility of the government to provide support to the citizens

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with regard to business and marketing. The Member from Monggar constituency stated that in the past session, the House had recommended reviewing the standards of chirrup farm, viability of business, how to fix responsibility and accountability, how to increase the production, and how to go about with warehouse but so far, no follow up report has been received on this matter. The chirrup farms initiated by the past government has been unsuccessful, therefore, the committee has come up with this recommendation.

The Member from South Thimphu constituency stated that while reviewing the budget allocation for chirrup farms, same budget has been allocated like last year. The reason for recommending deleting from this year's financial year is because no follow up report has been received on this matter, and moreover, there is possibility of inconveniences with the implementation of chirrup farms. The chirrup farms along the Thimphu- Paro highway as a pilot project has benefitted the businesses as well as travellers, so he suggested replicating similar projects in other Dzongkhags as well.

The Member from Kengkhar Weringla constituency stated that chriiup farms located in Samrang and Pemathang are very close to each other, so she sought clarification from the government on this matter. To this, Minister for MoAL submitted that it was because of the landscape and was constructed after consulting and getting approval from the National Land Commission.

The Member from Tashichholing constituency, Dy. Speaker stated that chirrup farm project is very important to citizens, therefore instead of

deleting the budget, he suggested the committee and the Ministry to sit together and amend the recommendation. He requested giving some time to the committee and Ministry to discuss the recommendation.

The Chairperson submitted that committee and the Ministry will discuss and submit a follow up report on the past resolution. As stated by the Minister of MoAL, with the technical support provided by the Ministry, Dessungs have been engaged and works are in progress and related MoUs have been signed for future plan and policies, which will be shared with committee. He said, there won't be any problem if it is shared with committee at the earliest as agreed by the Minister.

After that, the House endorsed the recommendation which was amended by the committee and the Ministry. The House decided to retain the budget allocated for chirrup farms as proposed, thereby nullifying committee's recommendation.

#### **Recommendation 4: General reserve fund**

While deliberating on this issue, the Health Minister expressed that since the start of five year plan, the General reserve has been implemented legally for several years, similarly, it is been implemented as per the constitution and relevant laws in the present scenario, so he submitted that it won't be inconsistent if decided as recommended by the committee.

The Member from Drakteng-Langthil constituency submitted that general reserve fund was started with noble objective and not to cover intangible expenses. He said that it is reminder to the government to prevent insertion of budget for intangible expenses. In addition, he

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stated that general reserve fund has been implemented legally so far and it was not done in contravention to relevant laws.

With this, the House endorsed the recommendation that general reserve fund was implemented legally till date and should be implemented legally henceforth.

### **Recommendation 5: Rural Life Insurance Scheme**

While deliberating on rural life insurance scheme, the Member from Khamed Lunana constituency submitted that while acknowledging the committee for doing a thorough review and submitting the recommendation, he stated that considering its importance, the recommendation made by the government in the budget report would suffice and extended his support to government's recommendation.

The Member from Khamdang Ramjar stated that it would be of great help to rural people if the government can prioritize and provide the scheme. The Member from Kengkhar Weringla constituency stated that while increasing the amount for rural life insurance, she asked how much the people has to contribute and how much will be paid by the government. She emphasized on importance of mentioning clearly in the bill. She also stated that there is a rumors in social media that rural life insurance will be given to only rural people and accordingly asking to register about it.

The Member from Wamrong constituency submitted that government's tenure is 5 years and it has already been one and half years, and the government is still doing research on this issue. He stated how people

will be benefitted if the government act in this way. He requested the government to decide in this session instead of deciding to withdraw from this financial year.

To this, the Home Minister submitted that as per the instruction of Prime Minister to give it to the people at the earliest, the Home Ministry in consultation with Finance Ministry is discussing with Dzongdags and Local Governments to collect data on number of population residing in their areas, number of people overseas from their Dzongkhag and number of people in civil servants. He informed that it will be done accordingly after completing the data collection.

The Member from Drakteng Langthel constituency submitted that it will be easier to decide if the deliberation can take place in line with recommendation 4 and 5. He informed that committee had recommended withdrawing the rural life insurance fund from the general reserves. To this, the member from Gangzur Menjey constituency stated that to such kind of recommendation from the committee without any clear mention of who will be given and how much will be given, he extended his regret to support the recommendation.

In addition, the chairperson of the committee also stated that it would help the committee to provide proper rationale and justification during the deliberation if the government can provide supporting documents on time. He said that in the absence of such documents, it will lead the House to decide without proper findings which will ultimately lead to weak resolution, therefore, he could not give his support to the recommendation.

The Member from Bji Kartso Eusu constituency submitted that most of the members want the rural life insurance fund, however due the presence of word ‘withdraw’ in the recommendation is creating a problem in supporting the recommendation, therefore, he requested the House to mutually discuss and come up with a better recommendation.

To this, the Member from Choekhor Tang constituency requested the House to read the whole recommendation instead of reading only a part to avoid confusion and misunderstandings. He informed that the recommendation mentions to withdraw from the budget for time being and not withdraw permanently. He also reminded the House that all the committee members are experienced and has reviewed with the report with intention to benefit the citizens.

The Member from Drametse Ngatshang constituency stated that instead of debating on government’s recommendation to keep it under general reserves and committee’s recommendation to withdraw from the general reserves, he suggested the government to do a thorough research and report in the upcoming winter session.

After that, the Member from Menbe Tshenkar constituency submitted that if it is to keep under the general reserves, then there is a separate procedure to follow. He suggested that it would be better if the committee, MoF and the Home Ministry could sit together and decide on the matter. The Minister for Agriculture suggested giving some time to the government to do some research and consultations to decide on the matter. With this, he extended his support to keep it in the budget of this financial year.

The Minister for Industry, commerce and employment urged the House to carefully analyze and support the Government's recommendation to allocate Nu. 263 million under the general reserves for rural life insurance scheme. He further stated that government being an executive arm, allocating such fund under the general reserves in the budget will enable the government to properly deliver the service to the people, therefore urged the House provide the support to the recommendation.

The Member from Lingmu Toewang constituency clarified that committee's recommendation does not specify to remove from the budget immediately, rather he informed that since the Home Ministry has already started collecting data, he requested that the two ministries to come up with ideas to how better the fund can be given to the people at the earliest.

The Speaker instructed the committee and the MoF to discuss properly as mentioned by the members and submit the recommendation to the House after lunch break.

After resuming the session, the Member from Gangzur Menjey constituency submitted that if the government can be transparent in providing the relevant documents and data while reviewing the budget report by the committee, it will help the House in endorsing the budget properly. He reminded the government to follow the proper procedure henceforth. The Member from Monggar constituency informed that fund from the general reserves are meant for unforeseen activities and should be avoided in using for planned activities. Since the government didn't provide any supporting documents while reviewing the budget, he could not extend his support on the recommendation.

Lastly, the House instructed the government to complete the formulation of a regulation/procedure within 6 months specifying how the insurance money will be given and how it will be collected and ensure that fund is given to the people within this financial year. The House through show of hands by majority supported the recommendation.

**Recommendation 6:** Third child policy, since no member submitted their views, the recommendation was passed as proposed by the committee.

While deliberating on the **seventh recommendation;** Centrally Executed LG Capital Programs and Division of Responsibilities, the Member from Radhi-Sakteng constituency submitted that the Local Governments prioritize and plan their activities according to the need of their areas and submit to the central government to which the budget is allocated. However, executing the work by the central government has posed some challenges to the LGs. Since there is no proper procedure on how the budget will be given to the LGs and how it will be executed, it has created confusion to the LG leaders.

The Member from Dewathang Gomdar constituency submitted that out of 205 Gewogs, none of the 54 Gewogs have utilized the priority development fund and allocation of Nu. 3.99 billion to 196 Gewogs does not seem to be fair and equal. He further submitted that while looking at the activities, out of 426 government activities, for 163 activities, more than Nu. 5 million is allocated but for 263 activities, less than Nu. 5 million is allocated.

In addition he submitted that if activities of less than Nu. 5 million is given to the LGs, it comes to around Nu. 385.7 million for 263 activities. He stated that retaining these activities with the central government is just opposite to decentralization process.

To this, the Finance Minister shared his concerns on how the works will be executed if additional Nu. 11.3 million has to be given to the LGs on already having to execute the budget sanctioned from the central government. He also stated that it would be inconvenient to retain the work with central government and execute it later by LGs as a deposit work because it will be violating financial procedures. He stated that retaining the budget with LGs would be more convenient although there might be some challenges and he also informed the House on three ways of allocating the budget to Gewogs.

The Member from Gangzur Mejey constituency submitted that as stated by the committee, the activities of Nu. 1 million and 2 million can be delegated to the LG instead of implementing it by the central government. He further submitted that keeping it as deposit work has posed inconveniences to the LGs in planning activities thereby resulting in underutilization of budget by the LGs and he also mentioned on importance of having a proper division of responsibilities.

Similarly, the Member from Nisho Sephu constituency expressed that motorable road in Gangtey Gewog and Phobjikha is of utmost importance for tourist and for the people residing there for the transportation of potatoes. He stated that the cost estimation for the road maintenance by the regional Department of road indicated around Nu. 100 million,

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however, only Nu. 14 million is allocated in this budget, so he asked whether it was only for starting the work.

In case the mentioned budget was for the maintenance of entire road, then while consulting with the officials in the ground, they had mentioned that with such fund, only a small part of the road can be repaired and is not sufficient for the major road maintenance. The Member emphasized on the need of consulting with officials in the regional areas while planning the activities. He requested the House to kindly amend the budget allocated to Gangtey Gewog since it was different from what was estimated.

After that, the House agreed that this recommendation was related mainly with carrying out the works and reminded the government to carefully assess while executing the works. On the recommendation of the committee that Nu. 11.3 billion be allocated under respective LGs in accordance with the framework, the House through majority by show of hands supported and endorsed the recommendation.

While deliberating on **eighth recommendation**; internet bandwidth subsidy, the Finance Minister informed that allocation of Nu. 344 million in the budget is not meant for providing 50% subsidy. He clarified that government has received 301 million USD from the World Bank out of which half amount is as grant and another half is as loan, and major chunk of fund is being used for the construction of road from Gelephu to Taraythang and bridges. The main reason for allocating Nu. 344 million for the digital system is because while purchasing internet bandwidth from outside, the government has to pay in ten folds, so while buying in gigabytes, the cost comes around USD 5 per mega byte.

He also clarified that the main objective of the Gov.Tech is to utilize the loan from World Bank in purchasing multiples of 100 gigabytes instead of ten gigabytes in 10 years, it is not to provide subsidy.

To this, the Member from Gangzur Menjey constituency submitted that committee's recommendation is to get detailed information from the government and not to point out right or wrong. He further stated that Budget report mentions that out of Nu. 2 billion and 9 million allocated for gov.tech, Nu. 343 million is to support reduction of international bank with pricing below USD 4.50 per Mbps per month and ensure 50% reduction in internet charges by June 2026. He reminded the House that one of the pledges of the government is to provide 50% reduction in internet charges, if this is the one then he asked the government to provide details on how it will be given and will it apply to all the existing telecom operators.

As informed by the Finance Minister, if it is not meant for 50% internet reduction, then the House instructed the MoF to provide a detailed report on this matter to the committee to which the House agreed by show of hands.

While deliberating on **ninth recommendation**; ESP fund integration, the Finance Minister informed that since they could not integrate the fund in FY (2024-2025), they have submitted it as ESP fund and further informed that government has been spending it from the integrated ESP fund. The reason for not including Nu. 15 billion in the past financial statement is because around Nu. 512 billion was allocated for 13<sup>th</sup> FYP.

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He sought clarification from the committee for mentioning that it was not integrated with ESP fund.

To this, the Member from Gangzur Menjey constituency expressed that Members have not raised objections when the government has not integrated the ESP fund in the past FY and only some part of the ESP has been integrated in the current FY. Although, it does not create any inconvenience, however, according to the standard practice, it is important to mention in the government accounts with regards to anything, be it kind or cash received from a foreign country. And moreover, only some part is integrated and some part is not integrated, therefore, to ensure transparency of such accounts in the future, the committee has made the recommendation.

With regards to integrating the ESP fund in the annual budget, the Health Minister submitted that there is a problem in integrating the whole amount of Nu. 15 billion in the annual budget. He stated that it would be more convenient if it can be integrated part by part after carrying out the works, which means Nu. 4 billion can be integrated in this FY and the balance amount of Nu. 11 billion can be integrated part by part after carrying out the works henceforth as submitted by the Finance Minister.

After that while ascertaining the support on the suggestion made by two Ministers, the House through show of hands by majority supported the recommendation of two ministers.

While deliberating on **tenth recommendation**; Tourist airfare subsidy, the Minister for Industry, commerce and employment reminded the House

to carefully analyze and decide on the committee's recommendation to do away with this initiative. He urged the House to support government's initiative wherein he mentioned that out of many ways to support tourism sector, providing tourist airfare subsidy is one of them. Moreover, the government has already started with several such initiatives, and to achieve a greater result, he requested the House to support as mentioned in the budget report.

The Member from Khamdang Ramjar stated that looking at the subsidy provided for tourist airfare, he said that the airline companies in Bhutan must be really struggling hard because the government is giving subsidy to dollar paying tourists. He also added that such kind of initiative is defeating the tourism policy of high value and low volume, that's why he could not extend his support to the recommendation of the government to provide airfare subsidy. Whereas, the member from Sergithang-Tsirang constituency submitted that in order to have good revenue from tourism, it was important to either provide airfare subsidy or reduce the SDF.

The Member from Radhi Sakteng constituency stated that since the airline companies are profit making companies, he could not understand the rationale behind for giving airfare subsidy and moreover, he asked the government for stopping the provision of airfare subsidy in the lean season which was allowed before. To this, the Health Minister clarified that it was fine to recommend doing away with the subsidy if it didn't yield much benefit, but he said it is too early to remove the subsidy because it has not been long since the government started with the initiative. He said that government should be given some time to

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implement the recommendation and then decide according to the result, with this, he urged the House to keep the recommendation as mentioned by the government in the budget report.

The Member from Menbe Tsenkhar constituency submitted that whether subsidy is given or not, what is important is fixing of accountability because if there is no tourists after giving the subsidy, then there is high possibility of wasting the government money. To this, the Finance Minister informed that such kind of subsidy will not only help tourism sector but will also help the hospitality sectors in paying back the loan with arrival of more tourists. Further, he clarified that this subsidy won't be allowed all the time, it is only for one year and to encourage more tourists in lean seasons, that is in December, January, and February months.

The chairperson of the committee stated that while reviewing the budget, the committee could not understand the objective of providing such kind of subsidy because it did not mention anything on how many tourists were they expecting and estimation of revenue from this initiative. That is why the committee recommended doing away with the subsidy.

Regarding the claim by the committee that there was no clear information and data while reviewing the matter, the Minister of Industry, commerce and employment clarified that Ministry of Finance had presented to the committee in detail with pros and cons and that it was in line with the tourism policy. He also added that the government has been bearing losses due to subsidies given to other sectors, but he said that government is expecting to make good revenue from this initiative, therefore, requested the House to support the airfare subsidy initiative.

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The Member of Gangzur Menjey constituency stated that if it was as mentioned by the Finance Minister earlier that Nu. 49 million was not for subsidy but it was a supplementary budget, then it was in violation of laws, although a petition was already written to the Prime Minister. He further stated that supplementary budget can be approved only in cases of emergencies and in the event of natural calamities, therefore, he reminded the House that everything has to be done in accordance with Public Finance Act.

While ascertaining the support to committee's recommendation by show of hands, out of 41 members present, 20 voted against and 21 members voted in favour, thereby acquiring majority vote and endorsed the committee's recommendation.

While discussing on **eleventh recommendation**; Priority Development fund (PDF), the Member from Lingmu Toedwang constituency expressed his gratitude to the government for including PDF in this financial year although it was discussed since first session of the Parliament. However, he stated that it would be beneficial if the PDF can be segregated from the capital budget and provided together with Gewog grant. The Member from Nisho Sephu constituency also submitted that since PDF was already decided in the first session, he requested if it can be given as separate fund and not together with Gewog grant. With this, he extended his support to committee's recommendation.

To this, the Health Minister stated there will be some problem while dividing the PDF of Nu. 2 million within Gewogs of each constituency, therefore, he suggested mobilising additional resources from the capital

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budget and not from the Gewog grant. He said it might increase the budget amount by little bit but there won't be much impact, accordingly supported committee's recommendation.

While ascertaining the support of the House on the committee's recommendation, out of 40 members present, 13 voted against and 27 voted in favour, thereby acquiring majority votes and endorsed the committee's recommendation.

While discussing on the **twelfth recommendation**; underutilization of capital budget, since there was no one to submit their views, the House endorsed the committee's recommendation which mandated the Ministry to formulate a regulation/procedure to ensure that all the agencies receiving government budget utilizes the budget as per the planned activities.

While deliberating on the **thirteenth recommendation**; Budget to National Land Commission, the Finance Minister informed that it is not only the National Land Commission that is having budget shortage, but almost all the agencies are facing shortage of budget. However, he stated that it would be convenient if it allowed the government to review and accordingly provide additional budget to resolve the anomalies arising due to Property Tax of Bhutan. After that, the House suggested to amend committee's recommendation as 'the Ministry of Finance to resolve all the anomalies arising out of Property Tax of Bhutan of all the agencies including National Land Commission of Bhutan'. All the members agreed by show of hands to amend committee's recommendation and accordingly endorsed the recommendation.

While deliberating on the **fourteenth recommendation**; Mini Hydropower Project in Lunana, the Minister for Energy and Natural Resources informed the House that Hydropower project in Lunana with capacity of 500 megawatt will be constructed with grant from the Indian government. He said that although the big hydropower projects are coordinated by the DGPC, the current hydropower being a small project will be constructed with government's coordination. In addition, he also stated that all the hydropower projects are not constructed by the DGPC.

The House while ascertaining support to Minister's justification for taking up the construction of mini hydropower project in Lunana by the Ministry, the House through show of hands by majority supported his justification.

While deliberating on **fifteenth recommendation**; spiritual and culture, the Finance Minister stated that while acknowledging the importance of requests made by the citizens, he said there are more important sectors like education and health which need more budget. If the spiritual and culture is given 20% then it would create inconvenience and moreover, government has been providing continuous support for spiritual and cultural activities. He urged the House to retain as 10% as proposed by the government to which the majority by show of hands agreed to retain it at 10%.

After that, with regard to reduction of Nu. 45.5 from the tourist airfare subsidy in tenth recommendation and increasing the PDF by Nu.94 million in the eleventh recommendation, the House instructed the

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committee to review and adjust it and, submit the report in the second day before the adoption of the Bill.

### **Adoption of Supplementary Budget Appropriations Bill for the FY 2024-2025**

The Member in-charge of the Bill, the Finance Minister submitted that in the financial year 2024-2025, on the initial approved budget of Nu. 97628.839, after the supplementary appropriation of Nu. 1588.023, the revised budget was Nu. 99216.862 million to which the Minister urged the House to support and adopt it accordingly.

The member of the committee, member from Gangzur Menjey constituency submitted that in the tenth recommendation regarding tourist airfare subsidy, the Minister for Industry, Commerce and Employment earlier mentioned that airfare subsidy will be given from the supplementary appropriation, so he requested the Finance Minister to inform the House whether it was included in the supplementary appropriation or adjusted from the approved budget. He said that if there is no clarity on this, it might pose some problems in the future. He further added that, committee has the understanding that it was adjusted from the approved budget, but in case if it is included in the supplementary budget, he said that the committee has a doubt on it.

To this, the Finance Minister submitted that although as per the Rules of Procedure of the House, today was just for adoption and there should not be any discussion on the Bill, however, he clarified that there was some mistakes from the Minister for Industry, Commerce and Employment

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yesterday, he said that the subsidy was not included in the Supplementary Appropriation Bill.

The House while ascertaining the support on the Bill by voting, all the 44 members present voted in favour of the Bill, thereby adopting the Supplementary Appropriation Bill of Bhutan for FY 2024-2025. The Speaker informed the House that Bill will be forwarded to the National Council as a Money Bill for their review. **(On 17<sup>th</sup> day of the 4<sup>th</sup> Month of Wood Female Snake Year corresponding to 13<sup>th</sup> June, 2025) (Voting result is in the Annexure II.)**

Adoption of Budget Appropriation Bill of Bhutan for FY 2025-2026

The Member in-charge of the Bill, the Finance Minister moved a motion to adopt the Budget Appropriation Bill of Bhutan for FY 2025-2026 with current budget of Nu. 58,431.717 million and capital budget of Nu. 80,113.446 million, which comes to total of Nu. 138,545.163 million for FY 2025-2026.

The House while ascertaining the support of the House on the Bill by voting, all the 44 members present voted in favour, thereby acquiring majority vote and adopted the Budget Appropriation Bill of Bhutan for FY 2025-2026 as a Money Bill. The Speaker informed the House that Bill will be forwarded to the National Council for their review. **(On 17<sup>th</sup> day of the 4<sup>th</sup> Month of Wood Female Snake Year corresponding to 13<sup>th</sup> June, 2025) (Voting result is in the Annexure II.)**

#### **4. First and Second Reading of Bills**

##### **4.1 The resolution for First Reading and Second Reading of the Livestock Bill of Bhutan 2025.**

The Agriculture and Livestock Minister, the Member in-charge of the Bill, presented the Livestock Bill of Bhutan 2025 for its First Reading.

Moving the motion for the First Reading, the Minister submitted that while the Livestock Act of 2001 had significantly contributed to enhancing livestock production, improving livelihoods, strengthening disease control, and advancing animal health and breeding, it did not address the emerging issues, challenges, and opportunities associated with modernization.

The Minister submitted that livestock plays a vital role in the livelihoods of rural communities, contributing 6% to the national economy. He further explained that the Livestock Bill of Bhutan 2025 was drafted and introduced to address emerging issues, challenges, and opportunities associated with modernization, and was accordingly submitted for the House's consideration and endorsement.

The Member from Khatoed-Laya constituency supported the motion and recommended the Bill for deliberation by the House. The House endorsed the motion for the First Reading of the Livestock Bill of Bhutan 2025 through a show of hands .

The Agriculture and Livestock Minister, the Member in-charge of the Bill, presented the Livestock Bill of Bhutan 2025 for its Second Reading.

In his submission, the Minister explained that the primary objective of the Bill is to clearly define the roles and responsibilities of the Ministry and relevant authorities. The Bill also seeks to permit the provision of private veterinary services through the establishment of a Veterinary Council, which will be instituted under the Bhutan Qualifications and Professional Certification Authority (BQPCA).

The Minister further submitted that the Bill introduces provisions for animal population control, including the management of free-roaming animals and the responsibilities of pet ownership, to ensure proper animal management. He highlighted that several provisions in the Livestock Act of 2001 have given rise to legal and constitutional concerns. In particular, Section 25.3, which empowers inspectors to enter premises and seize property without a court warrant, is inconsistent with the Constitution of the Kingdom of Bhutan, 2008, as well as the Civil and Criminal Procedure Code of Bhutan, 2001. He also pointed out that certain provisions conflict with existing laws, such as the Bhutan Standards Act, 2010, and the Medicines Act of Bhutan, 2003.

The Minister further noted that the current Act is not in conformity with international standards, particularly those of the World Organization for Animal Health (WOAH). He emphasized the importance of meeting minimum animal welfare standards, and accordingly, the new Bill introduces provisions to prevent cruelty, promote ethical treatment, and ensure accountability of individuals and organizations. It also mandates animal welfare organizations and Tshethar groups to uphold welfare standards.

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The Minister concluded that the Livestock Bill of Bhutan 2025 is essential to provide a coherent, enforceable, and modern legal foundation for the livestock sector. The Bill will ensure legal clarity, institutional accountability, stakeholder participation, and alignment with national and international legal frameworks. Ultimately, it will strengthen public health, animal welfare, and economic development, thereby reinforcing Bhutan's commitment to sustainable development and good governance.

The House resolved to refer the Bill to the Environment and Climate Committee for detailed review. The Committee shall present its report for the Third Reading in the forthcoming winter session, thereby concluding the First and Second Readings of the Bill. **(On the 29<sup>th</sup> Day of the 3<sup>rd</sup> Month of the Wood Female Snake Year corresponding to 26 May 2024)**

#### **4.2 Alternate Dispute Resolution (Amendment) Bill 2024-Legislative Committee**

##### **First and Second reading on ADR Bill**

The Chairperson of the Legislative Committee, Member from Nyisho-Saephu constituency, informed the House that Alternative Dispute Resolution (Amendment) Bill of Bhutan, 2025 originated as Private Member's Bill from the National Council and considering this Bill as one of the important laws, National Council had reviewed and amended Alternative Dispute Resolution Act, 2013 as per the changing times and circumstances.

The Act is being amended to mainly to fast track the process of dispute resolution through the centre without having to go to courts. Moreover, with the establishment of the Gelephu Mindfulness City and increase in

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foreign investments, it is imperative to align the Act with international standards. With this, the Chair presented the motion for introduction of Bill and deliberation.

The Member from Thrimshing-Kangpara constituency emphasized the importance of deliberating the Bill in the House as it could help to strengthen relationships and resolve various disputes within society. Following this, the House unanimously supported the Bill through a show of hands.

After that, the Member in charge of the Bill presented the background and principles of Bill wherein he mentioned that it will improve the access to justice system and by using Alternative Dispute Resolution, cases can be settled more quickly, saving both time and expenditure.

Moreover, when cases are settled outside the court, it will lessen the burden on courts and this will allow courts to focus more on serious and important cases. Also, with Alternative Dispute Resolution, it will allow parties to sit together and mutually resolve the dispute without perceiving each other as adversaries.

If a country has such good laws then it will help people from other countries to invest which will ultimately help to boost international trade and strengthen the country's economy.

Additionally, parties can hire legal experts from outside to resolve important and sensitive cases. Further, it will also help to maintain confidentiality, after inserting in the agreement. The ADR has full

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authority to allow parties to choose the place to settle the dispute without involvement of courts.

Therefore, when amending the Bill, it is important to ensure that the case-filing process is open and transparent, reflecting current needs. At the same time, the law should remain flexible enough to allow parties to take their cases to other jurisdictions if there is a lack of confidence in Bhutan's capacity to handle major cases.

The legislative committee was tasked to thoroughly review the Alternative Dispute Resolution (Amendment) Bill of Bhutan, 2025 and present its report for the third reading on 19.06.2025. (On the 29<sup>th</sup> Day of the 3<sup>rd</sup> Month of the Wood Female Snake year corresponding to 26<sup>th</sup> May, 2024)

**Resolution on the Third Reading of the Alternative Dispute Resolution (Amendment) Bill, 2024.**

During the Third Reading of the Bill, the Member from Nyisho-Sepchu constituency, the Chairperson of the Legislative Committee presented its review report wherein he mentioned that the committee has thoroughly reviewed the Bill and made some amendments and changes in the Bill. He reminded the House that there are advantages such as resolution of disputes mutually in a short-term and cost-effective manner, as the parties to the cases do not have to go to Court to solve the cases. He also stated that there is a need for an ADR centre to resolve such disputes and accordingly the committee has provided support for the establishment of the centre by inserting provisions for funds from the government for such establishment.

In addition to the fact that the employees working in the ADR Centre need to be experienced and experts in their respective fields, the Arbitration has two types, namely domestic and international Arbitration, which demands expertise aligned with international standards. The Chairperson also stated that just being experienced and expert employees is not enough, but they are also required to be trustworthy and reliable to outsiders. The Chairperson also reminded the House to be mindful during the deliberation because there are few words in Dzongkha text that are not widely used.

While deliberating on this, the Dy. Speaker submitted to use the term ‘ནང་འགྲིག་འཆམ་ཁ’ instead of ‘འཁོན་པ་འདུམ་འགྲིག’ in the second paragraph of the introduction.

On this, the Chairperson explained that in the ADR Act of 2013, the term ‘Arbitration’ has been used as ‘ནང་འགྲིག་འཆམ་ཁ’ however; the National Council has amended as ‘འཁོན་པ་འདུམ་གཅོད’ and also amended the word ‘འཁོན་པ་འདུམ་འགྲིག’ as ‘ནང་ཁ་ནང་འགྲིག’. The committee while consulting with relevant stakeholders, committee noted that ‘འཁོན་པ་འདུམ་གཅོད’ covered a legal aspect and a wider scope than ‘ནང་འགྲིག་འཆམ་ཁ’. Hence, the Committee decided to use ‘འཁོན་པ་འདུམ་གཅོད’ instead of ‘ནང་འགྲིག་འཆམ་ཁ’ for the term ‘Arbitration’ in the Dzongkha text.

Further, the Member from Radi-Sekteng constituency said it would be easy to understand if the title of the Bill can be amended as ‘འདམ་ཁ་ཅན་གྱི་ རྩོད་ཉེགས་གྱི་ གྲོས་ཚེད’ for ‘Alternative Dispute Resolution rather than ‘འབྲུག་གི་གདམ་ཁ་ཅན་གྱི་འཁོན་འདུམ།’

On section 8(2), which reads as “possesses a formal University degree”, the Member from Khamey-Lunana constituency proposed that qualification for Chief should not only require formal university degree but also a law degree. And the Member from Gangzur-Minjay constituency urged the House to retain the work experience of Chief Administrator as 10 years as stated in section 8(3) and also requested to correct the wording in English text.

On section 8(3), the Chairperson and Dy. Chairperson clarified that in order to have a strong and independent ADR centre, 10 years of working experience is too little and 20 years is also too much. Hence, the Committee decided to keep 15 years of working experience, which was also supported by the Ministry of Environment and Nature Resources.

Some Ministers and few Members sought clarification on Section 14, wherein the National Council has amended that the Chief Administrator and employees who are civil servants shall resign from civil service, whereas the National Assembly has amended as ‘they shall not be required to resign from service’.

In response to this, the Committee Members explained that if employees had to resign from civil service, then there won’t be people to enroll in the centre and moreover, it would be difficult to find a competent and capable employee for the centre, hence, the Committee decided to keep the provision flexible.

On section 16(6), the Member from TashiCholing constituency suggested that it is better to use the term “mediator” instead of “negotiator” for consistency.

On Section 17, few Members said that in the original Act it reads as:

“The Centre shall maintain and update lists of arbitrators for domestic arbitration and international commercial arbitration, and an arbitrator may be listed in both.” The objective of this is that one person can register to settle both domestic and international arbitration disputes. However, in both amendments of National Assembly and National Council, this issue is not clearly mentioned, therefore, while keeping the objective of the original Act and for easier understanding, Members requested to use the words in consistent with the original Act.

The Member from Thrimshing-Kangpara constituency pointed out those hiring external arbitrators to resolve domestic arbitration cases involves high fees, which pose difficulties in payment of fees. He further clarified that not engaging external arbitrators would create opportunities for domestic arbitrators to develop their skills and gain experience. To this, the Chairperson of the Committee explained that the Bill already contains a separate provision stating that domestic arbitration should be resolved by domestic arbitrators. He also added that if Section 17 is not adopted, other related provisions in the Bill would consequently become invalid.

Furthermore, the Member from Menbi-Tshenkhar constituency clarified that domestic arbitration must be conducted by a qualified Bhutanese and under Clause (b), in the case of international commercial arbitration, both Bhutanese and foreign nationals may serve as arbitrators, provided they are duly qualified, with no restriction based on citizenship. However, he pointed out that during deliberations, the intent of this provision appeared to have been misinterpreted.

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Subsequently, the Member from South-Thimphu constituency inquired whether, in the event that foreign nationals have disputes related to investment in Bhutan which require arbitration to be conducted in the country, both Bhutanese and foreign arbitrators would be permitted to preside over the proceedings.

On this, the Chairperson of the Committee clarified that even if both parties are Bhutanese citizens, they may choose to settle their arbitration outside the country, just as foreign parties may also settle their arbitration within Bhutan. He further explained that when arbitration is conducted, they are not required to apply their domestic laws but may instead adopt international arbitration laws as well, such as those of Singapore or the United Kingdom. Moreover, parties are permitted to engage foreign arbitrators if necessary.

The Member from Khamey-Lunana constituency commented on Section 21(a), noting that while there was no issue with the Dzongkha text, the English text stating “The government shall” could imply that the government is obliged to provide an adequate budget to the Centre. He further proposed that the word “adequate” in the English text be amended. However, the proposal did not receive support from the House and was therefore not adopted.

The Minister for Infrastructure and Transportation proposed that the words “sustainable operation” be replaced with “efficient operation,” which was accepted by the House.

In section 22, the Member from Gangzur-Minjay constituency stated that although there is no issue with the Dzongkha text, however, in the English

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text, the phrase “The financial and procurement procedure of the Centre shall be subject to financial rule and regulation” conveys two distinct concepts: procurement rules and financial rules. He therefore proposed revising it to: “The Centre shall follow government financial rules and regulations, including that of procurement rules and regulations,” which was accepted by the House accepted.

In section 30, the Member from Tashichoeling constituency stated that the amended term “ཕྱོད་བཤེར་” in the Bill conveys a different meaning. He proposed that the original text be retained instead. The House accepted his proposal and decided to retain the original text.

In Section 39, the Health Minister, along with few Members, submitted that the proposed amendment stating that decisions passed by the High Court shall not be subject to appeal would infringe the fundamental rights of the people. They therefore proposed to retain the original text.

On this, the Committee Member clarified that the procedure is not unique to Bhutan but follows international practice. The current arrangement is only a temporary measure, and if the dispute is resolved through a formal legal process, it would take considerable time and lead to unnecessary expenses. However, the House instructed the Committee to review this section and report back to the House.

The Chairperson of the Committee clarified that if the parties are dissatisfied with the procedure or system, they may appeal to the High Court regarding the procedure, but not against the decision itself.

With regard to Section 48, the Member from Tashichoeling constituency stated that the phrase “Free to agree” was not used consistently. He suggested that it should be applied uniformly to ensure clarity and proper understanding of the text.

In Section 49, the House sought clarification from the committee on the insertion of requirement for a minimum of three arbitrators. In response, the Chairperson of the Committee explained that during arbitration, each party may appoint its own arbitrator, while one arbitrator will be appointed by the Centre. If three arbitrators are not sufficient, additional arbitrators may also be appointed. However, for the settlement of disputes through arbitration, a minimum of three arbitrators is required.

With regard to section 50, the term “Presiding Arbitrator,” which has been referred to as “གཙོ་འཛིན་,” was changed back to “ཁྲི་འཛིན་”.

With regard to section 54, the ADR Act of 2013 and the National Council of Bhutan had used the term ‘ཁྲིམས་ཞིབ་ཚོགས་སྡེའི་ཁྲི་འཛིན་’ for ‘Presiding Arbitrator’, while the National Assembly amended it to “ཁྲིམས་ཞིབ་ཚོགས་སྡེའི་གཙོ་འཛིན་”. The House expressed the view that ‘གཙོ་འཛིན་’ should be replaced with ‘ཁྲི་འཛིན་’. However, the Chairperson clarified that it would be more appropriate to retain “གཙོ་འཛིན་,” for the term “Presiding” which was subsequently adopted by the House.

On Section 68, the Member from Kengkhar-Weringla constituency raised the need to clarify whether the requirement of “ཡིག་ཐོག་བདུན་འཕྲིན་” (in writing) means that an individual must submit in person, or whether submission through online platforms would also be acceptable. The House resolved that the matter be reviewed by the Committee.

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On Section 85, the Member from Tashichoeling constituency submitted that with regard to plea of jurisdiction, the right of appeal should extend up to the Supreme Court. He further cautioned that if the procedures are not properly framed, the judgments passed may not be fair.

The Chairperson of the Committee clarified that arbitration, by its very nature, is intended to provide a speedy resolution with minimal cost and limited involvement of the courts. Therefore, the provision means only appeal in the jurisdiction not the decision of Arbitration. That is why the Committee supported the amendment made by National Council.

For this, the Member from Lingmukha-Toedwang constituency stated that arbitration is fundamentally intended to ensure fair and timely justice. However, if appeals are allowed up to the Supreme Court, it may delay the process and undermine the very purpose of arbitration. He added that this could ultimately defeat the principle of arbitration itself. In response, the Minister for Health stated that if appeals are not permitted up to the Supreme Court, it would not only infringe on the people's right to justice but also render the Supreme Court meaningless. Furthermore he stated that, if there are limits on the appeal process, there might be mistakes in the judgments as well.

In this regard, some Members of the Committee submitted that, in line with international best practices, arbitration cases are appealable only to the High Court, not to the Supreme Court. They further noted that since this section pertains to procedural matters rather than substantive arbitration decisions, it would be appropriate to exclude the Supreme Court's jurisdiction. Just because procedural errors arise, parties should

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not appeal up to the Supreme Court, as this would affect the decisions of arbitration.

Furthermore, it was submitted that the appeal is solely on arbitration procedures, not confined to final decisions. The committee's intention is also to make Bhutan as Arbitration centre that will allow arbitration of disputes arising from international trade and business relations and not only domestic disputes.

In addition, the Minister for Industry, Commerce and Employment supported the view, noting that since the principles of arbitration and courts are completely different, it is acceptable to keep procedural appeals only up to the High Court, as the system is in accordance with the Model Law and international practices.

Further, the Member from Gangzur-Minjay constituency submitted that, given the significant changes between the original Act and the amendment Bill, therefore it is important to have clear understanding of Bill.

On Section 96, the Member from Kengkhar-Weringla constituency proposed that it would enhance convenience if provisions for virtual hearings were inserted, and the House accordingly directed the Committee to undertake further review on this matter.

On Section 119, the Member from Gangzur-Minjay constituency sought clarification on the requirement to deposit security money. For this, the Committee clarified that if one party is not satisfied and makes an appeal to a higher authority, he/she has to give money to the other party.

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With regard to Section 133, the Member from Tashichoeling constituency proposed that the term “termination” should not be translated as “ཚ་མེད” but rather as “མཇུག་བསྡུ” in order to maintain consistency. In response, the Committee clarified that if the parties reach an amicable settlement before the completion of arbitration proceedings, the procedure should be terminated, not concluded.

In Section 134 (A), the Member from Gangzur-Minjay constituency submitted that the phrase “Tribunal may consider opinion or observation” could create risks of inconsistency if the centre is given such chance on the decision provided by the Arbitrator. Accordingly, he proposed that Section 134 (A) be removed. To this, the Chairperson of the Committee clarified that although the Centre is not directly involved, it may review whether there are procedural lapses in the proceedings, and nothing beyond that.

In Section 147, the phrase “twenty days and forty working days” was amended to “fifteen days and thirty working days” as mentioned in Section 145. Also, as recommended by the House, the Legislative Committee of the National Assembly retained the term ‘གཞན་ཀྱི’ for “agreement,” which had initially been amended to ‘གཞན་ཡིག’. With this, deliberation on third reading of ADR (Amendment) Bill, 2015 concluded. **(On 13<sup>th</sup> Day of the 5<sup>th</sup> Month of the Wood Female Snake Year, corresponding to the 13<sup>th</sup> June, 2025).**

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**The adoption of the Alternative Dispute Resolution (Amendment)**
**Bill, 2024**

Before adopting the Bill, the Chairperson of the Legislative Committee, Member from Nisho-Sephu constituency, submitted that House had directed the Committee to review and resubmit its recommendations on Sections 3, 4, and Clause 3 of Section 8. Upon review, the Committee found that the provisions therein were already complete and therefore, decided to retain as submitted earlier. However, in Section 14, the clause stating that “the Chief Administrator and the employee who are civil servants shall resign from civil services upon appointment to the Centre” has been amended by replacing “shall” with “May,” as recommended by the House.

Further, in Section 21 (a), although the House had recommended that the term “sustainable operation” be amended to “efficient operation,” upon review, the Committee maintained the provision as it was earlier. However, with regard to Section 22, the Committee submitted that, as directed by the House, the term “procurement” has been inserted.

Furthermore, Section 30 was retained as recommended by the House, and with regard to section 54, as per House’s directives, the term “Presiding Arbitrator” is be replaced with ‘ལྷི་འཛིན་’ instead of ‘གཞོན་འཛིན་’।

Similarly, concerning Section 68, the Committee noted that the phrase “in writing” raises ambiguity as to whether submissions must be made in person or may also be submitted electronically. However, this has already been clarified under Section 27.

Section 90 was retained as earlier recommended by the House. With regard to Section 133, the House had directed that a clear decision be taken on whether the term “termination” should be translated as ‘ཆ་མེད་’ or ‘མཇུག་བསྡུ་’. Accordingly, the Committee has decided to retain ‘ཆ་མེད་’

In addition, Section 133 (a) was endorsed by the Committee as recommended by the House, and in relation to Section 147, which concerns the timeline for rectification and appeals, the Committee amended the period to 15–30 days in keeping with the decision of the House. Therefore, the Committee respectfully submitted the Alternative Dispute Resolution (Amendment) Bill, 2024, for adoption by the House.

Lastly, while ascertaining the support on the Alternative Dispute Resolution (Amendment) Bill of Bhutan, 2024, out of 41 Members present and voting, all voted unanimously in favour, thereby adopting the Bill. (On 23<sup>rd</sup> Day of the 4th Month of Wood Female Snake Year, corresponding to 20<sup>th</sup> June, 2025). (Voting record is reflected in Annexure IV)

#### **4.3. Resolution on First and second reading of Goods and Services Tax (Amendment) Bill of Bhutan 2025**

The Bill was introduced by the Hon’ble Finance Minister as a Money Bill in accordance with section 180 of the Rules of Procedure 2022 of the National Assembly of Bhutan and moved a motion for first and second reading of the Bill. The motion was supported by member from Lamgong Wangcha constituency wherein he stated that, government is not introducing a new tax but rather as a replacement of the existing Sales Tax. In addition, the present Bill is going to streamline the taxation system of Bhutan.

Moreover, when the government introduces new tax systems or reforms, it is essential to educate and inform the public and prepare the system. In many advanced countries, Goods and Services Tax (GST) systems have already been implemented successfully. If introduced in Bhutan, GST could help attract foreign investment and strengthen public trust and confidence. A clear and transparent tax system enables the identification of tax payers and non-payers and ultimately will help revenue generation for developmental activities. Therefore, if the amendment to the Goods and Services Tax is passed during the current government, it would be a historic legislative achievement, and therefore sought House's support on this matter.

While ascertaining House's support to deliberate on this Bill, the House through majority by raise of hands agreed to deliberate on the Bill.

The Member-in-Charge of the bill presented the rationale for its deliberation, wherein he stated that although Goods and Services Tax Act was passed in February 2020, it could not be implemented because the Bhutan Integrated Tax System (BITS) was not ready for implementation and it was further deferred due to economic situation arising from the COVID-19 pandemic.

However, the government is now submitting the Goods and Services Tax (Amendment) Bill to address the inconveniences such as inefficiency, exemptions, internal tax integration and administrative procedures and with main objective to streamline the system. Further, the part III of the Excise will be removed from the GST Act and will formulate a new Bill.

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He also added that number of exempted items listed under Schedules IV A, B, and C of the previous Act will be reduced as far as possible.

While the Bill may pose certain inconveniences at present, over the next two to three years it has the potential to significantly strengthen the country's economic fundamentals, ensure the effective implementation of an integrated tax system, and substantially reduce the scope for corruption. The principal objectives of the Amendment Bill are as follows:

The first principle is simplifying which emphasizes minimizing complexities in both issues and rules so as to facilitate easier understanding and compliance with tax obligations by businesses and consumers. Furthermore, the Amendment Bill seeks to broaden the tax base by incorporating a wider range of goods and services, thereby ensuring greater certainty in revenue projections and minimizing distortions arising from exemptions.

The second principle is that of a broad-based tax. Unlike a turnover tax, which applies a uniform rate, a broad-based consumption tax distinctly differentiates between goods and services, thereby establishing a clear and consistent framework for classification. By eliminating dual taxation and overlapping provisions, this reform seeks to simplify the tax system, enhance transparency and efficiency, and ensure greater fairness for taxpayers.

The third principle is that of efficiency. The proposed amendment is expected to enhance the efficiency of the Goods and Services Tax Act, increasing the revenue-to-GDP ratio from 63 percent to 73 percent, and

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is projected to generate an additional annual revenue exceeding Nu. 1 billion.

The fourth principle is equity. By clearly defining the tax base for various goods and services, the amendment is expected to provide benefits to all stakeholders. At the same time, it will ensure that both large and small consumers bear a fair and proportionate tax burden, thereby promoting an equitable and balanced tax system.

The fifth principle is neutrality. By eliminating distortions in the tax base, this amendment will facilitate the reform of trade practices and ensure that the taxation of goods and services is consistent, predictable, and free from undue influence. Furthermore, the introduction of the Excise Tax Act will ensure that taxation is appropriately applied to major imported goods, including tobacco, alcohol, and vehicles.

The sixth is the rationalization of exemptions. Approximately 256 goods and services are currently exempt under Schedules IV A, B, and C of the Goods and Services Tax Act, 2020. By rationalizing the classification of goods and services, this amendment seeks to eliminate ambiguity in taxation, reduce complexities, enhance the efficiency of the taxation process, and promote economic alignment and growth.

The seventh is economic growth. The amendment is expected to stimulate private investment, curb inflation, and enhance exports. In the short term, it is likely to contribute to an increase in GDP, while in the long term, it will support income generation, efficient expenditure, and overall economic stability.

The main reason for the amendment is to segregate the list of exemptions contained in Schedules and the Excise Equalization Tax which was clubbed together under the GST Act 2020. In accordance with the Excise Equalization Tax, essential goods and basic construction materials have been exempted from sales tax. Nevertheless, the imposition of tax on these goods has suddenly led to increase in prices that have caused enormous inconveniences to low income households. This Bill also contains provision to curb other issues like the risk of inflationary pressure for primary raw materials, therefore, requested the House to provide their support to the Bill.

In addition, the Member of Parliament from Khamaed Lunana constituency expressed his support to the Bill with a request to analyze the tax rates individually so that it does not create inconvenience to common people. However, the Member of Parliament from South Thimphu constituency expressed his concern that there will be distortion to the process and may affect the supremacy of parliament if the next government starts to amend an Act which was not implemented even once after the amendment by previous government. He also stated that if the bill is passed at the end of tenure of the incumbent government, the next government will be held responsible, there reminded the House that they should be cautious enough before rendering their support.

The House then referred the bill to the Economic and Finance Committee for review and to submit for third reading on 10th June. **(On 29<sup>th</sup> day of the 3<sup>rd</sup> Month of the Wood Female Snake Year, corresponding to the 5<sup>th</sup> May 2025).**

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**Resolution of Third Reading of the Goods and Services Tax**

**(Amendment) Bill of Bhutan, 2025**

Member of the Economic and Finance Committee, Member of Parliament from South Thimphu constituency presented the report for its third reading as follows:

He submitted that besides conducting thorough discussions with the relevant institutions, he mentioned that main objectives and principles of the Bill are to simplify the tax system and make the transition more efficient. Further, it will be implemented online in a simple and transparent manner so that it will strengthen the taxation system and to provide better services to people.

He reiterated that committee had reviewed the bill from all the angles. Out of the previous list of 257 exemptions, the present Bill has granted exemptions on 52 items. Moreover, it has granted exemptions on essential items such as rice, salt, and other basic necessities to safeguard the interests of the common people. It was emphasized that such measures will ensure that vulnerable sections of society are not adversely affected by taxes, while also promoting greater transparency and efficiency in tax collection. At the same time, both the Government and the Committee have proposed to rationalize and reduce certain taxes. However, the final decision will rest with Parliament and he hoped that House will be able to come up with a good Bill.

While deliberating on the Bill, the Member from Nanong Shumar constituency noted that the Goods and Services Tax Act was first enacted in 2020 and amended in 2021 and 2022, so he asked what were the challenges faced for not being able to implement even after five years.

In addition to that, he questioned the government on its readiness and preparatory measures for the implementation of present Bill from 1 January 2026.

The member from Nyisho Sephu constituency stated that proposed Bill will be passed in the current session but enforced from 1 January 2026 that will contradict with the Public Finance Act which states that tax will come into force on the date of its introduction in the House by the Finance Minister. Concerns were raised that the passage of the bill could lead to an increase in the market price of agricultural products and create inequalities. Further, there is a risk that the next government may delay the implementation of the Act, which could present significant challenges for both the Government and the public.

The member from Lamgong Wangcha clarified that goods and service tax is not a new one, the previous Bhutan's sales tax which is 10% will be reduced to 7% and will benefit the people rather than harming them. He further stated that since the start of first FYP, Bhutan has been dependent on foreign aid, however to ensure the sustainable free education and health services, it is important to enhance the domestic revenue of our country. Moreover, he reminded constitutional obligations, especially Articles 8(8) and 14(6) which requires citizens to pay taxes and the Government to manage from the domestic revenues.

In addition, 83% of the budget revenue is expected to come from the domestic revenue and 30% will be spent on the essential service. Raising tax is necessary for self-sufficiency, to provide better public services and to increase salaries. He also mentioned that it is the duty of every

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Bhutanese to pay taxes and is very important for development of the country.

To this, the committee acknowledged the concerns raised by the member from Nanong-Shumar constituency. The committee explained that they had consulted with relevant civil servants from the Ministry of Finance. As stated by the Member from Lamgong Wangcha constituency, committee submitted that it is not a new tax but rather an improvement of existing taxation system. Although, the government has already mentioned that system is ready for implementation, committee requested the Finance Minister to once again reconfirm its readiness so that it will help in the discussion.

The committee also asked the same question as raised by the member from Nyisho Sephu constituency. However, the ministry stated that irrespective of when the Act is passed, tax collection is always done according to the fiscal year. He also stated that proposed Bill will come into force only from 1st January 2026 onwards. To this, the Committee also requested if it can be implemented on time and according to the Public Finance Act.

The government clarified that public will be educated on new taxation system and tax collection will start from 1st January, 2026.

The member from Nyishog Serphu constituency submitted that there may be future inconveniences if the law making institution itself carries out something that is against the law. He also stated that the proposed Bill being a money bill should be implemented as per the Public Finance Act and mentioned that otherwise it will be meaningless to pass the

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money bill and urgent bill in the same session if it does not implement as per the Public Finance Act. Lastly, he stated that it would be better if the government can prepare well and put up the bill in the House for deliberation.

The Opposition Leader stated that in the section where it says that Department headed by the Director shall be the immediate authority for the overall management and administration of GST, should be amended as Director General because at the moment, the Department is headed by the Director General not Director. Moreover, if it is mentioned as Director in the Act itself, then later on, the Royal Civil Servant Commission may change it to Director according to the Act. Therefore, he requested the House to consider these issue while deliberating on the Bill.

The member from Gangzur minjey constituency although acknowledging the concerns raised by member from Nyisho Sephu constituency, pointed out that they had discussed the same issue in the committee thoroughly and have arrived to a decision that it will not exactly violate the public finance Act. This is because in the earlier Acts, the commencement date states as ‘comes into force from the day the parliament approves for enforcement’. If the proposed Bill is to be enforced by Parliament as per the Public Finance Act, then it has to be implemented from the day finance minister introduced the Act in the House.

The Parliament has allowed future commencement date in the previous Acts and upon the request of the Ministry, the committee agreed to allow one time to include the commencement date from 1<sup>st</sup> January 2026.

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Keeping in mind the concerns raised by the members, the House through majority agreed to retain the commencement date as in the draft Bill submitted by the government.

The Speaker asked whether the change of tribunal to review board is legally correct to do so because in the latter part of the Act, any appeal matter is referred to the High court. The Speaker requested the committee to clarify should there be any inconveniences, whether it will be referred to the review board or the tribunal.

The committee member submitted that tax related part was excluded when the Alternate Dispute Resolution Bill was discussed before. He stated that there would be inconveniences if it is retained as tribunal, therefore review board was more convenient. Moreover, the committee said that there is an opportunity of appeal for the aggrieved party to the court if it was changed to review board, therefore, the committee agreed to retain as review board.

The member from Thrimshing Kangpara constituency stated that it is important to legislate a law with long term vision and not just for the time being. He said the term tribunal was more convenient than review board to which the member from Menbi Tsenkhar constituency also supported. This is because if such a dispute arises in the regional areas, it has to be routed through all the way from Dzongkhag courts but if it is retained as tribunal, it can be directly appealed to the High Court.

This was further supported by the Deputy Speaker and Member of Parliament from Trashy Choeling constituency. They stated that the term tribunal was more appropriate and anyways the work of review board

was going to be carried out by tribunal, so requested to retain as tribunal.

To this, the finance minister stated that in the sales tax Act of 2000 and Custom and Excise Tax Acts mentions as Board of Appeals, so even if it is kept as a review board, there won't be any problem because it will be used only when needed from time to time. He also clarified that appeal provisions are mentioned in the latter part of the Act. Some members even pointed out about Alternative Dispute Resolution Centre, which is absolutely inappropriate. If there is any tax complaint, it can first be taken to the Initial Review Board and then to the Appeal Review Board within the Ministry. Thereafter, the aggrieved party can appeal to the court, therefore requested to retain as review board.

The Gelephu MP said after much discussion in the committee, if tax disputes have to be dealt as per judicial process, it is going to take time and cause inconveniences to public, moreover it will also pose challenges to the service providers. He submitted that the appeal procedures are contained in the following provisions of the Act, therefore, requested to retain as review board.

In addition, the Nyishok Seyphuk MP said that Review Board is under the Ministry and may have conflict of interest, therefore it is important to keep it separate from the ministry. In case of any tax-related inconvenience, MP stated that he has a doubt on the recognition and consideration given by the Board of Review at the appellate stage. He urged the House to clearly differentiate between the Review Board and the tribunal and come up with a term that will match with both the name and its intention.

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The Gangzur Minjay MP said that although Goods and Services Tax Act refers to as tribunal but the Act has not been implemented even once after it was passed by the Parliament. And in the Bhutan Sales Tax and other Acts, it has been referred as appeal board. He said that after carefully analysing the pros and cons of the terms, the committee decided to retain as review board in the proposed Bill.

Moreover, keeping it as board wouldn't affect government spending and there is no need to recruit additional staff in the Board. The members of Board are not just from the Ministry of finance, but from different institutions. He also informed that Tribunal does not have the authority to waive off taxes, their mandate is only to deal with appeals relating to penalties for failure to pay taxes on time and no other issues. In case such appeals arise, the Appeal Board does not have authority to resolve it and the aggrieved party has the opportunity to go to court, therefore, the committee agreed to retain it as Board.

The Health Minister stated that the main purpose of Board is to expedite the process to get faster result. He said that provisions of appeals in the latter part of Act will suffice with regard to appeals to High Courts. He also stated that National Assembly being a legislative body has the authority insert provisions for appeals to High court.

The proposal to include two private members among the members of the Review Committee by the Thrimshing Kangpara was approved by a majority of the House.

The Member of Parliament from Radhi-Sakteng constituency stated that there are usually witnesses present in the review Board. Therefore,

it would be beneficial to have a separate provision for restriction on witness. The Member of Parliament from Nyishog-Sephu constituency stated that Review Board has no authority to issue a legal verdict and by assigning responsibility by this section, he was doubtful how valid the appeals from review Board to High Court will be. He also stated that since the earlier section on Tribunal has been repealed, this section is going to be null and void. He also shared concerns that if Legislatures come up with such laws, it would create confusion to the implementing agencies in the ground.

In response, the Member of Parliament from Gangzur-Minje constituency stated that although acknowledging some inconveniences as stated by the Member from Nyishog-Sephu constituency, the Review Board has its authority and similarly, the Procurement review board also has such kind of authority. He also clarified that in the procurement, an aggrieved has the freedom to appeal the decision of review board to High court. The only inconvenience at the moment is that appeals can be made directly to High court without routing to Dzongkkha courts. So, he suggested if it can be amended as ‘appeals to courts’ instead of ‘appeals to High court’ and any how the decision given by the review board must accepted.

The Opposition Leader agreed to what was said by the Member of Parliament from Nyishog-Sephu and Gangzur-Minje constituency. For example, he mentioned that in the National Land Commission, any issues relating to land are reviewed by the committee and the committee issues an administrative decision. And if the party is dissatisfied with the decision, he or she can appeal to the court. Likewise, he suggested for

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having a provision on appeal to the courts instead of directly to the High court.

The Deputy Speaker stated that, according to the Article 21.14 of the Constitution of Bhutan, “The High Court of Bhutan, which shall comprise of a Chief Justice and eight Drangpoens, shall be the Court of Appeal from the Dzongkhag Courts and Tribunals.” He reminded the House that this Article gives provision for appeals from the Tribunals and not from the review board. Therefore, he recommended having a provision allowing appeals to the courts instead of mentioning specifically as High Court.

In addition, the Member of Parliament from Thrimshing-Kangpara constituency stated that in Bhutan, although multiple board issues administrative decisions, there is no practice of aggrieved party appealing to the High court from Board, therefore, suggested keeping it as appeal to courts instead of High Court. While ascertaining House’s support on this recommendation, the majority of the House agreed to amend as appeal to courts instead of the High court.

The Member of Parliament from Lamgong-Wangchang constituency stated that the GST rate on taxable supplies and taxable imports of goods and services listed in the First Schedule are reduced from 7% to 5%. He requested the Speaker to give some more time for discussion considering its importance. He explained that while the committee recommended reducing the GST rate on imports to 5%, exemptions were given to only goods like rice, salt and oil and not on other goods. He requested the House to deliberate on other goods like sanitary pad and diapers as well.

The Finance Minister stated that in the earlier sales tax in place of GST, there was no tax on some goods and on some goods, tax rate varied from 5%, 10%, 15% and upto 100%. He requested the EFC to explain the rationale for reducing the tax rate from from 7% to 5%. Furthermore, he asked the committee to explain how the exemptions will be given to goods and services listed in A, B and C of schedule IV. Lastly, he shared the concern of affecting on government revenue with reduction of tax rate from 7% to 5%.

Furthermore, the Health Minister expressed his deep concern regarding taxation and it was deliberated extensively in the Cabinet as well. However, with the increasing number of tax exemptions, he stated that it has led to inconveniences. In the part A, B and C of Schedule IV, the Government has provided tax exemptions on rice, salt and oil and granted tax reduction on other items as much as possible up to 50 items. With more tax reduction to 5%, he shared how beneficial it will be and reminded the House to consider implications from electricity tariff as well.

On behalf of the Committee, the Member of Parliament from South Thimphu constituency clarified that committee's recommendation is primarily intended to simplify and make the taxation system fair, ensuring that tax reductions are accessible. He further stated that the it is not required to impose tax on 100-unit of electricity. The committee emphasized that, in order to make the process manageable and for easier implementation with less impact, the tax rate was reduced from 7% to 5%.

In this regard, it was stated that, for the purpose of aligning both aspects, poor people should not be burdened with even minor electricity tariff. It was further stated that, when foreign direct investment (FDI) is introduced, failure to impose certain taxes could lead to unintended obstacles and create unnecessary difficulties. Based on these considerations, it was stated that a reduction of the tax rate to 5% would certainly have an impact; however, the primary reason for the recommendation is that taxation should be carefully planned to ensure that the approach is both practical and effective. The committee further stated that they have submitted their recommendation to the Parliament so that others may provide additional recommendations, and committee is fine with whatever the House decides.

Again, the Member of Parliament from Dramedtse-Ngatshang constituency stated that the committee has proposed a tax reduction from 7 percent to 5 percent and has provided a basic framework for its implementation. He further stated that the government's application of this reduction should be delayed and clarified to ensure proper enforcement on goods and services. Therefore, all members are urged to consider the matter carefully, as there are currently seven different types of taxes, including Business Tax, Green Tax, Customs Tax, and GST. It was also stated that there is no specific research or rationale provided by either the committee or the government regarding these matters. Consequently, he proposed a tax reduction to 3% instead of 5%.

In this regard, the Minister of Agriculture and Livestock stated that everyone is aware of the concerns surrounding taxation. Nevertheless, keeping in mind the benefit of both the present and future generations, the

government deliberated thoroughly in the Cabinet and decided to keep the tax rate at 7% which was later reduced to 5% by the Committee. The Minister clarified that this reduction will result in an estimated revenue loss of approximately Nu. 3 billion for the government. Furthermore, he stated that a 7% tax rate represents the lowest level according to international standards, therefore, he requested every Bhutanese citizens to fulfil their fundamental duties as mandated by the Constitution by agreeing to maintain the tax rate at 7%.

The Member of Parliament from Dragteng-Langthel constituency stated that the government proposed 7 percent, while the Committee recommended 5 percent. However, he stated that the final decision lies with the House and must be made in accordance with its expertise and discretion. He also reminded the House that all members of Parliament are elected by the people and represent their people; therefore, they should deliberate responsibly and independently, avoiding undue political influence.

In addition, regarding electrical appliances, he stated that the committee have removed it from the Schedule and inserted as separate section with minimal tax reduction from 7%. He further stated that, if the Committee is to approve what the government has decided then there is no purpose of giving it to the committee for review. If such practise occurs, he reminded the House of potential consequences for the democratic parliamentary system.

The Minister of Energy and Natural Resources stated that for a country to progress, it must primarily rely on an effective tax system. Given

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the challenges of global warming, everyone recognizes the importance of using electrical appliances. It is incorrect to assume that once infrastructure is built, it no longer requires maintenance. The question was raised as to till when the government will provide 100 units of Electricity Tariff free of charge to rural areas; what if the government fails to do so, the burden will fall on the people. The incoming foreign investors are attracted by the stability of Electricity Tariff. Therefore, while he supported on imposing taxes on other goods, he disagreed to grant Electricity Tariff free of charge to rural areas.

The Minister of Industry, Commerce and Employment stated that for a country to achieve sustainable economic development, tax experts recommended that GST of 7% is one of the best solutions. Therefore, this is the reason for government to increase the tax to 7% and he also stated that it was ensure equal benefits to all citizens. In view of the current situation, with regard to committee's proposal of tax rate to 5%, he shared how the manufacturers may perceive it.

In other countries, the minimum GST rate is 9%, however, the government has proposed for 7% considering the appropriateness. Moreover, if proposed 7% fails to get the majority support today then government may face challenges in raising tax in the future, therefore it is preferable to start with 7% from the onset and not 5%.

Regarding taxes on electricity, the government should review electricity-related charges and ensure long-term sustainability. Proper assessments must be carried out, as providing a reduction without adequate planning could create problems. Careful consideration and thorough scrutiny are therefore essential.

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The Member of Parliament from Khaling-Wamrong constituency stated that although he agrees that country's development depends largely on taxation, the proposal to impose GST to 7% is being pursued without sufficient consideration of the public's capacity to pay. He stated that just because in other countries, the GST rate is 10% and 15%, it is not wise to impose GST of 7% in Bhutan without considering people's income and capacity to pay. In this context, he supported Committee's proposal to reduce the rate from 7% to 5%. However, he also stated that it would be most fair and manageable if the rate were adjusted to 3% as suggested by Member of Parliament from Drametse Ngatshang constituency.

On this matter, the Finance Minister sought clarifications on how exemptions will be given on items listed in part A, B, and C of Schedule IV of the Tax Act. He also stated that government's proposal to fix the GST at 7% is not an initiative of the present government but rather an implementation of provisions already incorporated in the existing law.

As elected MPs, our intention is not to burden the people with taxes, however, taxation is vital for strengthening the nation and supporting social development. Therefore, members agreed to retain the tax rate at 5%, however, tax exemption will be applied to only three items, while no exemptions will be granted for others. With regard to tax on electricity, the members requested to grant some time for discussion after the adjournment of session. At the same time, members emphasized the need to consider country's benefit and remain apolitical while deliberating on taxation policies.

A member from the South Thimphu constituency highlighted that the decision between a 7 percent and 5 percent tax rate should be made through proper deliberation. The Committee recommended reducing the tax rate to 5 percent, instead of 7 percent. However, if taxes are imposed on utility charges such as electricity, as well as on essential items like rice, salt, oil, sanitary pads for women, and wheelchairs for persons with disabilities, the core intent of the Goods and Services Tax could be undermined. Therefore, he stated that it is crucial to have a thorough discussion on the matter.

The Member from Lamgong-Wangchang constituency clarified that the Goods and Services Tax (GST) is not a new tax, but rather a reduction of the sales tax from 10 percent to 5 percent, and therefore should not come as a surprise to the people. When the Member from South Thimphu submitted his request, he felt that the House had misunderstood it, and emphasized that the House should now decide on the rate fixed at 5 percent. He further clarified that essential items such as rice, salt, fuel, electricity, and women's sanitary pad are exempted from tax.

The Member from Khamad Lunana Constituency explained that he could not support the recommendation as it involves taxing the country's hydropower electricity, regardless of its availability. He emphasized that such a move contradicts the national policy of promoting environmentally friendly electric vehicles while simultaneously imposing taxes on electricity. He further highlighted that imposition of such taxes would impact the lower income people while using cooling equipment in hot regions, and heating equipment in colder areas. He also reminded that it would impact on attracting foreign direct investment (FDI).

The member from Radhi-Sakteng constituency pointed out that, with reference to Section 67, committee had recommended to remove tax on women's sanitary pads and wheelchairs, and stated that current discussion is not on committee's recommendation, therefore suggested that if possible, these items could instead be considered under the tax-exempt category.

In response, the Chairman of the Economic and Finance Committee, the member from Bartsham-Shongphu constituency, stated that the Committee had found that BST system was not yet ready while reviewing the Bill. Therefore, he requested the Finance Minister to confirm on readiness of the system and effective date for its implementation. He also reminded the importance of having a proper taxation system in order to have good revenue generation.

The Member from Lamgong-Wangchang stated that as people see one matter in two different ways, the high possibility of creating misunderstandings is that, tax exemption on 100 units of electricity in rural areas is retained same as before but when such deliberation happens here, it might surprise public at large.

The Member from Kyengkhar-Weringla thanked the House for removing tax on sanitary pad which is necessity for all women.

The finance minister stated that the government's goal of quadrupling the country's GDP by end of 13<sup>th</sup> FYP and tenfold by 2050, starting from 2024 and is dependent on the proper implementation of the tax system. However, this has not yet been accomplished. To ensure effective coordination with auditing and related procedures, the process must

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be executed correctly. At present, these procedures are being managed by Data Talk in New Zealand, with implementation planned for 1st January 2026. In case the system is not ready by 1<sup>st</sup> January, 2026, the Finance Minister agreed to take the responsibility and and resign from his ministerial post.

The Speaker suggested that, in addition, the Revenue and Customs Department and two qualified firms from the private sector should be included as members of Board in the Bill. Instead of specifically naming as Bhutan Chamber of Commerce and Industry, he suggested to be referred to as private sector. While ascertaining House's support to this, the House unanimously supported the decision by show of hands.

Regarding the suggestion made by the member from Nyisho-Sepchu constituency on bill's authoritative text, he suggested to keep it exclusively in Dzongkha rather than both Dzongkha and English. The member from Radhi-sakteng constituency argued that the bill contains mostly technical terms, making it very difficult to express their exact meaning in Dzongkha. He further emphasized that in some earlier Acts and Digital Acts, the authoritative text of words are considered equal in both languages, and the same applies to this bill.

Furthermore, the member from Nyisho-Sepchu constituency pointed out that when the Constitution of Bhutan guarantees equal authoritative for English and Dzongkha text, it does not mean that other Acts must also provide equal authoritative text. Since the Constitution is the supreme law, any ambiguity in its provisions can be clarified by the court. He reminded the House that Members of Parliament being as representatives

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of the nation and its people has the responsibility to promote and develop our national language.

He added that Dzongkha is the identity of the country, and prioritizing equal textual rights in both Dzongkha and English could weaken its status. He stressed that technical terms are not confined to this bill alone but appear in other laws as well. “If you cannot fully understand the Dzongkha words, you can refer to the English terms,” he said, noting that English should serve as a supplementary reference for clarity.

The member from South Thimphu constituency, who also serves on the committee, agreed with the member from Nyisho-Sepchu constituency about the importance of Dzongkha as the national language. However, he pointed out that since the bill includes many scientific and technical terms, any difficulty in understanding them should be addressed by referring to the English language. He added that the committee shared this view.

The House resolved to keep Dzongkha as the authoritative text and, if there is any difficulty in understanding the Dzongkha version, the English version should be used as a reference.

### **Adoption of the Goods and Services Tax (Amendment) Bill of Bhutan 2025**

The Goods and Services Tax (Amendment) Bill of Bhutan 2025 was introduced to the House by the finance minister, who was in charge of the bill. It was deliberated thoroughly and endorsed by the House. The member in-charge urged the House to consider the Bill from a broader perspective and adopt it.

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While ascertaining House's support on the Bill by voting, out of 45 members present, 43 voted in favor while two voted against. Thus, the bill was passed by a majority. **(On the 20<sup>th</sup> Day of the 4<sup>th</sup> month of Wood Female Snake Year of the Bhutanese calendar, corresponding to 16<sup>th</sup> June, 2025).**  
**Voting records are provided in Appendix No. V**

It was also reminded that, as per the rules, the bill passed by the House would be submitted to the National Council for review as a money bill.

Afterwards, the member from Bumdeling Jamkhar constituency expressed his dissenting view, noting that Bhutan is progressing at a time when the global economic situation is unfavorable and civil servants are struggling to support their families on their monthly salaries. Considering the financial challenges faced by citizens in paying taxes, he explained his reason for voting against the adoption of the bill.

Similarly, the member from Dewathang Gomdar constituency voiced his concern that imposing a goods and services tax during a period of economic reform would negatively impact economically disadvantaged citizens, since tax exemptions are granted to only five commodities. He stated that this was the reason he could not support the adoption of the bill and with this, the session concluded.

#### **4.4 Cooperatives and Farmers Groups Bill of Bhutan 2025**

##### **First and second readings of the Cooperatives and Farmers Groups Bill of Bhutan 2025.**

The Minister for Agriculture and Livestock, Member in-charge of the Bill, presented the introduction and then sought endorsement of the first

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reading of the Cooperatives and Farmers Groups Bill of Bhutan 2025.

The motion was supported by one of the Members and accordingly accepted by the House for further deliberation through a show of hands.

Thereafter, the Member In-Charge, presented the background and justification in the second reading of the Bill. It was highlighted that about 60 percent of the population resides in rural areas, and of that, around 40 percent depend on agriculture and livestock for their livelihood. Hence, agriculture and livestock are regarded as the backbone of the nation.

Furthermore, due to Bhutan's fragile geographical conditions and the scattered ownership of land, achieving large-scale production is challenging. Therefore, during periods when production cannot be expanded despite favourable conditions, it was proposed that the Cooperatives and Farmers Groups implement measures to address these challenges. This would economically empower farmers and provide each household with the opportunity to significantly increase their productivity.

At present, the government is proposing a new bill, which clearly outlines substantial benefits for farmers. Firstly, among the Cooperatives and Farmers Groups are responsible for managing the sources of revenue and production in a coordinated manner. Secondly, the roles and responsibilities of those groups are clearly defined. Thirdly, if these groups cannot carry out implementation without proper frameworks and procedures, it is for the government to decide how to proceed.

Fourth, in the event that such groups fail to fulfil their duties, the administrative and legal consequences must be clearly specified. Fifth,

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when establishing an independent group, clear criteria and eligibility requirements must be set. In addition, cooperatives and farmers' groups should be required to submit annual reports, which would help address challenges more effectively and ensure proper accountability.

Moreover, if this bill is enacted into law, it will not only ensure that monitoring and evaluation procedures are carried out clearly but also bring significant economic benefits to both the government and the people through effective distribution and production. Accordingly, the rules and regulations must be well-framed, with the mandates of national and local authorities clearly incorporated. The qualifications and selection processes of board members must also be explicitly defined. In addition, provisions for financial management, accountability, and mechanisms for resolving disputes, if they arise, should be clearly incorporated into the Act and its regulations.

Accordingly, since the deliberations indicated that this bill would bring significant benefits to both the government and the people if implemented, the House resolved to refer the bill to the Social and Cultural Committee for further review. The Committees shall carry out a thorough review of the bill and submit a third reading report during the upcoming winter session. (On 30<sup>th</sup> Day of the 4<sup>th</sup> month of the Wood Female Snake Year, corresponding to 27<sup>th</sup> May 2025)

#### **4.5. Resolution on the First and Second Readings of the Excise Tax Bill of Bhutan, 2025**

The Member In-Charge of the Bill, the Finance Minister introduced the Bill and moved a motion for its adoption wherein he stated that excise

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tax is a specific tax, imposed solely on goods that are harmful to health and the natural environment. Although it is impossible to impose 100% ban on these goods, a relatively higher tax is imposed to curb down the impacts from these goods. In addition, he stated that it is important to segregate the existing Bhutan Sales Tax, Customs and Excise Act of Bhutan 2000 and the GST Act. As reflected under Schedule VI, excise tax was imposed on around 157 items including those which in actuality was excluded from tax has caused inconveniences to industries. In order to prevent such inconveniences, the government has come up with new Excise Tax Bill to which he sought the support of the House. The Member representing Kilkhorthang-Mendrelgang constituency submitted that the Bill would yield substantial benefits to the people and therefore supported the Bill for deliberation.

While ascertaining the support of the House of deliberation, the House unanimously extended its full support through a show of hands.

After this, the Member In-Charge of the Bill presented the rationale and justification in the second reading of the Bill wherein he stated that the excise tax is primarily aimed at reducing the consumption of specific goods that are harmful to health and society, and to change the behaviour of consumption of products that are not economically viable. He also stated that the excise tax will be applied to both domestic goods and imported goods.

Furthermore, the imposition of excise tax will be aligned with the type and price of goods, and will be imposed 9% of the value of the product. The new excise tax bill will repeal the Part II and Excise Equalization

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Tax rates under Schedule 6 of the Goods and Services Tax Act of 2020.

The excise tax is introduced and accordingly, the excise equalization tax will henceforth be removed from the Goods and Services Tax Act.

Further, in the new Excise Tax Bill, excise tax will be levied only on few items such as tobacco related product and alcohol-related beverages, and soft drinks, as well as areca nut related products, such as pan-masala and supari. In addition, the excise tax will also be levied on carbonated drinks and vehicles. He mentioned that under the Goods and Services Tax Act of 2020, the excise equalization tax has also been prescribed.

Moreover, under Goods and Services Tax Act 2020, a total of 157 categories of goods have been identified for the purpose of excise equalization tax. However, since these are not included in the list of goods currently subject to excise taxation, the Excise Tax Bill of Bhutan, 2025 will serve as an appropriate legal framework to properly regulate and administer the imposition of excise tax on such goods.

Since Bhutan's new excise tax system is based on a progressive and reform-oriented tax policy aligned with international practices, he sought the support of the House to deliberate thoroughly on this bill.

One of the members submitted that tobacco containing products like pan masala poses risks to health, and the import of vehicles causes harm to the natural environment. Therefore, he agreed to provide support on imposing excise tax after carefully conducting a proper categorization and assessment of such goods. Another member submitted that if the Bill prescribes only the procedure to impose tax, then it should be put up as a financial bill and not as a money bill. He also reminded the House

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that in future, there is need for clear segregation between money bill and financial bill before discussion.

The House accordingly referred the Bill to the Economic and Finance Committee for review and ordered the committee to present its review report for third reading on 9th June, 2025. (On 29<sup>th</sup> day of the 3<sup>rd</sup> Month of the Wood Female Snake Year, corresponding to the 26<sup>th</sup> May 2025)

### **Resolution on the Third Reading of the Excise Tax Bill of Bhutan, 2025**

In the review report presented by the committee, the Member of Parliament of Radhi-Sakteng Constituency stated that imposition of tax on carbonated drinks such as Coca-Cola and Fanta is not unique to Bhutan but also practiced in many other countries. Moreover, since such items are harmful to religion, culture, and the environment, for example, there is an increase in domestic violence resulting from consumption of alcohol, imposing taxes serves as one way to reduce their consumption.

The member also clarified that it is not a new excise taxation system to impose a new tax but rather a segregation of excise tax from already existing Bhutan Sales Tax and Custom Duty and Excise Act of Bhutan. The Committee clarified that they had reviewed the Bill with main intent to curb and control items that are harmful to society and detrimental to health, in keeping with the principles of Gross National Happiness.

The Committee reported that, before conducting the consultation meeting with relevant stakeholders, committee had informed them to provide their views and opinions regarding the Bill. Accordingly, the Committee

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collected their opinions and suggestions and, after conducting thorough research, subsequently initiated a series of stakeholder consultations.

The Committee reported that Bill contains 10 chapters comprising two Schedules, Schedule I clearly specifies the goods subject to excise tax as well as the applicable tax bases. Schedule II further provides that, in the event of offenses and violations, the relevant sanctions and their application are explicitly outlined. With reference to Section 207, the Committee noted that goods categorized under broad classifications encompass a total of 170 items. Of these, 62 goods are either exempt from tax, zero-rated, or granted tax holidays. Accordingly, the Committee observed that, since these 62 goods are exempted from tax, the remaining 108 goods fall within the taxable category.

The Committee submitted that under the Goods and Service Act of 2020, a total of 157 items are listed in excise tax, which is now reduced to 108 items (almost 32% have been reduced). The Committee further lowered the tax base under Schedule I from the Government's initial proposal as a middle path. This is mainly to maintain social safety and economic stability. The Committee submitted that any necessary clarifications would be provided by the Committee during the deliberations.

During the deliberations, the finance minister requested the committee to reinstate the word 'Economy' under 'Health and Economy' in Chapter I, which was withdrawn by the Committee during its review. The committee member clarified that the word 'economy' was not relevant in the section because it would not bring any economic benefits other

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than creating unnecessary burden on consumers. However, he asked the House to decide whether to reinstate it or not.

The House had endorsed the submission of the finance minister to reinstate the word ‘economy’ under ‘health and economy’ in Chapter I. The House also directed the Ministry and the Department to make the necessary amendments.

The Deputy Speaker stated that in section 21 of chapter 3, regarding permit required to manufacture excisable goods shall be immediately suspended, the word ‘immediately’ should be deleted and furthermore, in section 23, he requested to amend the wordings “as department may direct” to as ‘according to the permit’.

The member from Nyisho Sephu Constituency noted that the deletion of the term Department by the committee in section 8 ‘Department under the Ministry’ and in latter provisions of the Act has made the Dzongkha text difficult to read. The member further stated that since the department falls under either Director or Director General, it would be more appropriate and easier to read if it is mentioned as ‘the Director or Director General is the management and administrative authority’. He also stated that the deletion of Department in the above section 8 and mentioning of Director in latter sections aligns the provisions making it easier to read and understand.

On behalf of the Committee, the Member of Parliament from Radhi-Sakteng stated that the submissions made by the Deputy Speaker regarding the withdrawal of the term “immediately” in section 21 and the inclusion of the phrase “as per licence” in section 23, and the submission

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by the Member from Nisho-Sephu regarding the correction of Dzongkha terminology in section 8 were all noted down by the committee and thereafter, the House accordingly endorsed the proposed amendments.

Regarding Chapter 3, the House endorsed the amendments presented by the committee.

The Member from Dramedtse-Ngatshang submitted that, there is a risk of abuse of power if the custom officers are given full authority to inspect the goods in the warehouses. Regarding the provision that no tax will be levied if the owners can prove that the goods have been damaged during transportation, in such cases, he asked the committee on procedures to prevent coalition between the owner and the custom officers in manipulating goods to avoid levy taxes.

Again, the Member from Nisho-Sephu submitted that original section 19 mentions that production would be allowed if permit was granted, whereas the amendment made by the committee in section 20 gives the understanding that production shall not be allowed even if permit is granted. Therefore, he sought clarification on this inconsistency. In response, the committee clarified that production shall not be allowed without a permit, and in case the equipment owner and the custom officers engage in coalition then it will be dealt as per the offences and penalties prescribed under Schedule II.

Thereafter, Chapter 4 was endorsed by the House as submitted by the Committee.

In section 56, the Deputy Speaker stated the need for proper translation of the English phrase ‘mutatis mutandis’ in Dzongkha text. In section 75, he stated that regarding accrual of interest on a daily basis for late payment, such accrual was not permissible before, therefore, requested the committee to review the matter. On this, the Member from Bji Kartsho Uesu submitted that the interest accrued for late payment should be termed as ‘late interest’ in place of ‘accrued interest’.

Thereafter, regarding authoritative text in section 56, the House resolved to amend the Dzongkha text. The House also resolved to insert the same provisions of the Goods and Services Tax (Amendment) Act in the chapter 7 of the current Bill. Chapter 8 also adopted by the House as submitted by the Committee.

In Chapter 9, it was resolved that the Dzongkha text shall serve as the authoritative version. However, in the event of any difficulty in interpretation, reference may also be made to the English text. This amendment was adopted accordingly.

Accordingly, chapter 10, along with its definitions and explanatory notes, schedule I concerning the 25 categories of business classifications in Bhutan, and schedule II containing 34 sections on offenses and penalties, were thoroughly deliberated and endorsed by the House. **(20<sup>th</sup> day of the 4<sup>th</sup> Month of the Wood Female Snake Year, corresponding to the 16<sup>th</sup> June 2025)**  
**Schedule I and II are included under Part 6 of the Annexure.**

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**The adoption of Excise tax Bill, 2025**

Before the adoption of the Bill, the Economic and Finance Committee presented the review report of few sections which was referred to the committee on the first day of deliberation. During the deliberation, the Member from Nisho Sephu Constituency pointed during the first day of deliberation, the Committee had proposed a 27% tax on carbonated drinks, but the House had reduced it to 20%. In contrast, a much higher tax was imposed on pan masala and supari. The Member noted that this was not fair, therefore, requested the House to re-deliberate the matter and amend it.

In response, the chairperson of the Committee explained that the government had originally imposed a 50% tax on carbonated drinks. However, after a detailed review and consultations, the Committee recommended reducing it to 27%, since the relevant business entities expressed that even if the rate was lowered from 50% to 40%, it would still force them to shut down operations. Therefore, as a middle path approach, committee had proposed at 27% in order to strike a balance and ensure fairness.

Furthermore, the Member from Shompangkar Constituency stated that, given the harmful effects of substances such as alcohol and tobacco on health, the tax rates on such products should in fact be increased further.

Furthermore, the Member from Khamdhang-Ramjar Constituency stated that many small vendors depend on pan masala and supari for their livelihood, and therefore a reduction in the excise duty from Nu. 1,500 would benefit them.

In addition, the Member from Lamgong-Wangchang Constituency pointed out that there are only two or three factories producing carbonated drinks in the country. Rather than providing them with incentives to expand, if the high tax rates force them to shut down, the impact would ultimately fall on the Bhutanese people. He noted that carbonated drinks are already subject to a 20% sales tax along with a 5% GST, amounting to a total of 25%. Under the BST regime, the effective tax rate goes up to 30%. Considering all these factors, he argued that maintaining the tax at 20% does not contradict the fundamental principles of taxation.

Subsequently, the House resolved to levy a 27% excise tax on carbonated drinks. With regard to electronic cigarettes and similar personal vaporising devices, the Committee had proposed a 20% tax, which the House endorsed and approved as recommended.

Thereafter, the Member in-charge of the Bill, the finance minister, stated that since the Committee had carried out a comprehensive review and the House had deliberated on it, he sought the support of the House for the proposed Bill.

In accordance with procedure, while ascertaining the support of the House on the Bill, out of 45 Members present, 43 voted in favour and 2 voted against, thereby getting majority votes to pass the Bill. **(On the 21<sup>st</sup> day of the 4<sup>th</sup> Month of the Wood Female Snake Year, corresponding to 17 June 2025). (The record of votes is in annexure 7).**

The Member from Bumdiling-Jamkhar expressed his differing opinion, stating that given the current economic difficulties in the country, it would

be acceptable even not to levy taxes. He further noted that although some of the sections were already adopted on the first day, some members again made new recommendations and altered the section, because of this he could not support the Bill.

Thereafter, the Speaker clarified that although the Bill had been adopted on the first day, certain provisions were reopened on the following day to allow the Committee to present necessary revisions. He explained that for this very purpose of further deliberation, the final adoption had been scheduled for the next day, and that all Members should be aware of this procedure.

In accordance with procedure, the Speaker ordered the secretariat to duly forward the Bill it to National Council for review. With this, ended the deliberation on third reading of Excise Tax Bill of Bhutan, 2025.

#### **4.6 Resolution of the First and Second reading of the Income Tax Bill of Bhutan 2025**

The Member in Charge of the Bill, the Finance Minister, in accordance with section 180 of the Rules of Procedure of the National Assembly of Bhutan 2022 introduced the Income Tax Bill of Bhutan 2025 as a money bill and moved the motion for the First Reading of the Bill. The Finance Minister stated that the main objectives of the Bill are to reform the taxation system, stimulate economic growth, strengthen regional connectivity and foster the expansion of e-commerce. He further submitted that it was important to align our taxation system with international system to ensure equality and transparency because the existing Income Tax Act of Bhutan 2001, which has governed the

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country's tax system for the past 24 years, will be comprehensively amended and replaced by the proposed legislation.

In support of the Bill, the Member for Bongo Chapcha Constituency stated that the consolidation of the Business Income Tax and Personal Income Tax into a unified regime would simplify tax compliance for citizens. He further submitted that the revision of the Personal Income Tax rates would benefit individuals engaged in small businesses. Subsequently, the House unanimously endorsed the motion for the First Reading of the Income Tax Bill of Bhutan 2025 through a show of hands.

### **Second Reading of the Income Tax Bill of Bhutan 2025.**

The Member in Charge of the Bill moved the motion for the Second Reading of the Income Tax Bill of Bhutan 2025. In presenting the motion, he submitted that the proposed reforms were developed in line with international best practices, while being carefully adapted to Bhutan's unique socio-economic and administrative context. He stated that the principal objectives of the Bill are to rationalize tax slabs and rates, simplify the overall tax system, address administrative challenges, and integrate Personal Income Tax with Business Income Tax under a unified framework to establish a convenient and modern system. He added that the Bill aims to broaden the tax base, introduce measures to curb tax avoidance, align Bhutan's taxation regime with international standards, and foster greater competition and economic growth. He underscored that the reforms will further strengthen digital tax systems and procedures, thereby enabling a modernized tax administration.

In addition, he submitted that the integration of Business Income Tax and Personal Income Tax into a single regime will simplify tax compliance for small businesses and exempt 34,397 individuals from taxation, thereby reducing the total number of taxpayers from 121,996 to 106,629.

He noted that while the rationalization of tax slabs and rates may initially result in short-term revenue losses for the government, it is expected to generate positive medium-term impacts by stimulating private investment and attracting foreign direct investment. He added that the existing tax system provides limited incentives for business registration and also emphasized that the proposed reforms will introduce tax deductions on interest paid for loans taken for first-time home ownership.

He reported that from a financial perspective, there will be decline in government revenue and with the amendments to the tax provisions, it is estimated to reduce revenue between Nu. 4,372.66 million and Nu. 5,570 million, of which and approximately 95% is from state-owned enterprises.

He further stated that the rationalization and integration of Business Income Tax into Personal Income Tax is expected to reduce revenue by at least Nu. 252 million and will result in a 34% decrease in taxpayers from a total of 34,397 tax payers.

He further reported that the tax on corporate dividends has been exempted to incentivize both the government and the private sector to contribute to the nation's development. He additionally emphasized that enhancing foreign direct investment necessitates the corporate income

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tax to expand private sectors thereby creating additional employment opportunities.

He submitted that the exemption of tax on dividends is expected to result in a reduction of over Nu. 2,950 million in income tax for 39 companies. He further clarified, however, that this is unlikely to have a significant impact, as Druk Holding and Investment derives a larger share of its income from non-tax sources and dividends.

The highest revenue reduction is expected from the integration of 554 companies's corporate income tax, that is estimated to from Nu. 1681 million to Nu. 2500 million. The corporate income tax of corporations will be reduced to 23% while tax base of state owned enterprises will be reduced to 16%.

He reported that the existing non-resident tax rate of 3 percent is proposed for an increase to 5 percent, with the anticipation to generate an additional revenue of Nu. 249 million.

He submitted that the Bill is intended to promote a sustainable economy and is expected to strengthen the nation's economic fundamentals within two to three years. He therefore urged the House to extend its support to the Income Tax Bill of Bhutan 2025.

The House unanimously endorsed the Income Tax Bill of Bhutan 2025 and referred it to the Economic and Finance Committee for review. The Committee was instructed to submit its review report for the Third Reading of the Bill on June 12, 2025. **(On the 29<sup>th</sup> Day of the 3<sup>rd</sup> Month of the Wood Female Snake Year corresponding to 26 May 2025)**

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### **Third Reading of the Income Tax Bill of Bhutan 2025**

The Member of the Economic and Finance Committee from Mongar Constituency presented the Committee’s Review Report on the Income Tax Bill of Bhutan 2025 for its Third Reading. He reported that taxation is a not a new system but has been practicing since long time back in terms of kinds. He further submitted that, in view of the rapid transformations in the business and investment landscape, the Bill intends to institute an equitable, transparent, and sustainable tax system, thus laying a resilient foundation for the national economy and contributing to the nation’s future economic prosperity.

He submitted that the Committee reviewed the Bill and found it to be equitable and balanced, with taxes based on the ability and income of taxpayers, which would yield significant benefits to the people. He further reported that tax base is reduced by 5 percent in each slab, while also specifying distinct sources of income. Additionally, he submitted that special exemptions and allowances had been incorporated, including provisions for deductions and exemptions pertaining to child care and family support.

Thereafter, the House deliberated on each section of the Bill. During the discussions, the Minister for Infrastructure and Transport reported that in the preliminary provision under chapter one, the English states that: “This Act is called the Income Tax of the Kingdom of Bhutan.” However, in the Dzongkha translation, the equivalent word “called” has been omitted, leaving only the term “Bhutan.” Following the request for correction, the Speaker reminded the concerned agency to make the

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necessary amendment in accordance with due procedure, and chapter one was thereafter adopted accordingly.

In section 33 of Chapter Three under Sources of Taxable Income, several Members reported that the term “gambling” had been included under other sources of income. They emphasized that gambling is deemed illegal under Section 393 of the Penal Code of Bhutan and, therefore, ought not to be considered as a legitimate source of income, as it may result in complications. Thereafter, the Speaker directed the Committee and the Ministry to conduct a thorough review and report to the House on the second day of the session.

In Chapter 23 under Administrative Penalties and Offences, the Deputy Speaker inquired whether the Committee considered it necessary for the penalties to be outlined in the same manner as in the Excise Tax Bill. He further remarked that, should any changes be required, they ought to be affected with due regard to the gravity of the offences and in conformity with the prescribed duration of penalties. For this purpose, the Committee undertook to consult with the Legal Officer to ensure the harmonization of the penalties.

In addition, several Members pointed out that the English term “ruling” in Chapter 20 is translated as ‘regulation’ in the Dzongkha text. Similarly, in chapter 23 with regard to Administrative Penalties and Tax Offences, Members requested the committee to review and harmonize the Dzongkha and English text.

The Members further pointed out that, while the Excise Tax Bill specifies offences and penalties in the Schedules, the Income Tax Bill specifies

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offences in Chapter 23. The Members submitted that these offences and penalties require careful examination. Thereafter, the Speaker directed the Committee, in coordination with the relevant agency, to conduct a review and report their findings to the House prior to adoption.

During the discussion on slab 1 under Schedule 1, the Member from Khamed Lunana constituency proposed that the threshold for non-taxable income, presently fixed at Nu. 300,000 to be increased to Nu. 500,000.

In response to this recommendation, the Committee clarified that the matter had been thoroughly deliberated within the Committee. He further noted that increasing the threshold from Nu. 300,000 to Nu.500,000 would exempt nearly 85% of taxpayers from the tax bracket. The Committee emphasized that such a measure would not only curtail government revenue but also diminish taxpayers' obligations towards national contribution. Accordingly, taking into account the underlying intent, the Committee affirmed its support for maintaining the existing provision as proposed by the Government.

After a prolonged deliberation, the House conducted a vote by show of hands to ascertain the support for the recommendation proposed by Member from Khaed Lunana constituency. Only seven Members voted in favor, while the remaining Members did not support the proposal. Subsequently, the House adopted the recommendation as proposed by the Government.

During the deliberation on slab 3, the Member from Khamed Lunana constituency expressed his support for the proposal to levy a 10 percent

tax, he opposed the stipulation to remit an additional Nu. 10,000. Thereafter, the Speaker instructed the Committee to provide clarification on this matter.

In response, the Committee clarified that the additional Nu. 10,000 arose from the differential in the method of tax computation. The Committee further explained that, under the former system, a 10 percent tax on a taxable gross income of Nu.500,000 required an individual to remit Nu. 50,000 to the Government as tax. But in the present Bill, the government has reduced the tax to 5% on a taxable gross income of Nu. 500,000 which means the individual has to pay only Nu. 25000 to the government. Committee further stated that 5% tax would be applied to income between Nu.300,000 and Nu.500,000, while any amount exceeding Nu.500,000 would be taxed at 10 percent. The Committee added that, in the absence of this slab system, all taxpayers would be subjected to a uniform flat rate, thereby imposing a heavier burden on taxpayers.

In Schedule 1, section 2, Rates for Body of Person, the recommendation of the Economic and Finance Committee to reduce the tax rate from 22 percent to 20 percent was supported by several Members, who further noted that such a reduction would serve to incentivize companies and the private sector.

In this regard, the Finance Minister clarified that maintaining the tax rate at 20 percent would lead to a revenue shortfall amounting to Nu. 848 million, which could adversely impact the sustainability of the national

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economy. He therefore proposed that the House adopt the tax rate at 22 percent.

Thereafter, the House held a vote by show of hands on the Committee's proposal to fix the rate at 20 percent, wherein 22 of the 43 Members present voted in favour. The House accordingly endorsed the recommendation of the Committee.

The Member from Khamed Lunana submitted that he does not support the imposition of 10 percent tax under Section 7 (2) (b), stating that in certain foreign countries, dividends are exempt from taxation. He added that such an exemption would serve to augment foreign currency reserves, create employment opportunities and reinforce the nation's dollar and rupee reserves. Notwithstanding this submission opposing the levy, the House resolved to retain the 10 percent tax as originally proposed.

It was further resolved that deliberations on Section 7(2)(c) shall be taken up on the second sitting day of the Session.

During the discussion on Schedule 3, the House endorsed the Committee's amendments to Section 7.

The Finance Minister sought clarification from the committee with regard to exemption limits of Nu. 500,000 for fixed deposits and Nu. 100,000 for dividends. In response, the Committee clarified the exemption of Nu. 500,000 on fixed deposits was intended to support low-income groups and individuals who rely upon interest income for their post-

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retirement livelihood. Accordingly, the exemption for fixed deposits was maintained at Nu. 500,000, and that for dividends at Nu. 100,000.

On this matter, the Member from Bongo Chapcha constituency submitted that for small-scale farmers and small traders who have only modest incomes, the exemption limit for dividends should be fixed at Nu. 300,000 rather than Nu. 100,000. He further submitted that while the Government had proposed an exemption of Nu. 300,000 for fixed deposits, the Committee's proposal to raise the limit to Nu. 500,000 would be of greater benefits to the public.

The Member from Bumdheyling Jamkhar constituency stated that he does not support the Government's proposal to levy a 10 percent tax on fixed deposits. He added that individuals sell their land and deposit the earnings in banks with the intent of earning interest income over a span of ten to twenty years. He further submitted that the Government's proposal to levy a 10 percent tax on fixed deposits would incur losses for the people.

In addition, the Member from Kilkhorthang Mendrelgang expressed his support for the Committee's recommendation to exempt income derived from interest up to Nu. 500,000. He further noted that low-income groups primarily comprise retirees, small business proprietors, and civil servants.

The Opposition Leader submitted that the present Government had abolished the tax on income derived from fixed deposits during the Second Parliament and questioned the rationale for its proposed

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reintroduction. He further expressed his dissent regarding the proposals made by both the Government and the Committee.

In addition, some Members expressed their dissent regarding both the Committee's and the Government's proposals. They highlighted that a majority of retired employees place their retirement benefits in fixed deposits and noted that the prevailing social security system in the country remains inadequate. They further added that such taxation would discourage the savings culture among the people.

In response, the Finance Minister stated that the tax exemption limit is Nu.100,000 for income from dividends and Nu.500,000 for income from fixed deposits. He further clarified that earning Nu.500,000 from fixed deposits would require savings exceeding Nu.6,000,000. After extensive discussion, the Speaker directed the Committee and the government to discuss thoroughly and present a clearer proposal to the House.

During the deliberation on the second day of the Session, the Committee presented its report on Section 7(2)(c) of Schedule 1. In its presentation, the Committee clarified that gambling is categorized into two types: permissible, intended primarily for the generation of tax revenue, and non-permissible, carried out largely for profit. The Committee proposed that income tax should be levied on both types. Since the Bhutan InfoComm and Media Authority (BICMA) has already prescribed clear distinctions and regulatory provisions in this regard, the Committee recommended allowing lotteries, in view of their potential benefits.

The Committee also added that, in accordance with the directive of the House, the penalties prescribed under Chapter 23 of the Income Tax Bill

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of Bhutan 2025 were harmonised with those as prescribed in the Goods and Services Tax (Amendment) Act and the Excise Tax Bill of Bhutan.

The Committee further submitted that the amendment to incorporate two private sector representatives into the Board and extended the application of immunity provisions to witnesses, whereas previously such immunity had been conferred solely upon members of the Board.

The Committee reported that appeals shall be submitted to the Royal Court of Justice rather than to the High Court. It further submitted that the Authority to Text has been harmonized with the provisions of the Tax Act and that late payment interest shall be computed on a simple interest basis rather than on a compound basis.

The Committee submitted that, of the 25 offenses and penalties, 20 have been aligned with the provisions of the Excise Tax and Goods and Services Tax, while the remaining five are distinct and have been reviewed and reconciled in accordance with the law. The Committee further submitted that, pursuant to the endorsement of the House, the administrative offenses and penalties have been reviewed in accordance with the Excise Tax, resulting in a 50 percent reduction in duration, whereby the daily penalties have been halved from Nu. 800 to Nu. 400 and from Nu. 400 to Nu. 200.

Thereafter, the Speaker instructed the Committee to submit a draft of Article 7 to the Secretariat of the National Assembly.

Furthermore, some Members submitted that, under Section 657 of the Penalties, which provides that “a person who applies for the cancellation

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of a TPN while still liable for tax shall be liable for a penalty not exceeding Nu. 50,000,” the imposition of such a penalty may prove burdensome. They further requested that the Committee provide clarification thereon. Thereafter, the Speaker instructed the Committee and the Department to harmonize the submissions made by the Members and to ensure uniformity of wording.

Thereafter, in Schedule 1, Section 7.2(B), the Committee’s recommendation to incorporate qualifier words in relation to gambling was endorsed by the House.

The Finance Minister submitted that, pursuant to the instruction of the Speaker, the Economic and Finance Committee and the Ministry have concurred in fixing the interest rate at 22 percent, as provided under Sections 2, 4, and 5 of Schedule 1.

Subsequent to deliberations, the House endorsed the Government’s proposal to raise the tax rate to 22 percent, thereby overruling the Committee’s proposed rate of 20 percent.

Regarding Section 7.2(b) of Schedule 1, the Finance Minister submitted that, in consultation with the Economic and Finance Committee, it was resolved to fix the rate at 10 percent and to provide an exemption of up to Nu. 300,000 for both fixed deposits and dividends.

The Member from Thrimshing Kangpar constituency expressed his support for the exemption of Nu. 300,000. He further stated that, for amounts exceeding Nu. 400,000 up to Nu. 1,000,000, a tax rate of 5 percent should apply, and suggested that a 10 percent tax be imposed

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on amounts exceeding Nu. 1,000,000. He also submitted that, if fixed deposits of low-income individuals are taxed, a 10 percent tax on the deposits of high-income individuals, as proposed by the Government, would be appropriate and equitable. Furthermore, he submitted that the administration had highlighted challenges in formulating a slab system, noting that, upon enactment of the law, the related procedures should be rendered practical and user-friendly.

In this regard, the Speaker clarified that it was endorsed pursuant to prior adoptions.

The Chairperson of the Economic and Finance Committee submitted that the decision to raise the rate from 20 percent to 22 percent was adopted by a majority in the Committee and subsequently presented to the House. He further added that the proposal was endorsed by the House and that the matter was redeliberated following further discussions therein.

He reported that, to ensure procedural compliance, the Committee consulted with experts from the Revenue and Customs Office. He further submitted that the Ministry extended assistance to address any challenges encountered by the Committee.

He reported that the Committee initially recommended fixing the exemption limit at Nu. 500,000 for fixed deposits and Nu. 100,000 for dividends. However, pursuant to the instruction of the Speaker, the exemption limit was subsequently set at Nu. 300,000 for both fixed deposits and dividends, at a tax rate of 10 percent.

He added that certain misconceptions exist among the public regarding dividends and fixed deposits. For clarification, the Chairperson of the Committee explained that if Nu. 100,000 is deposited in a fixed deposit, the 7 percent interest amounts to Nu. 7,000. He further stated that the Committee's proposal sets an exemption limit of Nu. 300,000 each for fixed deposits and dividends at a 10 percent rate, with taxation applying solely to amounts exceeding Nu. 300,000.

The House endorsed Section 8 of Schedule 1, pursuant to the discussions and recommendations of the Committee and the Department.

The House endorsed Sections 8, 9, 10, 12, 13, 15, and 16 of Schedule 3, noting the absence of any submissions thereon. Thereafter, the House endorsed Schedule 3 in its entirety.

Schedule 4 was endorsed by the House in its entirety due to absence of any submissions from Members.

In Schedule 5, Sections 1 to 7 were endorsed in the absence of any submissions. Committee proposed deletion of section 8(3) to which the Ministry and the House agreed upon. Likewise, Sections 9 through 24 were endorsed in the absence of any submissions.

Accordingly, in Schedule 6, the Member from Kengkhar Weringla Constituency submitted that children with intellectual disabilities, upon attaining the age of 18, after getting into job and had to later resign from the job to pursue further studies, if he or she has all the required documentation, shall be eligible for a disability relief fund of up to Nu. 35,000 as per the Act. However, she mentioned that although it

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is mentioned in the Act, the rules and regulations does not specify the need for such relief. Since it is not explicitly mentioned in the rules and regulations, such children remain financially dependent on their parents even after attaining the age of 18.

The Member further submitted that an individual shall be eligible for disability relief fund only upon production of a valid certificate. She noted that, in the English text of the Bill, it mentions that the certificate shall be issued by the Minister, whereas the Dzongkha text specifies that it shall be issued by the Ministry of Health. The Member further added that the relief may be collected either by the individual entitled to it or by their spouse or child. While acknowledging that some persons with disabilities remain dependent on their family, she emphasized that the relief should be permitted to be collected by any member of the immediate family.

The Minister of Finance submitted that the education expenses relief maintained by the Ministry of Finance was Nu. 20,000. He further added that for private schools, the current education expenses relief amounts to Nu. 350,000, whereas for government schools, it remains Nu. 20,000 without any requirement for submission of expenditure receipts. He sought clarification from the committee to increase the relief to Nu. 50,000 from Nu. 20,000.

Furthermore, the Minister submitted that where a child does not attend school, a deduction of Nu. 1,000 is allowed right after birth; for the second child, Nu. 1,520; for the third child, Nu. 5,000; and for the fourth and fifth children, Nu. 10,000 each, until such time as they commence

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schooling. He added that upon commencement of schooling, no receipts shall be required, and deduction of Nu. 20,000 is allowed. The Minister further noted that, at present, the Government bears these educational expenses and requested that the Committee provide the rationale for increasing the amount to Nu. 50,000.

The Member from the Monggar constituency submitted that the proposed allocation of Nu. 50,000 is intended for central schools, stating that the current allocation of Nu. 20,000 per student is insufficient. He further explained that, as students' progress to higher levels of education, their expenses will rise commensurately; accordingly, the proposed amount was set at an average of Nu. 50,000.

The House ascertained support for the Committee's proposal by a show of hands and, by majority, endorsed the proposal. Subsequently, the Committee's third, fourth, and fifth recommendations were also endorsed in the absence of any submissions.

In the sixth recommendation, it was submitted that the English text should specifically include the Ministry. The Member from Thrimshing Kangpara constituency expressed support for the submission made by the Member from Kengkhar Weringla constituency and emphasized that the law should explicitly provide for inclusion of persons with disabilities and elderly persons.

In this context, the Finance Minister submitted that the constitutional definition of 'family' includes children, specifically limited to those with disabilities.

The Member from Kengkhar-Weringla constituency submitted that many young children, elderly persons, and other members encounter significant challenges, and emphasized the necessity of instituting coordinated mechanisms to safeguard their welfare and overall well-being.

The Member from Nyisho-Sephu constituency submitted that the responsibility for the care and supervision of children and parents are the same, and that the responsibility for the care and medical needs of parents likewise rests with the family. He further submitted that, while such responsibilities are presently managed by civil servants within the family, there is a need to ensure that equitable arrangements are instituted for both children and parents

The House endorsed the Members' recommendation to include not only women and children but also parents by show of hands and directed that appropriate amendments be made regarding persons with disabilities.

The House endorsed sections 7 to 12 of schedule 6 since there was no one to make submissions.

Accordingly, Schedule 7(1) was endorsed by the House, with the instruction to effect the necessary amendments concerning the number of days. Furthermore, as no submissions were received, the House duly endorsed Sections 685, 688(1-6); 690(1-3); 692(1-3); 694; 696(1-5); 697(1); and 698. In addition, Sections 696(3-4) were likewise endorsed by the House.

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The Member in Charge of the Bill, the Finance Minister, submitted that the House had comprehensively deliberated on the Income Tax Bill of Bhutan 2025 from the First Reading through the Third Reading, and accordingly moved the Motion for its adoption.

Subsequently, the Income Tax Bill of Bhutan 2025 was adopted unanimously by all 45 Members present. Following its adoption, the Speaker announced that the Bill would be submitted to the National Council as a Money Bill for its review, thereby formally concluding the deliberations thereon. **(On 22<sup>nd</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 18<sup>th</sup> June 2025). (The Voting records are attached in Annexure VIII)**

#### **Adoption of Income Tax Bill of Bhutan 2025**

The Member in-charge of the Bill, the Finance Minister stated that similar to support provided after deliberating thoroughly in the first and second reading of the Bill, he urged the House to support the Income Tax of Bhutan 2025 for its adoption.

After that, while ascertaining the support of the House on the Bill by voting, all the 45 members present voted in favour, thereby acquiring majority vote and adopted the Bill. The Speaker informed the House that the Bill will be forwarded to the National Council as a money Bill for further review, with this ended the deliberation. **(On 22<sup>nd</sup> Day of the 4<sup>th</sup> Month of Wood Female Snake Year, corresponding to 18 June, 2025). (Voting result is attached in Annexure 8)**

## **4.7 Free Trade Agreement between the Kingdom of Bhutan and the Kingdom of Thailand**

### **First and Second Reading of Free Trade Agreement between the Kingdom of Bhutan and the Kingdom of Thailand.**

The member in charge of the Bill, Minister of Industry, Commerce and Employment stated that the Free Trade Agreement between the Kingdom of Bhutan and the Kingdom of Thailand was signed 3<sup>rd</sup> April, 2025 in Bangkok in the presence of two Hon'ble Prime Ministers. The Bill is submitted to the Parliament of Bhutan for ratification in accordance with the Article 10(25) of the Constitution of Bhutan. Further, he stated that since the establishment of Bhutan and Thailand's diplomatic relations in 1989, its economic and political ties have further strengthened

The Minister also pointed out that signing of Free Trade Agreement between Thailand and Bhutan will contribute to Bhutan's national economic growth and will facilitate and streamline trade procedures related to imports and exports. In pursuit of these goals, the commitment to negotiate such agreements not only with India but also with Bangladesh, Nepal, and Thailand has been duly fulfilled in accordance with plan and priorities.

Further, the Minister highlighted that prior to signing of this agreement, during the 5<sup>th</sup> Joint Trade Committee Meeting in 2024, the Government of Bhutan had proposed a Free Trade Agreement rather than a Preferential Trade Agreement with the Kingdom of Thailand. Notably, the proposed Free Trade Agreement has completed all negotiations within a record of nine months, marking a significant achievement.

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The Minister stressed that the Agreement would bring significant benefits to Bhutan, strengthening the economy, particularly in terms of exports and imports. It will enable Bhutan to engage with a greater number of trade partners and will serve as a major contributor to the country's economic growth and business security. After thorough consultations with the relevant government agencies and private sector stakeholders, the Lhengye Zhungtshog has approved the Agreement, and therefore, requested the House to give the matter careful consideration and proceed with ratification of the Agreement.

On this, the member of Lamgong-Wangcha constituency added that Bhutan and Thailand had formally established diplomatic relations for around 35 years. But without such Free Trade Agreement, the issues with taxation have been existing while importing and exporting goods. Now with the signing of Free Trade Agreement, he stated that it will help to solve the taxation issues, therefore, the member urged the House to deliberate and ratify this Agreement. Accordingly, the House through majority by show of hands, agreed to deliberate on the agreement.

Subsequently, in the Second Reading of the Bill, the member in-charge stated that the main objectives of the Bill is to ensure free flow of goods, reducing trade barriers between Bhutan and Thailand, reducing customs and tariffs and easing restrictions.

The Minister also highlighted that, in accordance with the country's own systems, trade between the two countries will be conducted free from distortions, fostering fair competition and strengthening trading partnerships. Furthermore, the Agreement streamlines customs procedures and regulatory frameworks, thereby making trade more

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efficient and cost-effective. With a well-defined dispute resolution mechanism in place, the Ministry has signed the Agreement to provide a stable trade environment for the business community and private sector, while ensuring the long-term implementation of government policy.

The Minister explained that the current Free Trade Agreement covers only trade in goods and does not extend to trade in services. However, the Terms of Reference includes an evolutionary clause that allows both parties to expand the scope of the Agreement in the future to cover additional areas, such as trade in services and investment, beyond trade in goods. With this, Minister informed that Agreement consists of 11 chapters, including provisions on Trade in Goods, Customs Procedures, and other comprehensive and significant provisions.

Further, the Minister also shared that, following negotiations, Thailand has agreed to eliminate tariffs on 94% of its total tariff lines (10,731 tariff lines), while Bhutan will remove tariffs on all 5,867 of its tariff lines, effective from the date the Free Trade Agreement comes into force. Additionally, 131 export-potential products identified by the private sector will receive full market access in Thailand with zero tariffs. Moreover, as per Bhutan's rules and regulations, the export value threshold for accessing the Thai market is normally set at 40%, but Thailand has granted a special concession by lowering this requirement to 30%, providing significant benefits to Bhutan.

The Minister stated that, the Agreement covers not only the trade of goods, but also sustainability, renewable energy, investment, intellectual property, tourism, and economic and business opportunities, along with

provisions on services are also broadly covered in the agreement. It is therefore expected that this Agreement will create opportunities and advantages for both countries in importing and exporting products.

The Minister reiterated that the Free Trade Agreement will facilitate foreign investment in the country, and the enhancement of regional connectivity will not only contribute to the protection and promotion of trade and economic activities but will also create opportunities for Bhutanese products to access international markets. Furthermore, Bhutanese consumers will be able to import quality goods from Thailand at competitive prices. In addition to the Minister, the member of Sergithang-Tsirang Toed constituency also stated, in 2013, the 50% reduction of Sustainable Development Fee to the tourist by the Government helped in business and with the implementation of this agreement, both the people and the economy of the country will be benefited significantly. Moreover, through foreign investment, the country is expected to derive substantial advantages.

The House ordered the Human Rights and Foreign Relations Committee to review the Free Trade Agreement between the Kingdom of Bhutan and the Kingdom of Thailand, and present its review report to the House on 18th June, 2025 for Third Reading. (30<sup>th</sup> Day of the 3<sup>rd</sup> Month of Wood Female Snake year, corresponding to 27<sup>th</sup> May 2025).

**Resolution on Third Reading of Free Trade Agreement between the Kingdom of Bhutan and the Kingdom of Thailand.**

During the Third Reading of the Free Trade Agreement between the Kingdom of Bhutan and the Kingdom of Thailand, the Chairperson

Committee's review report. The Chairperson stated that, in accordance with the Constitution of Bhutan, the Committee conducted extensive consultations with relevant stakeholders, including the Department of Law and Order under the Ministry of Home Affairs, the Office of the Attorney General, and the Ministry of Foreign Affairs and External Trade, while reviewing the Agreement. Furthermore, the Chairperson informed the House that the Committee convened internal meetings to deliberate on the potential implications of the Agreement for Bhutan's sovereignty and security. The Chairperson also emphasized that, while reviewing the Agreement, the Committee thoroughly examined the Government's process of approving the Agreement, including the National Interest Analysis, the Political Clearance from the Ministry of Foreign Affairs and External Trade, the legal opinion and advice of the Office of Attorney General, and other relevant documents submitted by the Government in support of the Agreement's approval.

On this, the Minister of Industry, Commerce and Employment, and Minister of Foreign Affairs and External Trade, stated that, Committee has conducted a thorough review following the introduction of Agreement in the House. The Ministers noted that the Agreement is expected to benefit the economy of Bhutan and significantly enhance trade opportunities. Accordingly, the Ministers requested the House support for ratification of the Agreement.

While deliberating on article and provisions of the Agreement, the Deputy Speaker, member from Tashi-chholing constituency mentioned that Agreement would enhance trade between the two countries and

mechanism to further strengthen relations between the people. The Deputy Speaker sought clarification and opinion of the Committee regarding the Dzongkha title of the Agreement “ཚོང་སྐྱུར་དགོངས་ཡངས་”, noting that the people may potentially misunderstand it as implying trade exemptions.

In this regard, the Committee together with the Minister of Foreign Affairs and External Trade and Minister of Industry, Commerce and Employment, stated that if the term “ཚོང་སྐྱུར་དགོངས་ཡངས་” is found to be inconsistent with “Free Trade,” the Ministry, in coordination with the Committee agreed to identify such inconsistencies and undertake the necessary revisions to ensure terminological consistency in both the Dzongkha and English text of the Agreement for its proper implementation.

The Member in charge of the Bill explained that generally various taxes are levied on import and export activities. In the present Agreement, more than 90 percent of goods are exempted from customs duties between the two countries, and accordingly, the term ‘Free Trade’ is more appropriate in this context. Earlier, the term ‘Free Trade’ was interpreted as Trade without Restrictions, but considering the need and objectives of this agreement, the Ministry has considered “ཚོང་སྐྱུར་དགོངས་ཡངས་” as appropriate for the term ‘Free Trade’ in Dzongkha text and accordingly government approved this term.

The member of Nganglam constituency raised concern that, during deliberations on this Agreement, the terms “གཞི་རྒྱ” and “གཞི་ཡིག” have been used inconsistently and emphasized the need for a clear and uniform terminology in the final document. Accordingly, the Chairperson of the

Committee agreed to review the need to rectify these inconsistencies and the Minister of Industry, Commerce and Employment stated that while the use of both terms may be technically valid, the Minister acknowledged the importance of maintaining a single and consistent term throughout the document.

The member of Nisho-Sephu constituency suggested that if the term “བཀག་ཆ་མེད་པའི” is considered not appropriate, the member proposed using the term “དལ་དབང” as an alternative. The member further noted that the term “གན་རྒྱ” generally refers to common usage, whereas in legislative and legal contexts, the correct term is “གན་ཡིག”. Member requested the House to use as “གན་ཡིག” instead of “གན་རྒྱ”.

The Deputy Speaker, member from Tashi-chholing constituency, highlighted that in Article 2.9 of Section 2, the term “laws, regulations” has been translated as “ཁྲིམས་དང་ཁྲིམས་ལུགས་” which should correctly read as “ཁྲིམས་ལུགས་དང་སྒྲིག་གཞི”. Furthermore, the term “administrative ruling” has been translated as “བདག་སྐྱོང་ཚུ་མ་བཟོ་བར” and it was suggested that this translation be appropriately revised. The member also emphasized the need for a thorough review of the Dzongkha translations to ensure accuracy and consistency, which is significant.

In addition, the Deputy Speaker stressed that while the original text of the Agreement is in English, deliberations in the House are conducted in the national language that is Dzongkha, therefore, without proper clarification during deliberations, there is a risk of misinterpretation and misinformation. Therefore, the Deputy Speaker sought clarification from the Ministry of Industry, Commerce and Employment and the

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Committee, on the legal implications of the Agreement between the contracting parties.

In response, the Minister of Industry, Commerce and Employment stated that the primary objective of this Agreement is to ensure that the duty-free mechanism, together with the laws and rules of procedure of the two countries, does not undermine the objectives of Free Trade between them. The Minister further noted that while the bilateral relations between the two countries remain strong, if one contracting party were to frame its rules of procedure solely based on the duty-free mechanism, it could adversely affect the other party. Therefore, to realize the objectives of Free Trade between both contracting parties, it was emphasized as a reminder that such measures do not create obstacles to the achievement of Agreement's intended goals.

Furthermore, the Member from Radhi-Sakteng constituency raised that, under Article 10.5 of the Agreement, when Bhutan imports 5,867 tariff lines from Thailand, the applicable tax exemptions and concessions will be granted. He stressed that the primary beneficiaries of such concessions should be the public. In this regard, the Member questioned how the Government would provide facilitation, guidance, and training, and also sought clarification on the extent to which the Ministry of Finance had been consulted. He further mentioned that if these tax concessions are not effectively passed on, the intended benefits may not reach the people. Therefore, the Member inquired about the strategies, monitoring mechanisms, and implementation plans put in place to ensure that the concessions under the Agreement genuinely benefit the citizens.

In response, the Minister of Industry, Commerce and Employment explained that in case of exports and imports, there are many categories of taxes. Under the Free Trade Agreement, the Goods and Services Tax and Excise will be levied, while exemptions will apply on customs duties. The Minister further stated that, aside from customs duty exemptions, if any unfair trade practices such as overpricing, non-compliance with laws and regulations, or activities that are not in line with fair trade principles were to occur, the Competition and Consumer Authority has established mechanisms for monitoring and regulation. In addition, the Department of Customs will also undertake monitoring to ensure proper compliance.

The Minister stated that, regarding the export and import of food items, any potential risks to quality or loss will be monitored by the Bhutan Food and Drug Authority, which will supervise and assess these matters to ensure that public health is not compromised. The Minister further emphasized that Bhutan Standards Bureau should monitor the quality of products from contracting parties. Additionally, following the certification of contracting parties, all monitoring mechanisms should be fully implemented, with responsibilities assigned to the relevant agencies to ensure proper import and export activities, particularly considering reduced customs duties.

The Member from Khamaed-Lunana constituency shared his concern that although the Free Trade Agreement between Thailand and Bhutan has been signed, products imported from Thailand without tax exemptions prior to signing of this Agreement may not be marketable after implementation of this Agreement, which could result in huge

financial losses. Therefore, the member questioned the Ministry on the measures put in place to address this issue.

During the deliberation on Article 10.9, the Members of Gangzur-Minje and Nyisho-Sepu constituencies raised concerns regarding the Dzongkha translation of the phrase “In witness thereof, the undersigned being duly authorized by the respective governments have signed this agreement.” The member observed that the current dzongkha translation, “འཛོམས་དཔང་བཅུགས་ཐོག་ལས་ རོ་ཚབ་ཚུ་གིས་ཟེར་” does not adequately convey the intended meaning and may result in ambiguity. The Members emphasized the importance of accuracy, clarity, and consistency in Dzongkha translations and spellings, further noting that Dzongkha texts in Bills and official reports submitted by the Government often lack precision, rendering them vague or unclear understandings.

Accordingly, the Members emphasized that considering adequate financial resources, human resources, and competent language experts across Ministries, recommended that, if the House could resolve, all Dzongkha translations of reports and submissions to Parliament must be thoroughly reviewed, refined, and standardized. The members further highlighted that ensuring proper and accurate Dzongkha translations would be vital in upholding the quality, credibility, and integrity of official documents.

The Minister of Industry, Commerce, and Employment acknowledged the suggestions made by the House and stated that it is the responsibility of everyone rather than resting the responsibility solely with Ministry of Home Affairs and the Dzongkha Development Division for Dzongkha

development. While coming to the Agreement, Minister acknowledged that it is the sole responsibility of the Ministry and he shared that while there may be some errors due to the voluminous pages and annexures, but generally significant improvements have been made in the Dzongkha lexicon. Although, challenges remain in accurately translating technical terms, he stressed the importance to regard the English text and Dzongkha text equally.

The Minister of Home Affairs informed that, in collaboration with EduCare, the Ministry has invested a substantial amount in the development of various Dzongkha-related programs and urged the House to support these initiatives. The Minister further informed that the former Dzongkha Development Commission has now been merged under the Ministry of Home Affairs, forming a small division with limited staff. He emphasized that human resource shortages and budget constraints continue to persist and recommended that both the Government and the House provide necessary support to address these challenges.

After deliberating thoroughly on the Agreement, the House agreed to adopt the ratification of Agreement on 19<sup>th</sup> June, 2025 by voting.

The Speaker reminded the House on importance of promoting the national language, Dzongkha, in light of today's deliberations. He further expressed that as stated by the Minister of Home Affairs, the Government must take into account the issue of human resource shortages and budgetary constraints. Since the former Dzongkha Development Commission has been merged into a division, the responsibility for Dzongkha promotion, including policy decisions, now rests with the

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Government and the relevant Ministry. The Speaker extended House's support should this matter be brought before the House for discussion.

**Adoption of Free Trade Agreement between the Kingdom of Bhutan and the Kingdom of Thailand.**

The Member in-charge of the Bill, the Minister of Industry, Commerce and Employment, expressed his gratitude to the House for adopting the Agreement after a thorough review by the Committee.

He reiterated that Free Trade Agreement is expected to further strengthen the long diplomatic relationship between the Kingdom of Bhutan and the Kingdom of Thailand, while fostering enhanced economic growth and development. In this regard, the Minister submitted a motion to the House, seeking its esteemed support for the ratification of Agreement.

In ascertaining the support of the House on ratification of Free Trade Agreement between the Kingdom of Bhutan and the Kingdom of Thailand, all 41 members present unanimously endorsed the Agreement, with 41 votes cast in favor. (23<sup>rd</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year, corresponding to 19<sup>th</sup> June 2025)

**4.8 Agreement on Maritime Transport Cooperation among the Governments of the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of the Union of Myanmar, Nepal, the Democratic Socialist Republic of Sri Lanka, and the Kingdom of Thailand.**

First and Second Reading of Agreement on Maritime Transport Cooperation among the Governments of the People's Republic of

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Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of the Union of Myanmar, Nepal, the Democratic Socialist Republic of Sri Lanka, and the Kingdom of Thailand.

The member in-charge of the Bill, the Minister of Infrastructure and Transport, moved a motion for the ratification of BIMSTEC Agreement on Maritime Transport Cooperation.

On this, the Minister of Foreign Affairs and External Trade justified that the BIMSTEC Agreement on Maritime Transport Cooperation among the seven member states of BIMSTEC will not only benefit the coastal nations but will also bring significant advantages to the Kingdom of Bhutan and therefore the Minister recommended House to ratify the Agreement based on its significance. Accordingly, the House, through majority by show of hands, agreed to deliberate on the Agreement.

Subsequently, during the second reading of the Agreement, the Member in-charge of the Bill reported that during the informal consultation at the BIMSTEC Leaders Retreat held in Goa, India, on 16th October 2016, the Leaders agreed to conclude the BIMSTEC Coastal Shipping and the draft Agreement was negotiated and the finalized Agreement was signed in Bangkok on 3 April 2025 after getting approval from the Cabinet.

The Minister further reported that the Agreement had been submitted by the Government to the House and prior to the commencement of the Third Session, consultation meetings were held between the Human Rights and Foreign Relations Committee of National Assembly and the Ministry on 15 May 2025,

The Minister further emphasized that underlying basis for Bhutan's signing of the Agreement was to strengthen cooperation and enhance international cooperation among the Member States, while also upholding the principle of national sovereignty and mutual benefits, ensuring right of access for safe navigation, and promoting mutually beneficial cooperation. It was further submitted that, beyond contributing to Bhutan's economic growth, the Agreement would serve to improve regional connectivity and cross-border trade. Moreover, it was reported that the Member States would derive significant benefits through the utilization of maritime facilities, with only positive implications and no adverse consequences.

The House then assigned the Human Rights and Foreign Relations Committee to review the BIMSTEC Agreement and report for the Third Reading on 06 June 2025. (On 30<sup>th</sup> Day of the 3<sup>rd</sup> Month of the Wood Female Snake Year corresponding to 27<sup>th</sup> May, 2025).

**Third Reading of Agreement on Maritime Transport Cooperation among the Governments of the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of the Union of Myanmar, Nepal, the Democratic Socialist Republic of Sri Lanka, and the Kingdom of Thailand.**

The Member from Thrimshing-Kangpara Constituency, Chairperson of the Human Rights and Foreign Relations Committee presented Committee's report on the BIMSTEC Agreement on Maritime Transport Cooperation. He mentioned that per Article 10(25) of the Constitution of Bhutan and Section 31 of the Rule of Procedure for Treaty Making

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2016, all international conventions, covenants, treaties, and agreements acceded to by the Government shall become the law of the Kingdom only upon ratification by Parliament, unless they are inconsistent with the Constitution.

Accordingly, while reviewing the BIMSTEC Agreement on Maritime Transport Cooperation, the Chairperson stated that the Committee has done extensive consultation with the relevant officials from the Ministry of Infrastructure and Transport, the Office of Attorney General, and the Ministry of Foreign Affairs and External Trade. Furthermore, the Chairperson reported that the Committee thoroughly sought necessary clarifications to ensure that the Agreement would in no way compromise the sovereignty and security of the nation.

The Chairperson further emphasized that, in reviewing the Agreement, the Committee thoroughly examined the Government's approval process, including the National Interest Analysis, the Political Clearance from the Ministry of Foreign Affairs and External Trade, the legal opinion and advice provided by the Office of the Attorney General, and other supporting documents submitted by the Government. The Chairperson assured the House that ratification of the Agreement would yield benefits without adverse effects.

The Minister of Foreign Affairs and External Trade supported the ratification by stating that the BIMSTEC Agreement on Maritime Transport Cooperation would greatly benefit a landlocked country like Bhutan while also enhancing regional connectivity and cross-border trade. Furthermore, as Bhutan does not have its own maritime

facilities, the country would derive significant advantages through the utilization of maritime infrastructure in cooperation with other nations. The Ministry, having undertaken due consultations and assessments, therefore recommended for the ratification of the Agreement by the House.

While deliberating on each article of the Agreement, Members of Tashi-choeling and Gangzur-Mingay constituency stated that, Article VI, Section 4 (b), the “The Competent Maritime Authority of the latter Party may direct a surveyor to give a ruling in accordance with Article 12 of the IMO International Convention on Tonnage Measurement of Ships, 1969” which is translated as “ཕ་ཕན་གཞན་མིའི་ ཚད་ལྡན་མཚོ་འགྲུལ་དབང་འཛིན་ གྱིས་ ཞིབ་དཔྱད་ཅིག་ལུ་ རྒྱལ་སྤྱིའི་གྲུའི་ལྗོངས་ རྒྱལ་འཇུག་ལུ་ མཚོ་འགྲུལ་ལས་སྡེ་ International Maritime Organization སྤྱི་ལོ་ ༡༩༦༩ ཅན་མའི་ ཕ་ཚན་ ༡༢ པ་དང་འཕྲིལ་ གྲོས་ཚད་བྱིན་དགོ་པའི་ བཀོད་རྒྱ་བྱིན་ཚོགས་” is difficult to comprehend because the International Maritime Organization (IMO) was established in 1958, and the International Convention on Tonnage Measurement of Ships was adopted in 1969.

In the English version of the Agreement, the phrase “Article 12 of the IMO International Convention on Tonnage Measurement of Ships, 1969” was noted that it creates ambiguity as it is unclear whether it refers to Article 12 of the International Maritime Organization itself or to Article 12 of the International Convention on Tonnage Measurement of Ships, 1969. To address this, it was recommended that similar to English text, it would be better if the term IMO can be inserted in the front in the Dzongkha text. Furthermore, it was suggested that if the term “IMO” can be appropriately translated into Dzongkha, it would enhance the

comprehensibility of the provision. The members also emphasized on the importance of maintaining consistency in the use of terminology in the Agreement.

To this, the Committee Chairperson and its members clarified that the Committee would verify Article 12 of the IMO International Convention on Tonnage Measurement of Ships, 1969. As Article 12 primarily pertains to the issuance of Tonnage Measurement Certificates, the Committee understood that any related work should be carried out in accordance with the provisions of the certificate. Furthermore, it was reported that, with reference to Article 10 on the Standard Operating Procedures, since this Agreement was initially drafted by India as the Initial Drafter, Bhutan has submitted its written comments, which have already been forwarded to India.

In this regard, the Minister for Foreign Affairs and External Trade informed that the Ministry of Infrastructure and Transport has submitted Bhutan's comments and proposed amendments to the Standard Operating Procedures (SOP) to the BIMSTEC Secretariat, and that they are currently awaiting a response. The Member from the Kengkhar-Weringla constituency stated that, with reference to Article 12 on the Joint Shipping Committee, the Committee had also deliberated on this matter and it was further clarified that, as this Agreement serves as a legal framework, the implementation procedures are all incorporated within the Standard Operating Procedures (SOP).

It was also highlighted that if Bhutan is to be benefitted from such opportunities, it must arise through the Standard Operating Procedures

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(SOP). Moreover, since those responsible for carrying out the tasks under this Agreement is the Joint Shipping Committee, it was strongly reminded that Bhutan should carefully assess and nominate an appropriate representative from Bhutan to the Joint Shipping Committee.

The Member from Tashi-choeling constituency observed that, under Article 12, Section 2(b) of the Agreement, the Competent Maritime Authorities of the Contracting Parties are required to formulate the Standard Operating Procedures (SOP) as referred in Article X for implementation. However, it was noted that while Schedule 2 of Annex II, under Section 4 of the SOP, includes ratification by Thailand, Myanmar, and Bangladesh, only India has explicitly specified its Competent Maritime Authority in the SOP. No such references have been provided by the other Parties. Therefore, it was suggested that the Ministry concerned clearly outline the procedures for establishing the Competent Maritime Authorities within the SOP to ensure clarity and effective coordination.

To this, the Committee Chairperson clarified that since the Agreement has not yet been ratified by the Parliament of Bhutan, the possible establishment of a department or agency under the Ministry of Infrastructure and Transport could not be confirmed despite having a meeting.

The Member from Tashi-choeling constituency stated that, under Article 13 on Dispute Settlement, if the parties fail to resolve any claim or dispute through negotiations, the dispute shall be resolved through diplomatic channels. The member suggested that the current provision

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may deny the rights of the victim and emphasized that, instead of relying solely on the diplomatic channels, the procedure should be made more inclusive and flexible to ensure that the rights of the aggrieved party are fully protected.

In this regard, the Ministry of Foreign Affairs and External Trade, in its submission, stated that the Agreement was concluded among seven countries based on mutual cooperation. Accordingly, there is no concern with the provision that disputes must be addressed through diplomatic channels, and it is anticipated that no objections will arise from the other Parties. The Minister further emphasized that the Agreement should not be regarded as a bilateral arrangement but rather as a multilateral framework among the seven countries. In the event of a dispute between any two Parties, the Agreement provides the mechanism to resolve such issues through diplomatic processes grounded in cooperation.

The member of Bongo-Chapcha constituency raised questions regarding whether it is the Parliament or the Ministry that will be responsible for endorsing Article XIV of the Agreement which states that “if one Contracting Party intends to make amendments or supplements to the Agreement, it shall notify the other Contracting Parties in writing and the Contracting Parties shall consider the proposed amendments or supplements within six months after such notification. The amendments or supplements agreed upon by the Contracting Parties through consultation shall enter into force after their mutual reconfirmation through diplomatic channels.” The Committee clarified that, in the case of minor amendments or supplements to this Agreement, it is not necessary to go through the Parliament and if any amendments or

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supplements are required, it must be carried out through the BIMSTEC Secretariat.

The House ordered the Ministry to incorporate suggestions made by the members on the Agreement, as well as address the concerns raised regarding the Standard Operating Procedures. The Ministry was directed to submit a copy of the revised Agreement to the House. The Agreement is scheduled for adoption on 9th June 2025. (On 11<sup>th</sup> Day of the 4<sup>th</sup> month of the Wood Female Snake Year, corresponding to 6<sup>th</sup> June, 2025).

**Adoption of Agreement on Maritime Transport Cooperation among the Governments of the People’s Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of the Union of Myanmar, Nepal, the Democratic Socialist Republic of Sri Lanka, and the Kingdom of Thailand.**

The Member In-Charge of the Bill, the Minister of Infrastructure and Transport, before submitting the Agreement for adoption, stated that the Agreement was introduced on May 27 for deliberation and subsequently referred to the Human Rights and Foreign Relations Committee for review. The Minister stated that Committee conducted a comprehensive review and presented its report to the House, following which the House held detailed deliberations and provided recommendations and guidance. Expressing gratitude to the Committee members and the House for their contributions, the Minister urged the House to support for adoption of the Maritime Transport Cooperation Agreement, emphasizing the significant benefits it offers for a landlocked country like Bhutan.

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While ascertaining the support of the House on the Agreement on Maritime Transport Cooperation among the Governments of the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of the Union of Myanmar, Nepal, the Democratic Socialist Republic of Sri Lanka, and the Kingdom of Thailand by voting, all 44 members present unanimously endorsed the Agreement, with 44 votes cast in favor. (13<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year, corresponding to 9<sup>th</sup> June 2025). (The voting list provided in Annexure X)

#### **4.9 BIMSTEC Convention on Mutual Legal Assistance**

##### **First and Second Reading of BIMSTEC Convention on Mutual Legal Assistances in Criminal Matters.**

The Minister of Home Affairs, the member in charge of the Bill, submitted that thorough consultations had been held with the relevant agencies on risks and implications of the BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters to the country. Accordingly, the Minister moved a motion for ratification of BIMSTEC Convention on Mutual Legal Assistances in Criminal Matters by the House.

The member from Bji-Kartho-Uesu Constituency stated that since Bhutan deals with both domestically and internationally, there is possibility of increase in criminal offences, therefore, the submission of the BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters to the House for ratification is a commendable initiative. Furthermore, he stated that it would be beneficial if, in the future, similar conventions and treaties with other countries are also introduced in the House for ratification. On this submission, the House unanimously agreed to deliberate on the

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BIMSTEC Convention on Mutual Legal Assurances in Criminal matters

through show of hands.

Subsequently, in the second reading, the Member-in-Charge of Convention informed that the Convention comprises 25 Articles and was adopted on 30th March 2022 at the Fifth BIMSTEC Summit held in Colombo, Sri Lanka.

The member in charge of the Bill explained that the convention will strengthen international cooperation among member states in the prevention, investigation and prosecution of crimes, including but not limited to crime relating to terrorism, transnational organized crime, drug trafficking, money laundering and cyber-crimes. Further, the Minister stated that the Convention will establish a firm foundation of mutual collaboration, providing reciprocal legal assistance and support, thereby enhancing the mechanisms for dispute resolution and the legislation.

The Minister emphasized that mutual legal assistance serves as a mechanism for cooperation, enabling states to provide support in ensuring the appearance of witnesses before courts in the requesting state, assisting in investigations, supplying evidence, and sharing documents, records, objects, and information related to the proceeds and instruments of crime within their jurisdiction. The Minister further noted that, with the House's support for this deliberation, the Convention would help to ensure faster and more effective prosecution processes, as well as facilitate the search, seizure, delivery, and transfer or disposal of proceeds of crime among member states.

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The House ordered the Human Rights and Foreign Relations Committee to review BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters and present in the House for third reading on 05.06.2025. (30<sup>th</sup> Day of the 3<sup>rd</sup> Month of Wood Female Snake year corresponding to 27<sup>th</sup> May, 2025).

**Resolution for Third reading of BIMSTEC Convention on Mutual Legal Assurances in Criminal Matters.**

In the Third reading of the Convention, the Member from Thrimshing-Kangpara Constituency, Chairperson of Human Rights and Foreign Relations Committee reported that, as per Article 10(25) of the Constitution of Bhutan and Section 31 of the Rule of Procedure for Treaty Making 2016, which states that all international conventions, covenants, treaties, and agreements acceded to by the Government shall become the law of the Kingdom only upon ratification by Parliament, unless they are inconsistent with the Constitution, the Committee accordingly consulted relevant officials from the Department of Law and Order under the Ministry of Home Affairs, the Office of Attorney General, and the Ministry of Foreign Affairs and External Trade and thoroughly reviewed the Convention. Furthermore, the Committee thoroughly examined the implications of Convention on the sovereignty and national security of the country, as well as the process by which the Government approved the Convention.

While deliberating on the matter, the member from Gangzur-Minje constituency expressed that if Bhutan ratified the Convention, but Bhutan do not have mutual legal assistance Act and no procedural framework in place among member states, he asked how prepared Bhutan is to provide

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such assistance if any member state request mutual legal assistance in criminal matters.

Further, the member of Tashi-chholing constituency stated that, while the principles and intent of the Convention are commendable, its substance is not fully aligned with them. The member also highlighted that the Ministry did not consult with senior officials regarding the provisions of the Convention. Consequently, the member raised concerns on how committee had consulted with stakeholders and whether there was really need of convention or not.

In this regard, the Chairperson reported that, during the review of convention, the senior officials had not been fully consulted. However, the Committee informed that, during the consultation meeting with Department of Law and Order, the Office of Attorney General and the Ministry of Foreign Affairs and External Trades, the legislative experts have participated in the review process. The Chairperson said, with reference to the Mutual Legal Assistance Act, it is currently been drafted and under review and may be submitted during the Winter Session. He also reminded that only Bhutan and Nepal has not yet ratified the Convention.

On this, the Ministers shared that although Bhutan does not currently have a Mutual Legal Assistance Act, the Convention itself establishes the rights and obligations of the member states laws. In addition, existing domestic laws such as the Companies Act of the Kingdom of Bhutan, Anti-Money Laundering and Financing of Terrorism Act, and the Penal Code of Bhutan already provide a sufficient legal framework. Accordingly, it was submitted that the implementation of the Convention

does not present any major challenges, even in the absence of separate legislation on this matter.

The member of the Tashi-chholing constituency observed that, although the cover page of the Convention emphasizes comprehensive measures for cooperation in combating terrorism and transnational organized crime, however, most of its provisions merely provide the option to extend or request mutual legal assistance. Considering this, the member submitted whether the Convention is truly necessary.

In response, the Committee Chairperson highlighted that the purpose of granting member states the option is to ensure that, if national security is undermined, member states have the right to refuse or postpone the submission of evidence and documents. Furthermore, the Chairperson submitted that, upon ratification of the convention, it is a cooperation mechanism to provide legal assistance in facilitating appearance of its citizens as witness before the court of law in the requesting state, assisting investigation, furnishing evidence and sharing documents, records, objects and information about proceeds and instruments of crime which are located within its jurisdiction.

In Sections 2 and 7 of Article 1, the member from Tashi-chholing constituency noted that the Dzongkha translation of the Convention does not fully align with the English version. The member pointed out that, in the Dzongkha text of Clause 1 of Section 7, the phrase “མི་དྲུག་རྒྱུ་ཅིག་གིས་” should be changed as “མི་དྲུག་རྒྱུ་ཅིག་.” Furthermore, regarding Section 2, the member observed that the provision on arrest or detention of any person for the purpose of extradition is not consistent with the principle stated on the cover page of the Convention. The member,

therefore, sought clarification on this matter and inquired whether an opportunity exists for amendment of the Convention through mutual consultation among member states.

In response, the Minister of Industry, Commerce and Employment explained that all United Nations conventions and agreements are structured to safeguard the sovereignty of member states and are largely based on the principle of reciprocity. Minister further noted that in today's era of globalization, no country can operate in isolation when it comes to expanding financial and trade relations or addressing the challenges of terrorism. Hence, the establishment of such conventions among nations is of great significance, as it serves to strengthen regional cooperation.

The Minister also highlighted that, with respect to extradition, consenting to such a process represents a sensitive issue touching upon the sovereign prerogatives of a nation. However, it was clarified that international conventions do not override national sovereignty. In this regard, the Minister stressed the importance of Parliament's support for the Convention, noting Bhutan's position as a member of BIMSTEC.

In this regard, the Member from Kengkhar-Weringla constituency expressed support, clarifying that extradition refers to the mechanism for transferring suspects or offenders between countries, whereas Mutual Legal Assistance pertains to cooperation in gathering evidence, facilitating investigations, and sharing documents and information. It was further emphasized that two are distinct and therefore, Mutual Legal Assistance does not include the extradition of offenders.

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Under Article 5, section 1 of Clause 1, the member from Radhi-Sakteng constituency submitted that, in the event that matters concerning national security and protection are adversely affected, and if support cannot be rendered for Mutual Legal Assistance on the basis of domestic laws, member raised on how such situations might impact the cooperation between the nations.

Additionally, under Clause 2, the member from Tashi-Chhoeling constituency noted that, assistance may be refused if the execution of the request would conflict with the domestic laws of the requested Party. Consequently, the Convention appears to serve primarily as a framework for maintaining relations and the member further emphasized that our Domestic legal provisions should be given due attention and careful consideration before signing.

Furthermore, the member sought clarification regarding the bona-fide third parties mentioned in Articles 8 and 14, specifically whether the protection of rights applies solely to bona-fide third parties and what provisions exist for those who do not fall under this category.

In Article 11, Section 3, the member noted that the English term “Compulsion” is translated as “བཙུན་བྱུགས་” in the Dzongkha text, which could be misleading. The member highlighted that the provision grants a person the right to appear as a witness or not, and that anyone who chooses not to appear shall not face any penalty. Therefore, the member stated that the Mutual Legal Assistance framework lacks mechanism and authority for enforcement.

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To this, the Committee Chairperson submitted that if the individual refuses to appear as a witness, there is a need to respect their personal rights, and the Convention is signed by 7 member states of BIMSTEC.

Finally, since the Dzongkha translation of the Convention was difficult to comprehend, the House ordered the Ministry to revise the Dzongkha translation within one week and submit to the House. With this, the third Reading of the Convention was concluded. (10<sup>th</sup> Day of the 4<sup>th</sup> Month of Wood Female Snake year, corresponding to 5<sup>th</sup> June 2025)

### **Adoption of BIMSTEC Convention on Mutual Legal Assurances in Criminal Matters.**

The member in charge of the Bill, the Minister of Home Affairs, moved a motion in the House for the adoption of the BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters, following thorough deliberation and approval.

While ascertaining the support of the House on BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters, all 42 members present unanimously endorsed the Convention. (11<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 6<sup>th</sup> June 2025)

## **5. Action Taken Reports**

### **5.1 Action Taken Report on the Motion adopted to review RCSC's Max System and to do away with Bell-Curve**

The Prime Minister reported that following the resolution of the Second Session of the Fourth Parliament of Bhutan, to review the RCSC's MaX System and the elimination of the Bell Curve system, held consultation

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meetings with the RCSC. He explained that, following the consultation meeting, the RCSC shared their research findings which were presented to the House based on the following four key areas:

He reported that the RCSC and the Good Governance Committee of the National Assembly of Bhutan had consulted to clarify the issue on 13/05/2025 and both the Committee and the Commission reported that they had reached an agreement.

1. **Legal Framework:** He reported that the RCSC reaffirms its constitutional mandate to foster an efficient, professional, and high-performing civil service and will continue to submit Annual Report on policies and performance to the Prime Minister, as mandated by the Constitution, ensuring transparency.
2. **On the Bell-Curve Methodology (Forced Ranking):** The Prime Minister said, while the bell curve currently remains a part of the performance Management System, the Commission's long-term goal is to cultivate a self-sustaining performance culture where such structured distribution mechanisms become redundant.
3. He also acknowledged that increased performance scrutiny can lead to discomfort, a phenomenon observed globally. However, as the system matures and leadership capacity deepens, the RCSC anticipates a gradual transition toward a culture of continuous improvement, which will lead to the eventual phasing out of structured mechanisms such as the forced bell curve.

4. This commitment is further underscored by the provision for Performance-Based Incentives (PBI) in the Pay Structure Reform Act of 2022. When implemented, this system is designed to enhance framework by creating a results-driven culture, crucially allowing agencies greater flexibility to allocate incentives based on employee performance, and thereby moving away from rigid forced distribution models like the bell curve.

Regarding civil servants categorized as Partially Meeting Expectations (PME), he said that the RCSC has consistently guided agencies to identify and address both mindset and skill set gaps.

Henceforth, supervisors are now required to create Performance Improvement Plans (PIPs), clearly outlining areas for improvement and specifying necessary training and support ensuring objective assessments and regular coaching. The Commission has identified and is implementing interventions collaboratively, including basic training on clear expectations, performance monitoring, setting continuous coaching, well-being initiatives, and peer learning.

He reported that the Commission has taken the resolution of the National Assembly as an opportunity to continuously improve efficiency and strengthen performance accountability in the Civil Service, hence the resolution was discussed during the Commission's weekly meetings.

He also mentioned that the Commission met with the Hon'ble Speaker and Hon'ble Opposition Leader to understand National Assembly's perspective and to explain the objectives of the Max system.

Moreover, the Commission visited all Dzongkhags and met separately with the school moderation Committees and shared with Ministry of Education and Skill Development to include more parameters for the SPMS. The Commission also provided access to the online course “Nurturing Leadership Program” to all the civil servants in Professional and Management Category which provides various leadership tools to improve and manage the performance both at an individual and organization level. To achieve this, the Commission started off by instituting a quarterly meeting with the Government Secretaries to deliberate on the performance challenges and other civil service issues.

The Commission also conducted an Executive Forum, where all executives were trained by International Experts on performance coaching and accountability. Commission Members have personally engaged with heads of the agencies and supervisors of PME civil servants to support PIP implementation and understand challenges.

The Commission opened communication channels like E-Corner and monthly Webinar with civil servants explaining the objectives of the system and attended to the queries of civil service including Max.

During the discussion on the report, the Members stated that including the category of Partially Meeting Expectation (PME) in the performance evaluation system for civil servants who are considered the backbone of the nation, may not be appropriate. They pointed out that if the PME category is removed, it would still be a better approach, since maintaining it does not contribute any added value to the system. Moreover, they submitted that retaining such a category in the evaluation framework,

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which has already been in place for the last seven years, has not brought any significant improvement and therefore suggested for a change.

They also mentioned that there is no opportunity to provide rehabilitation training to persons in the PME category, instead trainings are provided to the head of the agencies, therefore, it is doubtful how the training will benefit the persons in the PME category. Therefore, the PME system should be removed from the evaluation system.

According to the members of the Good Governance Committee, although such report was submitted twice in the House, the resolution is same. During the consultation with RCSC on 13/05/2025, the only agreement was to review how to improve performance management system. Members also pointed out on unfairness in the performance management system and according to research conducted by the committee on partially Meeting Expectation/Forced Ranking system, 43 percent of the 3,200 respondents, found that the Max System was fundamentally unsuitable. Similarly, committee suggested to remove partially Meeting Expectation/Forced Ranking system from the Max system.

While some members expressed the need of performance management system to make civil servants more efficient, but they also agreed that Bell curve ranking has caused some problems. Therefore, as a middle path, they suggested that the authority to implement Bell Curve should be tasked on the heads of institutions for betterment. Though the ranking system was introduced with good intentions, in practical objectives are not fulfilled.

Moreover, they supported the committee by expressing that within the institution, it's a challenge to classify PMEs. In most cases, it has been carried out through mutual understanding, while in some cases it has been done upon acceptance by the individuals concerned. Looking at these difficulties, it becomes clear that the present system either needs to be discontinued or improved with a new system so that such challenges will not occur.

The House while ascertaining the support on the report submitted by RCSC through the Prime Minister by show of hands, the majority of members did not support the report submitted. The House then as per Section 103 of Rules of Procedure of the National Assembly of Bhutan, 2022 ordered the Good Governance Committee to consult with RCSC again and submit its follow up report in the fifth session of the fourth Parliament. **(On 30<sup>th</sup> Day of the 3<sup>rd</sup> Month of the Wood Female Snake Year corresponding to 28<sup>th</sup> May, 2025)**

## **5.2 Resolution on the action taken report regarding the difficulties faced by the public due to electric poles and transmission lines located on private land.**

The Ministry of Energy and Natural Resources reported on the follow-up of resolution regarding difficulties faced by the public due to electric poles and transmission lines located in their land. As per the order of the House, the Ministry conducted consultation meetings with the relevant Departments, Divisions, and NLCS, and the issues were thoroughly evaluated.

In the country, there are approximately 5,100 electric poles, of which 1,057 are on private land, covering 32.7 acres. Similarly, transmission

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lines span 34228 km, with 2,663 km located on private land. The Ministry stated that, together with NLCS, it conducted a consultation meeting to address these issues.

Regarding compensation, when electric transmission lines pass through private land and cause damage, compensation is provided to the affected people. However, the current issue concerns ownership after the installation of transmission line. If compensation is required, it will amount to Nu. 48 million for the high-voltage line. Similarly, it will cost Nu. 1,159 for electric current, and Nu. 7,217 for cable distribution.

In addition, for the areas that are entitled to compensation and where electric poles need to be shifted, the Ministry has been carrying out the works in collaboration with the public. However, for some people who do not have any other option than to build their houses underneath the lines, the Ministry, together with the Land Commission, has discussed and decided that a substitute plot shall be provided for house construction, and the related costs will be borne by the Ministry. The ministry will try their best not to create a situation where compensation needs to be paid but if compensation is deemed necessary, and since BPC does not have budget for it, recommended that it can be recovered later through electricity tariffs later or otherwise the government to provide support for compensations.

During the deliberation, members submitted that in case the land falls within the electricity transmission line's Right of Way, but which is categorized as chhuzhing (wetland), people are facing serious difficulties since they are unable to cultivate or build houses on such land. And

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on the land where transformers are installed, for safety reasons 5 to 10 meters of square land on either side has been fenced off, in such cases, no compensation or substitute land has been provided to them so far. Therefore, it was submitted that Bhutan Power Corporation Limited should extend necessary support and address the difficulties faced by the affected people.

Likewise, the land owned by the people that falls under electric poles and transmission lines cannot be used, yet the thram remains registered in the name of the landowners. As a result, people continue to pay land tax without interruption. Therefore, it was submitted that until substitute land or compensation is provided, they should be levied the land tax. Although the House had resolved this matter earlier, upon reviewing the current submission, it was observed that no agency had taken responsibility to implement the resolution, giving the impression that it has been left unattended. Hence, it was submitted that a specific timeframe should be set for implementing and enforcing such resolutions.

Accordingly, the House observed that the submission regarding the inconveniences faced by the people due to transmission lines and electric poles installed on their land lacked comprehensive information, including proper records and cost estimates by the Ministry. As a result, it was explicitly noted that the resolution of the House had not been duly respected. Thereafter, when the matter was put to approval through raise of hands, the House could not garner the majority support, therefore, the House decided that the Social and Cultural Committee, in thorough consultation with the Ministry, should revisit the matter and submit the

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outcome in the Fourth Session of the Fourth Parliament. (On 30<sup>th</sup> day of the 3<sup>rd</sup> month of the Wood Female Snake Year, corresponding to 28<sup>th</sup> May, 2025)

### **5.3 Action Taken Report on the Challenges Faced by Bhutanese Contractors due to the Procurement Rules and Regulations 2023 and the Standard Bidding Documents 2023**

On behalf of the Finance Minister, the Minister for Infrastructure and Transport informed the House that a Working Committee had been established in September 2024 to review the procurement and reform process, and that the proposal and report would be implemented in the fiscal year beginning July 2025.

The Minister reported that the Procurement Rules and Regulations 2025 introduce several key reforms. Firstly, the limited tendering system has been revised to allow participation from traders outside the Dzongkhag, in addition to those within the Dzongkhag, and the threshold amount for limited tendering has been reduced. Secondly, the selection criteria for contractors have been clearly defined, and the standard tender documents simplified in line with the objectives of procurement reform. These reforms include maintaining records of past performance and assigning qualification scores to contractors. Thirdly, in line with the Debarment Regulations 2023 issued by the Anti-Corruption Commission, contractors found to be non-performing or engaged in corrupt practices will be sanctioned. Fourthly, capital budgets will be released in phases. Fifth, sector estimates will be shared more transparently. Sixth, adjustments to professional resource requirements will be introduced. Seventh, coordination mechanisms will be strengthened. Eighth, an

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integrated computer-based procurement system will be implemented.

Ninth, outsourcing of design and estimation tasks was proposed. Tenth, the establishment of strong monitoring mechanisms was emphasized.

The Minister further reported that strengthening contract management and monitoring mechanisms is one of the key objectives of procurement reform. Accordingly, the Procurement Rules and Regulations 2025 provide for the establishment of a monitoring and quality assurance team, as well as continuing audits by the Bhutan Construction and Transport Authority. In addition, a construction quality monitoring unit will be established under the Prime Minister's Office.

The Minister submitted that the overarching objectives of procurement reform are to promote competitive markets, enhance transparency and accountability, and reduce the overall duration of the procurement process. Measures include reducing the bid opening period from 21 days to 14 days, adjusting the period for controlled tenders from 3 to 5 days, requiring surveys to be completed within 14 days, shortening the complaint period, and mandating that contracts be signed within 10 days. These reforms are expected to reduce the total procurement process time by up to 50 percent.

He further reported that, beginning February 2025, bill discounting products were introduced in collaboration with financial institutions to ensure timely access to funds in the construction industry. These measures will be implemented in FY 2025–2026, alongside the coming into force of the Procurement Act and Regulations 2023 and the Standard Tender Documents 2023.

During the deliberations, Members of the House acknowledged the Ministry for implementing the resolution of the previous session and for presenting a comprehensive Action Taken Report. Some Members suggested reducing the capital budget requirement for contractors by 5%, as proposed in the earlier session. They further recommended that departmental cost estimates be made public during the tender process to prevent inconsistencies and delays caused by widely varying bid prices.

The House also deliberated on challenges faced by contractors, including restrictions on using the same equipment across multiple tenders. Members suggested that equipment be permitted for submission in at least three tenders and evaluated accordingly. Concerns were also raised about the use of multiple online procurement platforms, which has caused inconvenience, and the need for an integrated system was highlighted. Members further cautioned that, as 51% of the current year's capital budget is allocated to infrastructure, weak monitoring could compromise quality.

Several Members reiterated the importance of periodically updating procurement rules to keep pace with technological changes, strengthening time management frameworks to ensure timely budget utilization, and addressing delays in the tendering process, which often lead to substandard outcomes. Attention was also drawn to the preferential treatment sometimes given to government-owned agencies over private contractors, the shortage of engineers in the civil service, and the potential to hire engineers on a contract basis to improve quality.

Other issues highlighted during the discussions included the need to improve compensation policies for contractors under the insurance provisions, standardize timelines for similar categories of work, and review the current system of awarding tenders solely on the basis of the lowest bid, which may compromise quality.

The House acknowledged the Ministry for presenting a comprehensive report on the Procurement Rules and Regulations 2025. The report was endorsed by a show of hands. The House further reminded the Ministry that, moving forward, the issues raised during the deliberations must be taken into account, and that a clear work plan with defined activities, along with a strong sense of accountability, must guide the implementation of the reforms. **(On the 30<sup>th</sup> Day of the 3<sup>rd</sup> Month of the Wood Female Snake Year corresponding to 28<sup>th</sup> May 2025)**

#### **5.4 Action Taken Report on the Recommendations adopted with regard to the review report of the Anti-Corruption Commission's Annual Report 2023-24**

The member from Bji-Katsho-Uesu Constituency, Deputy Chairperson of the Good Governance Committee, reported on the follow-up of recommendations of the Anti-Corruption Commission Annual Report 2024-2025 which was deliberated during Second Session of the Fourth Parliament as follows.

During the Second Session of the Fourth Parliament, the House endorsed three resolutions to be followed up in the Third Session as follow:

1. The National Assembly of Bhutan to consult with the National Council of Bhutan for establishment of a joint parliamentary

Resolution of the 3<sup>rd</sup> Session of the Fourth Parliament

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committee to review ACC's annual report and the National Integrity Assessment Reports.

2. The Good Governance Committee to compile and submit a comprehensive report detailing the total number of corruption-related judgments passed to date and the current status of restitution and asset recovery in these cases in the next session.
3. The Good Governance Committee to present its review report on the compensation and rehabilitation to the people who are acquitted or whose cases are dismissed by the Court in the next session.

He reported that regarding the first recommendation, committee sent a letter to National Council of Bhutan to discuss the matter. However, National Council informs that, since they are currently in session and as per practice, the Anti-Corruption Commission Annual Report is also deliberated during the winter session the matter is kept for discussion after the session adjourns.

In relation to the second recommendation, he stated that between 2006 and 2025, a total of 313 registered cases were prosecuted, with the Office of Attorney General handling 309 cases and the Anti-Corruption Commission prosecuting 4 cases. Among the cases prosecuted by ACC, cases such as embezzlement and misuse of public resources alone have over Nu. 3.9 billion between 2006 and 2025.

According to judgments passed, the cases of embezzlement and misuse of public resources registered was Nu. 552.5 million, and the total

amount of money in the recovery register for the period from 2006 to 2025 was Nu. 549.73 million, with 32 pending cases reported.

On the third recommendation, he reported there is no tradition of compensation for victims of dismissed cases.

During the discussion, the members pointed out that between 2006 and 2025, a total of 313 cases were reviewed without delay, while 32 cases are still pending. While this is commendable, the members questioned why some cases remain pending and highlighted that most of these issues are related to financial matters, which require urgent measures for timely resolution.

In addition, main reasons for increasing corruption cases are because there are many developmental activities which give platform for people in high rank to misuse authority. Therefore, the Anti-Corruption Commission, which has the authority to investigate, must take responsibility accordingly and change the systems and policies. Not only that, the government and the parliament should also come up with strategies and ideas to prevent corruption rather than leaving it alone to ACC.

His Majesty the King and the Anti-Corruption Commission are working tirelessly to make Bhutan a corruption-free country. Accordingly, number of corruption cases is expected to decrease each year, and it has brought change in the number of cases prosecuted annually. Members requested the committee to explain on how there was change in number of cases, for example, 46 cases reported in 2014, 32 cases reported in 2017 and 33

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cases in 2022. Therefore, they suggested it would be useful to conduct thorough research on these issues and submit a detailed report.

Furthermore, the members expressed that to prevent corruption, the Commission should continue to raise awareness among the public about corruption and review the changes in the number of cases due to prosecution, whether there are any errors and problems in the system, and to work to eradicate corruption. They emphasized the importance of agencies to work hard to minimize corruption cases, if it cannot be eradicated completely. They urged the committee to submit such reports in detail during the winter session.

A member from the committee informed the House that Anti-Corruption Commission has been working tirelessly regardless of lack of manpower and budget. However, the case has not been completed mainly due to the deaths of people involved in corruption and some fled abroad. He said the committee will provide a detailed report on the changes and increase in cases during the winter session and the prioritization of awareness programs by commission that will help to prevent corruption.

In addition, members stated that in keeping with the changing times and to prevent corruption, it is important that it be carried out using technology, and need of consistent and stable system in place to prevent corruption. Members also raised concern on eradication of corruption even after providing the commission with adequate human resources and budget because corruption arises from various factors. Therefore, it is necessary for committee to investigate their causes, and likewise the government must also thoroughly study where and why corruptions occur.

Some members also reminded that the responsibility of eradicating corruption should not be left to the Anti-Corruption Commission alone but should be taken by every Bhutanese. They said Corruption related agenda should be discussed at Dzongkhag and Gewog Tshogdu to understand by the public and the way of working should change in the Commission with change of time.

In addition, if parents take responsibility to educate their children about honesty and provide proper guidance on behavior, the Anti-Corruption Commission will eventually become unnecessary. However, some members recommended providing adequate human resource and budget to help curb corruption.

The Minister of Industry, Commerce and Employment and some Ministers congratulated Bhutan for ranking 115th out of 180 countries in the recent Global Transparency Index, and further emphasized to work together to be among the top 10 countries. It was also stressed that each institution must take ownership of its responsibilities, and the works carried out must be subject to accountability and review.

Lastly, some members stated that the Commission should be applauded for their hard work for commendable results instead of worrying about the rising corruption issues. Members acknowledged the Commission's efforts to work hard, and to work without fear or prejudice, even though they are faced with a lot of challenges and difficulties. Therefore, Members stressed the need to provide the Commission with certain protection measures or immunity to encourage them to work harder.

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The House then resolved to submit a Resolution on Action Taken Report along with the ACC's Annual Report during the upcoming winter session.

**(On 3<sup>rd</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 29<sup>th</sup> May 2025)**

### **5.5 Action Taken Report for the Establishment of the Agricultural Crop and Livestock Compensation Trust Fund**

The Minister for Agriculture and Livestock presented the Action Taken Report on the establishment of an Agricultural Crop and Livestock Compensation Insurance Scheme. He reported that as per Cabinet procedures, the Ministry had submitted the proposal to the Ministry of Finance on 20 December 2024. Following its review, the Ministry of Finance forwarded the proposal to the Cabinet for approval.

During the deliberation in the Cabinet, the Prime Minister highlighted the importance of the matter and instructed that it be further examined. Accordingly, a Sub-Committee comprising the Minister of Finance, the Minister of Infrastructure and Transport, and the Minister of Agriculture and Livestock was constituted. The Sub-Committee held its meeting on 18 March 2025 and subsequently submitted its report on the establishment of a Livestock Compensation Trust Fund to the Cabinet on 24 April 2025.

Upon approval, the Ministry incorporated the initiation of an insurance scheme into the 13th Five Year Plan with an allocation of Nu. 1.5 billion. However, as the required funds have not yet been secured, discussions with potential donors such as Bhutan Trust Fund WWF, and other partners are ongoing.

A concept note for a pilot project amounting to Nu. 800 million has also been submitted to the Cabinet for onward submission to the Government of India. The Ministry has further engaged with professionals to develop the necessary systems and regulations. While acknowledging the risks involved, the Minister reported that both insurance agencies have expressed their support and commitment to the establishment of the scheme.

The Minister stated that the Ministry would continue fulfilling the directives of the House, including consultations with relevant agencies, institutions, Agriculture Officers, and the public to draft rules and regulations for the proposed insurance scheme.

During deliberations, Members acknowledged the Ministry for having worked diligently on the resolution passed in earlier sessions and for presenting a comprehensive report. Members emphasized that, in keeping with global practices, the establishment of a compensation scheme is of national importance, as it would promote self-reliance in food production and create employment opportunities for youth. It was highlighted that while the scheme had initially been proposed as a trust fund, it was now being pursued as an insurance scheme. Members noted that the scheme should be structured so that contributions are shared, with a greater portion borne by the Government and a smaller share by the people. They also recommended that the scheme be categorized into crop, cash crop, and livestock insurance. Concerns were raised about past challenges in the withdrawal process under similar schemes, and it was recommended that the new system make the process more

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convenient for citizens. Given its importance as a staple commodity, Members stressed that chillies should also be included.

The Minister clarified that, as this is the first time such a scheme is being implemented, only three types of livestock and four types of crops would be included initially, with scope to expand coverage in the future. He proposed that contributions be shared equally between the Government and the people at 50 percent each. He also noted that Nu. 1.5 billion has been allocated under the 13th Five Year Plan, though not fully incorporated into this year's Plan. Regarding the proposed Nu. 800 million from the Government of India, he explained that it has been submitted to the Cabinet in line with the approval of the Lhengye Zhungtshog. The Minister informed the House that the scheme is expected to be launched next year.

During discussions, Members suggested including other crops such as wheat flour from Haa and domestic animals such as horses. They emphasized the importance of establishing a clear system for determining eligibility for compensation and cautioned that, without proper analysis, benefits might not be distributed equitably across dzongkhags. Clarification was also sought regarding the inclusion of chain-link fencing. Members further recommended that, rather than treating the scheme as a one-time initiative, it should be institutionalized as a permanent trust fund. Questions were raised on compensation rates for different categories, particularly for pigs, and Members stressed the importance of including crops and livestock essential to farmers' livelihoods.

In response, the Minister reiterated that while it would be ideal for the scheme to cover all crops and livestock, financial constraints currently allow for only limited inclusion. He confirmed that chillies and horses cannot be incorporated at this stage but could be considered in the future. He further clarified that chain-link fencing remains in the report, with only minor policy changes. The Minister informed the House that the proposed cost-sharing arrangement would be 50 percent by the Government and 50 percent by the farmers, with insurance premium rates set at 6 percent for pigs and poultry, 5.8 percent for crops, and 10 percent for cattle. Participation in the scheme would remain voluntary.

The House acknowledged the Ministry's efforts and the detailed report submitted. It resolved to allow the Ministry to continue work on the scheme, taking into consideration the issues raised during deliberations. The report was put to a vote by a show of hands, with 23 Members out of 45 present expressing their support. Accordingly, the House resolved that the Ministry may proceed with the remaining work, with the understanding that if the matter is brought for deliberation again in the future, it will be considered in line with previous discussions. (On the 3<sup>rd</sup> Day of the 4<sup>th</sup> Month of the Wood-Snake Year, corresponding to the 29<sup>th</sup> of May, 2025)

## **5.6 Action Taken Report on the Resolution adopted with regard to reducing crime rates and creating a safe society in Bhutan**

The Home minister presented the Action taken report stating that Bhutan's vision of Gross National Happiness places paramount importance on peace, security, and the well-being of its people. Guided by this philosophy, the Ministry of Home Affairs, together with key

stakeholders, has been implementing wide-ranging initiatives to prevent and reduce crime, address social vulnerabilities, protect women and children, promote mental health, and strengthen reintegration mechanisms for offenders. This Action Taken Review Report presents an overview of these cross-sectoral efforts, reviews the challenges faced, and outlines the way forward in making Bhutan a safer and more harmonious society.

The Royal Bhutan Police, National Commission for Women and Children, Nazhoen Lamten, The Pema Secretariat, Gov Tech, Zhung Dratshang, Ministry of Health, Ministry of Education and Skills Development, and Ministry of Industry, Commerce and Employment have coordinated several consultations and reviewed the main programmes.

The Royal Bhutan Police have installed surveillance systems (CCTV) in Dzongkhags and Thromdes. These have enhanced both deterrence and investigative capacity. Alongside this, the Police have conducted sensitization and awareness programs across all twenty Dzongkhags and efforts such as mobile patrols, door-to-door visits, and school outreach have built stronger community partnerships, while the establishment of Gewog Gagdeys in remote gewogs has extended safety mechanisms to rural areas.

The government has received some proposals to come up with an alcohol policy to limit alcohol usage to safeguard human life. Moreover, to lower domestic abuse resulting from alcohol, there should be strict implementation of existing measures. And they also suggested strictly enforcing the 2022 Rules and Regulations for the Operation of Restaurant and Retail Wine and Liquor Business.

And limited manpower remains a challenge, particularly in monitoring sales of alcohol to minors and ensuring compliance with the prohibition of alcohol sales in restricted areas. Moreover, with the relaxation of the bar license from 2023, the dry day requirement was also lifted. Henceforth, the government is going to review regulations relating to the issue of bar licenses and ensure strict compliance with local governments being increasingly empowered to oversee licensing and enforcement.

The protection of children has been given high priority. The Child Care and Protection Act of 2011 has been reviewed and a legislative proposal is underway for onward submission to the Cabinet. In few Gewogs and schools, child protection committees have been set up and likewise many ideas and strategies are put in place.

He also mentioned that agencies have been providing immediate assistance in saving a child's life and children of victims, and also have provided necessary services and medical attention to disable children. Further, they have also provided guidance and shelter to those children requiring urgent care.

Regarding the youth engagement, various youth-focused interventions and necessary education has been included in the school curriculum with plan to increase the number of counselors. And to confront domestic abuse cases, NCWC is reviewing Domestic Violence Prevention Act of Bhutan, 2013 and to confront abuse related to gender, and online abuse, a draft policy on gender equality will be integrated with national policy on Sexual Violence to ensure streamlined implementation.

In addition, skilling programmes such as tailoring and hair cutting are being provided to the victims of domestic violence, and mental health services are also given. Outreach counseling is provided for suicide survivors and is being monitored timely. Moreover, in order to enhance the livelihood of prisoners, the government is providing support to rehabilitation centres to provide skilling programmes to prisoners. More importantly, the Ministry of Home Affairs is reviewing the cooling off period for released prisoners to support smoother reintegration into their communities.

The government also emphasized the importance of engaging parents to monitor their children from online abuse. Awareness and education related to social media are being carried out and has already piloted some programmes. Moreover, the government has been able to come up with an agency framework which has helped to minimize online crimes, because of this, it is important to continue and strengthen those strategies.

The member from Kengkhar-Weringla constituency and some members thanked the Home Minister for the reporting on the follow up of 9 recommendations, however, the report failed to include some of the recommendations as follows:

Firstly, in the last session the House recommended to review the Budget allocation of RBP and secondly, to form an inter agency committee among the relevant stakeholders to review national alcohol policy. Members sought clarification from the government on these matters.

Thirdly, despite having regulations on restricting the sale of alcohol to minors and in and around school areas, there is no one to monitor illegal sale of alcohol, therefore, until the alcohol policy is in place, the House had recommended the government to come up with measures to penalize those sellers.

Similar to the Committee formed in the schools to ensure child protection, there should be such committees throughout the country and members questioned when they are going to amend the Child Care and Protection Act, 2011 and emphasized the need to strengthen rules and regulations, and policies relating to child protection.

Fourthly, regarding youth involvement in crime prevention, members applauded the government for coordinating different programmes, however, they emphasized the need to expand such kinds of programmes in remote schools and also need to have trained counselors in all schools.

Fifthly, members thanked the government for coming up with a national strategy for prevention of domestic violence, however, they asked when they going to amend the Domestic violence prevention Act and also highlighted the importance of creating awareness on preventing domestic violence and instituting services to provide advice to couples and families.

Sixthly, as per civil and criminal procedure code of Bhutan, minors released from the prison do not require to undergo cooling off period once they are released from the prison, however, this is not implemented in practice till date, therefore, it needs a review. Moreover, the released prisoners do not have a stable job to lead their livelihood, and no matter,

what kind of skilling programmes are given to them in prison, since they are not given due certificates, they face challenges in getting jobs. Members also recommended providing mental health counselors in the rural areas.

Finally, in the digital era, in order to regulate the usage of media and on need of regulations to prevent crimes related to social media, members stated that report does not include any information on this matter.

Since RBP is the one who deals with crimes related to social media and online, the House had recommended providing capacity building trainings to RBP but the report does not mention any information on this as well.

The Minister for Health and some members reported that use of alcohol and psychotropic substances have caused difficulties within families and communities. Based on this, an alcohol policy (2013-2018) was adopted which included initiatives such as advocacy, treatment support, and related interventions. In 2018, an evaluation was carried out to assess the effectiveness of this policy, and it was found that alcohol had become one of the leading causes of non-communicable diseases in the country. Consequently, a program to control non-communicable diseases was implemented nationwide by 2020 and they are reviewing this programme again. It was submitted that, in collaboration with relevant agencies, an Action Plan for Non-Communicable Diseases (NCDs) (2025-2030) has been drafted which includes provision related to alcohol usage and it is high time to implement this action plan. In addition, Food and Drug Authority and RBP have already started carrying out the activities.

Further, in order to help those families facing difficulties in the communities from alcohol and mental health issues, the Pema Secretariat under the Royal Patronage of Her Majesty the Gyaltshen, is carrying out many programmes and plans. Furthermore, where the availability of professional experts in the community hospitals is not possible, preventive and basic counseling services are being provided. Members also submitted that there is need to review challenges and difficulties faced by minors who are married and the father is imprisoned.

Moreover, a worth of Nu. 6.5 billion loss is caused to country's economy due to alcohol related treatments, so there is need of additional policy to minimize the alcohol usage. It was also submitted that, with the recent levy of taxes on alcohol and beverages, it is expected to benefit in limiting alcohol usage. In the 13th Five-Year Plan, government has proposed for adequate budget for RBP as they are first to respond whenever there is some disaster or accidents. Government also agreed to review and provide support on the issue of cooling off period after consulting with ministry, RBP and relevant committee.

The House ordered the Ministry of Home Affairs that in addition to follow up report on 9 recommendations but did not fully address the recommendations on crime prevention submitted by the Committee, to coordinate and consult with relevant stakeholders and submit a report to the Women, Children and Youth Committee for onward submission of its review report in the upcoming winter session.

With regard to petition submitted by Legislative Committee on cooling off period, the House further directed the Ministry of Home Affairs

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to provide its action taken report, and to review and revise the title of the report to better reflect the objective of making Bhutan a happy and safe nation. Lastly, the House resolved that Ministry of Home Affairs, in consultation with relevant stakeholders, must study the need for establishing an umbrella institution. (On 7<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Sheep Year, corresponding to 2<sup>nd</sup> June, 2025).

**5.7 Resolution on the proposal to amend Sections 19 and 20 of the Property Tax Act of Bhutan 2022 and to amend the value standards of wet and dry land.**

The Finance Minister, in the report on the adoption of the resolutions from the last session, stated that the country has granted a 90 per cent tax reduction to encourage conservation, as wetland is essential for food security. However, the use and conversion of wetland remain restricted.

If the same 90 per cent tax discount is to be applied to dry land, then special restrictions may be imposed on dry land, similar to those on irrigated land. However, the 9 per cent discount on land and development activities on high-altitude community land is not permitted.

The Minister stated that, as the PAVA rate is currently applied based on the crow-fly distance, there are inconveniences related to the location of the land. Based on the evidence and verification provided by the local government authorities, the land categories have continued to change, and there are other administrative mechanisms in place; therefore, there is no need to amend the Property Tax Act.

In addition, regarding the proposal not to levy property taxes on private, state, and public ownership following the harmonization of land records, property tax has so far been applied based on the records of the Land Commission. However, once the data and land certificates are properly and timely updated, the tax will no longer be levied. Moreover, the sections of the Rules of Procedure of the National Assembly that do not permit the tabling of motions related to money bills in the House should also be taken into consideration.

During the deliberations of the House, members submitted that in previous sessions the imposition of property tax under the Property Tax Act was inconsistent with the principle of equity. They noted that classifying land and levying taxes on government, private, and community-owned properties already serving public purposes was unfair. Therefore, they proposed that this matter be deliberated further as it concerns inequity, and that any deliberation should be based on the resolution of a motion passed by majority consensus.

Furthermore, the country has only about 334,000 acres of dry land and 72,000 acres of wetland. Dry land is also economically significant, as maize and wheat worth around Nu. 500 million to Nu. 600 million are imported annually. Since maize and wheat are identified as priority crops under the economic stimulus program, it is crucial to align agricultural activities with government policy. If 90 percent of dry land tax were exempted, it would motivate farmers to cultivate these lands, thereby significantly enhancing domestic food production and contributing to national food self-sufficiency. Therefore, the government should recognize this issue as a priority and provide the necessary support.

In response, the Speaker clarified that with regard to the proposed amendments to Sections 19 and 20 of the Property Tax Act, Sections 151, 153, and 154 of the Land Act require the PAVA rate to be revised every three years. Furthermore, as the government had issued a notification on 1 November 2022, the Speaker reminded the government to carry out the revision within the stipulated timeframe as per their notification. With respect to land classification, the Speaker stated that the National Land Commission has formed a special committee and should work based on its submitted report.

Members further submitted that the government needs to consider the imposition of land tax after the private land is taken over by the government. Such land taxes should be designed so that these kinds of taxes are not levied on private individuals, and it would be highly beneficial to deliberate while keeping in mind the timeframe when this issue will be resolved.

Furthermore, the Finance and Health Minister highlighted that property tax is levied based on property value, and if the value is Nu. 1000, it is taxable; hence, no amendment is required at this time. Regarding the PAVA rate, the law mandates that revisions must be carried out every three years. As for land classification based on crow flight distance, it is evident that certain issues exist, which can be resolved once the matter is submitted to the Lhengye Zhungtshog through the local government and the Finance Minister.

Furthermore, if dry land (kamshing) is granted a 90 percent tax exemption similar to wetland, numerous restrictions may arise. Experts from the Ministry have clarified that although using Google Maps to

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calculate crow flight distance for the PAVA rate is convenient, property valuation under the PAVA rate is generally based on actual road distance rather than crow flight distance. In this context, the Opposition Leader and Members of Parliament have emphasized that any discussion on increasing or decreasing tax rates should occur in Parliament. If, in the future, the government alters tax rates without going through the parliament, there is a risk of political influence. Therefore, it is strongly recommended to conduct a thorough review on this.

Moreover, to resolve the issues faced by people who have been paying taxes on private land, including government hospitals, schools, and land falling within farm roads, the staff of the National Land Commission should conduct on-site inspections in the respective locations, rather than attempting to carry out these assessments remotely. However, since the National Land Commission does not have sufficient budget to cover the travel and related expenses required for such inspections, it is submitted that the government should provide the necessary financial support for travel allowances and associated costs.

With regard to tax reduction, it is important to assess whether it benefits food security. When comparing the benefits, dry land is considered more important than wetland, making it necessary to reduce taxes on dry land. Rather than imposing restrictions such as prohibiting the sale of wetland or limiting house construction, it is essential to deliberate on whether sufficient resources are available to enhance the effective use of wetland.

Furthermore, regarding the first issue on the amendment of Sections 19 and 20 of the Property Tax Act of Bhutan 2022—whether to grant a

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90% tax exemption on both wetland and dry land or to apply a uniform 50% tax rate for both—it was noted that the PAVA rate must be revised every three years as required by the Land Act. As there is limited time remaining for this revision, the Ministry was instructed to hold a thorough joint consultation with the National Land Commission and submit a detailed report during the Fifth summer Session.

Similarly, regarding the second issue, the application of the PAVA rate based on crow-fly distance has proven to be inconvenient. The Ministry was instructed to review this matter further in line with the report from the local government and submit its findings during the Fifth Summer Session.

Regarding the third issue, it has been found inconvenient that people are required to pay land tax on private land, government hospitals, schools, and farm roads used by the community. The Ministry was instructed to hold a thorough joint consultation with the National Land Commission to resolve these challenges as quickly as possible and to submit the report during the Fifth Summer Session.

Furthermore, in order for the National Land Commission to quickly address the difficulties faced by people associated with land, the House requested the government to allocate funds for the travel and related costs for the staff of the National Land Commission for its staff so they can explore possible solutions. **(On the 7<sup>th</sup> day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to the 2<sup>nd</sup> June, 2025).**

## **5.8 Action Taken Report on the Resolution adopted with regard to Taktse College of Language and Cultural Studies and RUB's 20% students in-take**

The Minister of Education and Skills Development reported to the House that, in accordance with the House's resolution, the Ministry held consultations with the Royal University of Bhutan (RUB). The ministry thoroughly reviewed the curriculum of College of Language and Culture Studies and recognizing its importance, it was agreed to transform the institution into a national training center for cultural custodians. This is also done with aim to produce graduates who are bilingual and equipped with both linguistic and technical competencies.

The new academic programs are designed to align with Bhutan's Gross National Happiness (GNH) philosophy, modern cultural studies, and traditional psychiatry. To support this initiative, the Ministry plans to upgrade the qualifications of existing faculty and recruit expert lecturers. The revised programs will commence in the spring semester of the 2026 academic year with an initial intake of 35 students.

The five revised undergraduate programs are:

1. Bachelor of Arts in Language and Literature
2. Bachelor of Arts in Cultural innovation and Entrepreneurship
3. Bachelor of Arts in Buddhist Psychology and Mindfulness
4. Bachelor of Arts in Bhutan studies Global Perspectives
5. Bachelor of Arts in History and Global Affairs

Planned postgraduate programs include:

1. Master of Arts in Public Policy for Gross National Happiness and sustainable development

2. Master of Arts in Dzongkha and Choedkey
3. Masters of Arts in Reflective Leadership and Inner Transformation

These programs are designed to provide students with not only bilingual proficiency, but also to well equip with technological literacy. In addition, they are going to come up with programmes on the need basis in future.

While the House appreciated the decision to continue the college with new programs rather than closing it, members expressed concern over the limited intake of 35 students. They emphasized to increase the intake capacity of RUB.

At present, RUB's current intake capacity is only 20% after graduating from class XII, which leaves 80% without access to higher education, contributing to youth unemployment and related social issues. The House further noted that students could not pursue to higher secondary school opts to go abroad which will firstly lead the students to become culturally disconnected and, upon employment overseas, may not return to the country resulting in shortage of domestic workforce. Therefore, the House urged the Ministry and RUB to increase intake capacity to enroll in higher secondary schools.

Some members reminded that it is important to frame curriculums to match with future employment opportunities; otherwise, it may need amendment very soon. Additionally, the House recommended establishing similar colleges in other dzongkhags as well. The Social and Culture Committee reiterated its concerns about the potential closure of the college and reaffirmed its support for the report.

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The Member from South Thimphu constituency raised the unresolved issue of students affected by discontinuation of arts stream in academic year 2022–2023. He expressed dissatisfaction that the action taken report did not address this matter, despite having raised it in previous sessions. He stated that government should keep separate budget to allow those students affected by such policies to continue their education. He re-submitted his recommendation and requested for re-deliberation.

In response, the Minister clarified that the new programs were developed in line with market demands. Regarding the limited intake for the first cohort in 2026, the Ministry was informed by RUB that, since it is initial stage, they needed to recruit qualified faculty according to subjects and takes time when hiring foreign experts.

Minister also informed that since it is initial stage, it is important to know the interest of students to enroll in this course and it was started with the aim to make graduates competent in both bilingual and technological aspects in 21<sup>st</sup> century in addition to employment opportunities

On the issue raised by South Thimphu Member, the Minister stated that students wishing to continue their education have opportunity to enroll in any schools across 20 dzongkhags, including technical training institutes. The Ministry, in collaboration with RUB, is prepared to support interested students.

In regard to response of Education Minister, House members requested the Ministry to identify specific schools and timelines to facilitate necessary arrangements. They also recommended allocating a separate

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budget for the affected arts students, as previously approved in the second session of the fourth Parliament.

Regarding establishing similar colleges in other Dzongkhags, the Minister assured that Ministry would explore the feasibility of establishing culture-related colleges in other dzongkhags and also the feasibility to increase the intake beyond 35 students.

The Minister also informed that they are looking at increasing earlier 20% intake capacity to 40% with further adjustments planned in coordination with RUB. According to the National Vocational Guidance Plan, 60% of students are to be trained through vocational institutes, while 40% will be accommodated in universities.

Regarding opportunity to continue their education, ministry has been providing equal opportunity to everyone which starts with registration and then providing support as per the number of enrollment. Although as per the plan, the intake capacity is at 40% but it is in the hands of RUB to increase the intake as per the demand.

Finally, the House directed the Ministry of Education and Skills Development to assess the annual number of Class 12 graduates and coordinate with RUB to ensure adequate intake capacity and program alignment. **(On 28<sup>th</sup> day of the 4<sup>th</sup> month of the Wood Female Snake Year, corresponding to 23<sup>rd</sup> June, 2025).**

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## **6. Petitions from the local government**

### **6.1 Resolution to consider increasing the number of storeys from three to five in all Dzongkhag Yenlag Throm, based on population, to ensure equitable development and improve community livelihoods.**

The Member of Parliament from Bongo-Chapcha constituency stated that although Chhukha Dzongkhag submitted a petition to the Parliament to enhance balanced development and social livelihoods in sub-townships by increasing building height limits from three to five stories based on population density, the same issue exists across all 20 Dzongkhags.

While Chhukha Dzongkhag is generally seen as economically well-developed, challenges continue to be faced by the public. Many residents have availed loans and constructed sound buildings foundation, but the restriction on constructing beyond 3 storeys has resulted in inconvenience and constraints.

Therefore, the residents of Chhukha Dzongkhag are requesting approval to increase the permissible building height from 3 to 5 storeys. If this is approved in consideration of the local context and population, it will contribute to economic growth and overall development of the Dzongkhag, thereby benefiting the community at large.

In response, the Minister of Infrastructure and Transport stated that the issue raised by Chhukha Dzongkhag is present in all 20 Dzongkhags and received lots of petitions. However, as of now action is constrained by the Supreme Court order and the Ministry is unable to take action. Two weeks ago, the Ministry initiated discussion with the Office of the

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Attorney General and the Supreme Court, and awaits their response to proceed as well as it would be convenient.

To increase residential building heights from 3 to 5 storeys, compliance with expert guidelines is crucial. Such an increase in residence height would increase population density, leading to necessitating additional infrastructure like roads and drinking water facilities. According to regulation, these issues should primarily be addressed by local governments, with the Ministry providing expert support when required.

The Ministry has received many similar issues and is planning to send a relevant team to the Dzongkhags for evaluation. This initiative is expected to help address the problems. The Ministry now has a well-structured plan, and if the location is confirmed, they are authorized to permit the construction of residential buildings up to 6 storeys.

When the House discussed this matter, the MPs expressed that restricting residential buildings to a maximum of three storeys goes against the provisions of Gross National Happiness and the Constitution. As constructed the buildings with five or six storeys in Thimphu Thromde, the government should carefully examine, and for balanced development, the residential building heights in sub-townships should also be increased.

Moreover, although there is a significant difference in land prices between Thimphu and the Yenlag Throms, the interest rates on housing construction loans remain the same. Allowing an increase in the number of storeys in houses within the Yenlag Throms would also help in

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preserving the 60 percent of the country's forests, as mandated by the Constitution.

Some Members noted that 71 percent of the country's land is covered by forests, 8 percent by agricultural land, 2 percent by wetlands, and 6 percent by dry land. Only 0.5 percent of the land has previously been used for housing, while the rest is constrained by mountains, cliffs, and rocks, leaving limited space for construction. Given the country's development, building houses in the traditional way is no longer feasible. The Ministry needs to review this situation and consider increasing the number of storeys in buildings within the Yenlag Throms. Many suspect that the challenges in raising building heights in the Yenlag Throms are linked to the amended Building Construction Regulations of 2023. If this is the case, similar issues may exist across all 20 Dzongkhags, and the Ministry should consider revising the rules and regulations accordingly.

Similarly, in Yenlag Throm of Doksum in Trashiyangtse, even if the roofs of the buildings are covered, they cannot be accessed by the road. In this regard, the Ministry needs to take measures to use the basement as a store room and ensure that one floor is above road level. If such measures are implemented, it would benefit the people.

The Ministry, when formulating spatial and construction plans, must take earlier plans into consideration to ensure that new plans do not undermine them. Failure to do so may lead to inconsistencies between past and current plans, particularly in areas such as permitted building storeys and plot sizes. Consequently, within the same locality, some houses are of five or six storeys while others are up to three or four, thereby diminishing the overall aesthetic value of the town.

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Furthermore, several Members pointed out the lack of uniformity in practice, noting that in some areas basements have been permitted for parking despite the absence of proper road access. They stressed that the Ministry should carefully review such cases and ensure consistency in implementation across all areas. Members also mentioned that, given Bhutan's location in a highly earthquake-prone zone, strict regulation of building storeys remains a critical consideration that must not be overlooked.

The Minister of Infrastructure and Transport informed that while Chukha Dzongkhag has proposed increasing the height limit of buildings in satellite towns, the Dzongdag of Tsirang Dzongkhag and relevant local authorities recommended maintaining the current height restrictions in accordance with the town's structural plan. In addition, Tsirang Dzongkhag suggested that the Ministry explore ways to preserve the town's scenic beauty and develop it as a future tourist attraction alongside the establishment of GMC. Accordingly, the experts from the Ministry will carry out field assessments, gather feedback, and submit the reports.

The House noted that this issue has been raised in every session and directed the Ministry to conduct a comprehensive study on the feasibility and possibility of increasing the number of storeys in buildings, tailored to the specific conditions and locations of the 20 Dzongkhags rather than applying a uniform approach.

The Members highlighted that in urban areas, building sizes, designs, and construction practices have undergone significant changes, creating considerable difficulties. They urged the Ministry of Infrastructure and

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Transport to thoroughly review the matter and provide clear guidance. Subsequently, the House directed the Environment and Climate Change Committee to examine the issue and submit a report during the upcoming Winter Session. (On the 4<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 30<sup>th</sup> May, 2025).

## **6.2 Resolution on Commercial banks setting varying interest rates based on the rates determined by the Financial Institutions Association of Bhutan (FIAB), leading to unequal access to credits for the public.**

The Member from Lamgong Wangchang highlighted that the petition submitted by the Paro Dzongkhag raises concerns over the disparity between land taxes and loan disbursements. Although people have paid land taxes based on the PAVA rate, banks do not provide loans according to the same rate. Instead, loans are sanctioned based on values set by the Financial Institutions Association of Bhutan, resulting in differing rates for land and preventing borrowers from receiving loans in line with the PAVA rate.

Moreover, individuals with land in urban areas are able to avail loans at rates higher than the PAVA rate. This issue requires attention and resolution by the relevant banks, agencies, and the Government to address the difficulties faced by the people. While the problem has been observed in Paro Dzongkhag, it is likely that similar challenges exist in other dzongkhags as well. Therefore, it is important to provide support and take timely measures to resolve this matter for the benefit of the citizens.

On this issue, the Finance Minister clarified that loan interest is not determined by individual financial institutions but is set by the Royal Monetary Authority. While a minimum interest rate exists for lending, the actual rates may vary depending on the circumstances. The Minister noted that allowing banks to offer different rates is important, as it encourages competitive lending and can help lower interest rates for borrowers.

The primary instrument of monetary policy is the setting of interest rates, which guides decisions on injecting more or less money into the national economy. Discussions are currently underway between the Ministry of Finance and the Royal Monetary Authority regarding the issue raised by the Member of Parliament, with the expectation that a resolution will be reached.

In addition, some Members submitted that the issue of high loan interest rates, which has been raised on several occasions in the past, continues to resurface in the House. They noted that its repeated recurrence indicates that the problem remains unresolved and continues to cause inconvenience and hardship to the people. Therefore, they emphasized the need for thorough deliberations and called for concrete measures to lower the interest rates.

In addition, it was highlighted that farmers are unable to access loans from banks other than the Bhutan Development Bank Limited. Even when mortgaging their land, they are often denied loans from other financial institutions. While land in urban areas is accepted for loan facilities, land in rural areas is not, creating significant challenges for farmers. In light of these concerns, Members emphasized that all

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financial institutions should ensure equal access to credit facilities for all citizens, irrespective of their location or circumstances.

Furthermore, some Members submitted that petitions from local governments should be referred to a Committee for review, in keeping with the Rule of Procedure of the National Assembly. The Committee would conduct a thorough examination and present its recommendations for deliberation. Such a process, they noted, would help ensure that the resolutions of the House are more comprehensive and effective.

In this regard, the Leader of the Opposition submitted that when resolutions are adopted in the National Assembly on various issues, and when the Government accepts those resolutions, the Government should have a clear plan of action for their implementation. Otherwise, if matters are only initiated in the beginning and left incomplete without proper conclusion, it would be more appropriate for the Government to fix a definite timeframe for implementation. Therefore, it was submitted that the House may consider assigning such responsibilities with clear timelines to ensure better execution.

Several Members of Parliament highlighted that when availing loans by mortgaging land, it is essential that loans for land in both the Green Zone and Red Zone be granted in accordance with the PAVA rate. They noted that while the Government currently levies land taxes based on the PAVA rate—often double or even triple the previous amounts—loans on the same land are not sanctioned on that basis and are unfair to taxpayers. The Members therefore urged the Government to review the issue and take timely measures to address it.

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In this regard, the Minister of Finance submitted that loan disbursement is a commercial transaction, and therefore the Government neither intervenes nor sets benchmarks. The assessment of eligibility and provision of various loan facilities within the same sector are determined by the banks themselves. Nevertheless, as similar concerns were raised in the Paro Dzongkhag Tshogdu, the task of reviewing and studying the issue has been entrusted to a Committee. The Committee to present its findings and recommendations for deliberation by the House.

The House noted that the petition submitted by Paro Dzongkhag should be thoroughly discussed. In accordance with the Rules of Procedure of the National Assembly, the matter was referred to the Economic and Finance Committee for review, with a directive to present their findings in the forthcoming Winter Session. **(On the 4<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 30<sup>th</sup> May, 2025).**

### **6.3 Resolution to Provide special support and amenities to People residing in bordering areas.**

The Member from Khamdang-Ramjar Constituency stated that the residents of several villages in Yalang and Stodtsho Gewogs of Trashigangtse Dzongkhag, located near the Indian border with Arunachal Pradesh, play a vital role in supporting the country's security.

It was further reported that, over the years, the population in the border areas has been gradually declining. For example, Dhugti village previously had 37 households, but now only 16 remain. Similarly, in Toetsho Gewog, 42% of households have migrated, and in Jangphug,

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35% have relocated. Overall, this reflects that approximately 46% of households have moved out from the border areas.

According to the National Council's research report, approximately 6,000 households in the eastern dzongkhags have been left vacant. Consequently, several schools in the area have gradually closed, and other essential facilities remain unavailable. This situation poses a potential risk, and it was recommended that appropriate measures be undertaken to safeguard the security of the nation.

Therefore, the Government should extend special support by providing schools with permanent and experienced teachers, along with essential healthcare, agricultural, and infrastructure facilities in the area, in order to prevent the migration of local residents.

In addition, although the people of the Nahing and Jangphug areas have produced about 80 tons of Kewa (potatoes) and about 12 tons of Millet, they are facing significant challenges in marketing their produce due to transportation difficulties. As a result, they are unable to earn good returns from their harvests. Therefore, the public requested that the Government explore and provide appropriate support measures, such as transportation facilities or infrastructure like cable cars, to ease the challenges. Such interventions would also encourage the people to continue residing in the border areas with greater motivation and request to support on this matter.

During the discussion, Members of Parliament highlighted the importance of developing special government programs to provide

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assistance and support to people living in the border areas, many of whom must walk more than five to six hours to reach essential services. At present, these areas lack even basic facilities in schools, teachers, healthcare, and health workers. Therefore, the relevant agencies were urged to provide the necessary facilities and support to address the needs of the disadvantaged communities.

It was noted that although several Members had submitted requests regarding the issue, none had proposed new solutions or opportunities. Therefore, in the interest of time, the House resolved that no further requests on the matter would be entertained. Recognizing the significance of this border-related issue, the House directed the Good Governance Committee, in accordance with the Rules of Procedure of the National Assembly, to conduct a comprehensive analysis and submit a report, with follow-up findings to be presented during the Winter Session. **(On the 4<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 30<sup>th</sup> May, 2025).**

#### **6.4 Resolution on Liquor Licensing and Bar Monitoring**

The Member from Shompangkha Constituency stated that, according to recent reports, there are currently 9,517 licensed alcohol outlets in the country, equivalent to roughly one outlet per 75 Bhutanese. Furthermore, citing a report from the World Health Organization (WHO), Bhutan has a higher density of alcohol outlets compared to other countries in the South-East Asia region. It was also noted that, on average, each person consumes 8.5 liters of alcohol annually.

Due to alcohol consumption, the challenges arising from irresponsible behavior among individuals remain significant in the community. In 2024, a total of 2,944 cases of drunk driving were recorded, along with 225 cases of alcohol-related accidents. On average, alcohol consumption led to six alcohol-related deaths per year, and over the past five years, there have been 1,527 reported cases of violations of laws related to alcohol.

In 2023, a total of 2,625 cases of liver disease caused by alcohol were recorded, and on average, 150 deaths annually were attributed to alcohol consumption. Moreover, due to alcohol-related issues, the Government incurred a loss of Nu. 6.5 billion each year. In addition to these challenges, it was reported that the rules and regulations on alcohol sales in 2022 and 2023 were not harmonized, and there was also a lack of proper monitoring and enforcement mechanisms, which allowed people to easily obtain licenses for selling alcohol. Therefore, it was submitted that going forward, it is necessary to impose stricter controls on the issuance of alcohol licenses and to strengthen monitoring in bars and outlets.

During the deliberations in the House, the Minister for Health informed that the Ministry is prioritizing two key areas: creating awareness on the harmful effects of alcohol and strengthening treatment services for individuals suffering from alcohol-related diseases. It was further reported that the National Policy and Strategic Framework to Reduce the Harmful Use of Alcohol (2013–2018) has been reviewed, and based on the findings, discussions are currently underway to develop a second policy.

The Government is exploring measures to raise awareness on the harmful effects of alcohol, strengthen treatment services, and engage Local Governments in addressing the issue. In alignment with the 13th Five-Year Plan, the Healthy Drukyul flagship program seeks to reduce alcohol-related deaths and diseases while enhancing access to treatment. According to the Health Research Report, the number of people diagnosed with alcohol-related lung diseases was 2,771 in 2009, 2,624 in 2020, 2,393 in 2021, 2,387 in 2022, and 2,625 in 2023.

Among people aged between 15 and 62 years, 40.2% consume alcohol at least once a year, while 34.5% consume alcohol at least once a month. Furthermore, 39.9% of those living in high-risk and are heavy drinkers. Across the country, 30.7% of households produce ara (home-brewed alcohol), and 17.7% produce alcohol containing harmful substances such as methanol.

As per the rules and regulations, the sale of alcohol is strictly prohibited in areas surrounding schools, institutions, and monastic centers.

In this regard, the Minister for Industry, Commerce, and Employment informed that, in line with the Trade and Industry Rules 2023, the previously separate categories of bars and restaurants were consolidated from 2023 onwards for the benefit of the public. According to the recent government records, there are 10,346 licensed restaurants permitted to sell alcohol. Among these, Thimphu Dzongkhag has the highest number with 1,380 establishments, followed by Sarpang with 1,240, Trashiyangtse with 149, Haa with 132, and Gasa with 64.

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The sale of alcohol is strictly regulated, with relevant agencies ensuring compliance under the law. Nevertheless, challenges remain due to insufficient manpower. As for the proposed increase in alcohol taxes, it was recommended that this issue be considered during discussions on the Excise Bill of Bhutan.

In this context, the House emphasized that the Government, local administrations, and all citizens share collective responsibility in addressing this matter. Accordingly, the Women, Children, and Youth Committee, led by the two ministries, is tasked with conducting a comprehensive review of the policies, challenges, and impacts related to alcohol. The findings and recommendations from this review are to be presented during the upcoming Winter Session. **(On the 7<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 2<sup>nd</sup> June, 2025).**

## **6.5 Resolution on the Petition Concerning Poor Mobile Network and Telecommunication Services in the Highlands**

The Member from Nyishog-Saephu Constituency highlighted that in today's era of globalization, communication connectivity is among the most essential infrastructures. However, apart from the highland regions, many other parts of the country continue to experience inadequate communication services, reflecting persistent challenges compared to earlier times.

Furthermore, it was emphasized that the highland communities residing along the border, who rely entirely on yaks for their livelihood, face an urgent need for communication services during the cordyceps collection season. Such services are particularly vital in cases of

illness or unforeseen emergencies, as timely access to medical care and assistance depends on reliable connectivity. Although this need is widely recognized, the persistent challenges arising from inadequate communication infrastructure remain unaddressed.

The Government was urged to prioritize the establishment of reliable infrastructure services. In the meantime, to address the challenges faced by the people, it was recommended that cordyceps harvesting areas be categorized based on terrain conditions, with each group provided access to satellite phone networks. Such measures would greatly benefit the public, as communication services are indispensable in today's interconnected world. Therefore, the Government was called upon to enhance these services without delay and extend effective support to the people.

In response, the Minister for Industry, Commerce, and Employment stated that since 2008, the Government has initiated seven phases of the Rural Connectivity Program, and currently, an additional phase is being implemented in May this year. As of now, communication and Internet services have been successfully provided without major difficulties to 844 villages across the country. Moreover, under the seventh phase of the Rural Connectivity Program, efforts are underway to extend services to 15 villages and 255 households, ensuring improved connectivity for those communities.

Moreover, the program covers 6 villages and 98 households in the highland regions. The Government has identified and compiled a list of areas across the country where communication services remain

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unstable or inaccessible. While the responsibility for providing such services primarily rests with Bhutan Telecom and TashiCell, the limited number of customers in these areas has posed challenges. Therefore, the Government is intervening and working in collaboration with the service providers to address and resolve these issues.

During the summer cordyceps collection season, the Forest Department continues to provide satellite phone services. At the same time, initiatives are underway to introduce additional measures and technical expertise to further enhance these services. In this regard, the Bhutan InfoComm and Media Authority (BICMA) has commenced a Quality of Service assessment to evaluate telecommunication standards in the country, starting with Samtse and Chhukha. Moreover, the “Bhutan Speed App” has been rolled out to help improve connectivity in areas.

In addition, the MPs suggested that the Ministry should document and review the issues related to internet connectivity across the country. They emphasized that any improvements should not be confined solely to trade and business purposes but should also be aimed at enhancing the well-being of the general public.

The House directed the Good Governance Committee (GGC) to review the request submitted by the Member from Ngyisho-Saephu, who stated that the satellite phone services provided by the Forest Department were not benefiting the public. The service is particularly crucial during the winter season when cordyceps collectors face frequent cases of sudden illness and other emergencies. The House further instructed the GGC to examine the coverage of telecommunication services and present a report

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in the upcoming winter session after conducting thorough research and review. The deliberations on the matter were then concluded. **(On the 7<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 2<sup>nd</sup> June, 2025).**

**6.6. Petition to Restore Gewog Authority to grant approval for construction of traditional houses and cattle sheds in rural areas as per the Bhutan Building Rules 2023.**

The Chairperson of the Social and Cultural Committee submitted to the House a petition from the Paro Dzongkhag Tshogdu concerning the restoration of Gewog-level authority for approving traditional construction. Under the Bhutan Building Rules (BBR) 2023, the authority to issue construction permits has been centralized to Dzongkhag and Thromde Administrations, excluding Gewog administrations.

During the plenary session, the House tasked the Social and Cultural Committee to review the matter and report its findings in the upcoming session. The Committee presented its review as below:

The Committee noted that the Bhutan Building Rules were first formulated in 2002, followed by the Rural Construction Rules in 2013. In 2018, these two regulations were consolidated into BBR 2018, which granted Gewog administrations the authority to approve certain types of buildings. However, again the rules were reviewed and BBR 2023 was formulated, replacing the term “local government” with “Competent Authority,” now defined exclusively as Dzongkhag and Thromde Administrations, effectively removing Gewog-level authority.

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As per BBR 2023, the Gewog Administration has the authority to grant permit for construction in rural areas, however with the formulation of BBR 2023, the Gewog Administration is replaced by Dzongkhag Administration to grant permit.

Upon inquiry, the Committee was informed by the Ministry that the decision to centralize permit issuance was based on the lack of technical expertise and qualified engineers at the Gewog level. In addition, all Engineers are based in Dzongkhag and in order to ensure quality of works and carry out works efficiently, the authority to grant permit was given back to Dzongkhag. Further, in the absence of such personnel, critical services, such as land use conformity, right-of-way clearance, drainage and easement compliance, heritage site protection, and hazard zoning could be compromised. Therefore, the authority was retained at the Dzongkhag and Thromde levels.

The Ministry further assured that current public inconveniences would be alleviated through the planned transition to a digital Construction Approval System (CAS) under the Bhutan National Digital Identity (NDI) initiative. This system aims to eliminate the need for physical visits to Gewog or Dzongkhag offices for permit approvals. The Ministry shared the following implementation timeline:

- May 2025: System completion
- June 2025: User testing
- November 2025: Training and endorsement
- December 2025: Official launch

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The Ministry also outlined the anticipated benefits of the digital transition:

- Simply the process and expedite the service
- Centralized data management
- Comprehensive building inventory
- Real-time updates
- Enhanced transparency
- Reduced non-compliance
- Faster and more transparent processing
- Integration with national systems (NDI, e-Sakor, ECS, etc.)
- Improved planning and regulatory compliance

In response, the Committee proposed that until the digital system is fully implemented, the Gewog-level authority to be reinstated as before or Dzongkhag administrations to actively support Gewogs to carry out the works. This interim measure could help mitigate current public challenges.

The Minister for Infrastructure and Transport added although acknowledging such inconveniences, with the new system, the services would be provided within five days. The construction of traditional buildings, if accompanied by complete documentation, could be approved within five days without requiring technical drawings. The Ministry expressed that they would be able to provide appropriate and secured services to the public and expected to improve the construction processes.

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During deliberations, several members raised concerns about the digital system's accessibility, particularly in remote areas with poor network connectivity. They questioned the readiness of local governments and the public to operate the new system and recommended restoring Gewog-level authority until the system is officially launched. Members also emphasized the need for clear public guidance and suggested incorporating dedicated clauses or chapters for traditional construction within the regulations.

Concerns were also raised regarding the broader issue of decentralization. Members noted that while decentralization is often advocated, the consolidation of engineering personnel under Dzongkhag and Ministry administrations has, in practice, reduced Gewog-level capacity. They proposed that engineers be stationed at Gewog offices, with Dzongkhags providing technical support, thereby enhancing service delivery and public convenience.

The House acknowledged that this issue has been under discussion since the first session. It resolved that the Ministry should submit a comprehensive update to the Committee detailing the current status and progress of the digital system implementation. **( On 7<sup>th</sup> day of the 4<sup>th</sup> month of the Wood Female Snake Year, corresponding to 2<sup>nd</sup> June, 2025).**

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## **7. Motion**

### **7.1 Motion to incorporate courteous communication and Respectful Interaction into Public Service Training Programs.**

#### **Background of the Motion**

The Member of Parliament from Nyishog-Saephu Constituency stated that polite speech and respectful interactions are not simply matters of etiquette but are essential to emotional well-being, institutional trust, and the preservation of Bhutan’s cultural identity. In the Bhutanese context, these values are deeply embedded in our Buddhist principles and the philosophy of Gross National Happiness (GNH). Therefore, he emphasized the importance of cultivating this culture through awareness and training—particularly for public servants and elected representatives who serve as the face of the government and engage directly with the people.

#### **Objective**

The purpose of the motion is to develop mindful, empathetic, and culturally rooted communication among public servants, encouraging respectful and compassionate dialogue in both formal and diverse settings. It also aims to strengthen emotional wellbeing and interpersonal trust—core elements of a happy society—and reinforce the Bhutanese values of Tha-Dam-Tsi and Ley-Jum-Drey in public service. Additionally, it seeks to uphold Bhutan’s spiritual and cultural principles, rooted in Buddhism and Gross National Happiness (GNH), by promoting compassion, harmony, and collective wellbeing in everyday interactions. Above all, the motion aspires to support His Majesty’s vision for the Gelephu

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Mindfulness City by cultivating a thoughtful and dignified society that truly reflects the essence of Bhutanese identity.

### **Importance of Training in Public Service Delivery**

Training in the public service is crucial to uphold national values and reinforce the pillars of Gross National Happiness. It helps foster a strong Bhutanese identity and strengthen public trust and such training is vital for enhancing service delivery, promoting unity in the workplace, and boosting the morale of civil servants.

If such training programs are provided, they will significantly strengthen public trust in institutions and foster better coordination between the government and service providers. Consequently, even the elderly and marginalized groups will have improved access to equitable services. Moreover, it will clearly reflect Bhutan's identity as a compassionate and respectful nation on the global stage. In this spirit, the following motions are submitted to realize these meaningful outcomes.

### **Motions**

1. It is recommended that training programs on respectful communication and interpersonal conduct be established in public service training institutions
2. It is also recommended that training on respectful communication be incorporated into existing awareness and capacity-building programs targeting civil servants, educators, local leaders, youth organizations, and service providers.

Members noted that public servants across the country have not received adequate training on respectful and courteous service delivery, which has hindered their ability to provide services with dignity and compassion. Therefore, it is important that relevant agencies, ministries, and leaders at all levels issue clear directives emphasizing the need for such behavior. It is recommended that this be included as an additional proposal to ensure public servants are equipped to serve with respect and integrity.

In this regard, the Minister for Home Affairs stated that ensuring respectful and courteous public service delivery is a core mandate of the Ministry. To fulfill this, the Division under the Ministry has already trained approximately 1,400 civil servants and continues to do so, focusing on respectful communication rooted in the Bhutanese values of Za Cha Dro Sum. Additionally, the Ministry has closely collaborated with monastic institutions to integrate spiritual and value-based teachings into the training programs.

The Minister for Health, the Leader of the Opposition, and Members of Parliament emphasized that the responsibility for delivering training on respectful communication should not lie with a single ministry. Instead, they highlighted the importance of a collaborative, multi-agency approach with the active involvement of all relevant stakeholders. To support this, they proposed allocating a dedicated budget in the 2025–2026 fiscal year. If implemented effectively, the initiative is expected to yield substantial benefits. They further stressed the need to institutionalize such training for long-term sustainability and called for the establishment of an act for

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all public servants. They urged that this important matter be given due and serious attention.

The Ministers for Foreign Affairs and External Trade, Energy and Natural Resources, and Finance stated that while Bhutan has a rich tradition of respectful service delivery, these practices, although existing from earlier times, are gradually deteriorating due to changing times. Therefore, they emphasized the urgent need for preservation and they added that such public service delivery must not be confined to training alone but should be practically integrated into all aspects of service delivery. If this is implemented, it will significantly improve the quality of public service delivery. For this to be successful, relevant agencies and departments must also revise existing rules, codes of conduct, and institutional frameworks accordingly.

The Member of Parliament from Nyishog-Saephu responded to the concern raised by the Minister for Home Affairs, clarifying that while etiquette is indeed important, the motion does not pertain to etiquette training. Instead, it proposes a capacity-building program focused on respectful communication and public service delivery, with particular emphasis on relationship-building and effective communication skills. He further clarified that this training should be embedded within the relevant public training institutions.

In general, the Disciplinary Division has conducted disciplinary training across various institutions in the country, which has contributed to improving certain aspects of public service delivery. However, given the wide range of public services required, there is a need for a dedicated training institute to equip public servants with the necessary skills and to

naturally instill core values, thereby earning the trust of the people. The Member of Parliament for Lamgong-Wangchang expressed his support for the proposal, noting that there is currently no specialized training center in the country to enhance the quality of public services. He added that, in the absence of such a system, people often approach MPs directly for assistance, making it challenging for them to coordinate and follow up with service providers after receiving these requests.

The Ministers of Education and Skills Development, Agriculture and Livestock, and Infrastructure and Transport stated that public service delivery should not be viewed solely as an entitlement but rather as a shared responsibility among all stakeholders. They proposed a slight amendment to the motion, noting that if implemented comprehensively, it could bring significant benefits. They further highlighted that the government is actively working to digitalize not only public services but all forms of service delivery in line with changing times.

They also pointed out that one of the key challenges in ensuring effective public service delivery lies in existing rules, regulations, and Acts, for which a consolidated list has already been compiled and submitted to the Cabinet. The Member from Khamaed-Lunana Constituency remarked that, in his view, there is no major inconvenience in accessing public services, as it largely depends on how individuals engage with agencies or service providers.

After extensive deliberations, the House concluded that the matter should not be addressed by only one or two ministries, but should involve multiple relevant agencies. Consequently, the House directed the Public Service Delivery Division under the Prime Minister's Office,

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in coordination with the Social and Culture Committee, to work on the issue and present a report during the upcoming winter session. Of the 43 members present, 42 voted in favor and one abstained. The motion was, therefore, adopted by a majority vote. **(On the 9<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 4<sup>th</sup> June, 2025).** The voting list provided in Annexure xii .

## **7.2 Motion to Strengthen Regulatory Enforcement and Institute a Zero-Tolerance Policy on Pornographic Related Online Content in the Kingdom Bhutan.**

The Member of Parliament for Lamgong Wangchang Constituency highlighted that Bhutan is a nation rich in culture, with its people known for their dedication and loyalty. However, in this era of rapid change, Bhutan faces new challenges brought about by Artificial Intelligence, digital technology, and social media platforms. The widespread circulation of harmful content—such as pornography, misinformation, and immoral material—poses a serious threat to Bhutanese values, culture, and social harmony. It also negatively impacts the attitudes of young children, public well-being, and the fabric of social relationships.

Article 7 of the Constitution of Bhutan guarantees fundamental rights to its citizens while ensuring the protection of others' rights and freedoms. To address and prevent such violations, the following five recommendations have been put forward.

### **Recommendations**

1. The Royal Government of Bhutan be directed to implement, with immediate effect, a zero-tolerance policy in the enforcement of

all existing laws and regulations relating to the dissemination and consumption of pornographic, violent and unethical content across all digital and media platforms.

2. A fully autonomous, well resourced, and technically proficient Content Monitoring and Enforcement Division be established within the Bhutan InfoComm and Media Authority (BICMA)
3. The Ministry of Home Affairs in collaboration with the Ministry of Education and Skills Development, initiate a nationwide digital ethics and compliance campaign.
4. The Ministry of Industry Commerce and Employment undertake an immediate assessment of BICMA's institutional and operational capacity, and where necessary, propose amendments to the Bhutan Bhutan InfoComm and Media Act 2018 to strengthen BICMA's mandate autonomy and enforcement powers.
5. All relevant government agencies and law enforcement bodies be instructed to remain vigilant and act in concert to prevent the use of any media platform to promote regionalism, discord or content that threatens Bhutan's unity, peace, and social cohesion.

While deliberating on the above recommendations, the Member from South Thimphu expressed his strong support for the matter. He emphasized the need for adequate manpower and financial resources to effectively address the issue. Accordingly, he urged the government to extend the necessary support and to ensure strict enforcement of existing laws

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In response, the Hon'ble Ministers noted that while communication technologies have brought many advantages worldwide, they have also caused significant harm. In Bhutan, 98.6% of the population uses these platforms, and although they offer benefits, a large number of users are experiencing adverse effects—particularly mental health challenges. They emphasized that excessive use of social media platforms like Facebook and TikTok is leading to a considerable loss of productive time among both youth and adults. Therefore, they stressed the urgent need to implement measures to address these issues effectively.

Furthermore, with the advent of Artificial Intelligence (AI), some individuals have started creating various types of manipulated and inappropriate images of others, which has led to harassment, bullying, and abusive behavior, causing mental distress for many. To address this issue, it was emphasized that a common understanding and awareness must be developed. Accordingly, from 2022 to 2023, the Ministry of Home Affairs conducted awareness programs targeting 14,986 students, 391 local government leaders, 181 officials from the Royal Bhutan Police, and 171 other relevant officials.

One of the increasing challenges faced by the public is the rise in online scams. Individuals are being deceived through social media platforms, leading to unauthorized withdrawals from their personal accounts. To date, 235 cases have been reported to the police, of which only 12 victims have successfully recovered their lost funds. Popular platforms such as TikTok, WhatsApp, and Telegram are being exploited, and among the 334 individuals affected by online gaming scams, 127 have lodged formal complaints. Consequently, their accounts have also been

frozen. In response, the Hon'ble Prime Minister has issued directives, and the government has pledged to take appropriate measures to tackle the issue.

These days, students are more vulnerable due to easy access to the internet. It was stated that teachers are educating students in schools about sex education and the risks associated with pornographic content on social media. It was also emphasized that in order to curb such activities, collective effort and cooperation from all stakeholders are necessary.

After that, Members stated that due to the emergence of modern social media and artificial intelligence, some individuals are circulating false pornographic videos and manipulated images of targeted individuals on social media, which is against moral values. As a result, it undermines the protection of human rights and freedoms, and several youths have already lost their lives. In other countries, there are specific regulations governing social media use by children, and implementing a similar system is crucial. Moreover, social media has become a major distraction for students, affecting their academic focus and leading to mental health issues.

Following that, the House, while endorsing each of the recommendations by a majority vote, resolved that the first recommendation—to review the existing laws and frameworks by the law enforcement bodies and relevant agencies—be implemented as soon as possible, as suggested by the Members.

Accordingly, the second recommendation to establish a technically capable autonomous team within the Bhutan Information, Communications and Media Authority (BICMA) to implement and monitor the initiative was endorsed by directing the government to explore the possibility of establishing such a team.

The House directed that the third, fourth, and fifth recommendations be addressed by the relevant ministries and agencies. The Ministry of Industry, Commerce and Employment has been tasked with taking the lead, in coordination with the concerned departments, agencies, institutions, and law enforcement bodies, to resolve the issues outlined.

The House then proceeded to vote on all five recommendations, and all 41 Members present unanimously supported them. With the endorsement of all recommendations, the House directed the government to conduct a thorough review and in-depth research on the issues and present a report during the Winter Session. **(On the 28th Day of the 4th Month of the Wood Female Snake Year corresponding to 23 June, 2025).** The voting list provided in **Annexure xiii** .

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### **7.3 Motion to Reconsider and Reassess the Ministry of Education and Skills Development’s Decision to Reinstitute the Class X cutoff point from the 2026 Academic Session**

The Chairperson of the Social and Cultural Committee, Hon. Member from Wamrong Constituency, proposed a motion to reverse the Ministry of Education and Skills Development’s decision to reinstate the Class X cut-off point beginning with the 2026 academic session. The motion was presented with the following rationale:

#### **Background**

Historically, the Class X cut-off point was introduced due to the limited intake capacity of the few Higher Secondary Schools (HSS) available at the time. However, over the years, the number of HSSs has expanded significantly across the country. In response to this development, the government’s 2019 decision to remove the cut-off point marked a major milestone. It enabled universal access to higher secondary education, reduced financial burdens on families, and promoted equitable academic progression, therefore, requested to remove the cut-off point.

In case, the cut-off point is reinstated, children from many humble backgrounds will be denied off his access to education. Therefore, the social and cultural committee based on following 9 issues, recommended removing cut-off point as before:

1. Adequate intake capacity.
2. The cut-off point has no direct relevance to quality assurance.
3. It poses an adverse impact on rural students thereby creating inequality

4. There is chances of adverse impact on student life
5. It may exacerbate socio-economic inequality.
6. It could negatively affect Technical and Vocational Education and Training (TVET).
7. It may reinforce gender inequality.
8. It risks disrupting the Gyalsung Program.
9. It may lead to premature vocational redirection.

Based on these concerns, the Committee recommended that the Ministry revise its decision and postpone the reinstatement of the cut-off point.

Several members supported the motion, emphasizing its impact on the lives of thousands of Class X students. They noted that prior to the removal of the cut-off point, approximately 1,500 students were unable to continue their education, leading to increased social vulnerability, including involvement in criminal activities and detention. Reinstating the cut-off point could undermine the government's commitment to free education from Pre-Primary to Class X and will also lead to wastage of government's expenditure, which will further impose additional financial burdens on families.

Members argued that reinstating the cut-off point is not a guaranteed solution for improving education quality. They cited the Constitution of the Kingdom of Bhutan, which guarantees free education up to Class X, and stressed that in today's context, education beyond Class X is essential for meaningful livelihood. As per international practices, education till Class X is not enough because the foundational courses in arts, commerce, and science begin at Class XI, therefore, some members advocated for extending free education up to the undergraduate level.

A Committee member clarified that removing the cut-off point does not mean automatic promotion to Class XI. Students must still pass examinations and continuous assessments. Previously, students were required to pass English and their best four subjects; currently, they must pass English, Dzongkha, Mathematics, and IT. This requirement itself acts as a performance-based filter.

Members also expressed concern that reinstating the cut-off point would leave many students at age 16 or 17 without eligibility for vocational institutions, creating disparities between the privileged and underprivileged. Furthermore, international education pathways often require a minimum qualification of Class XII, making the cut-off point an obstacle to global opportunities. Therefore, Members suggested the Ministry to withdraw its notification for time being.

The Hon. Member from South Thimphu Constituency highlighted that many of these issues stem from the absence of a comprehensive Education Act and urged its enactment at the earliest.

The Minister for Education and Skills Development explained that the primary rationale for reinstating the cut-off point is to enhance the quality of education. Although board examinations are conducted at Classes 6, 8, 10, and 12, all students are currently provided equal opportunities. The Ministry plans to introduce vocational and technical training from Class IX to equip students with practical skills.

The Minister expressed concern that without a cut-off point, students may take their studies lightly, knowing that government funding is guaranteed. Reinstating the cut-off point could motivate students to

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perform better academically. Nonetheless, the Minister acknowledged the motion and the House's recommendations, committing to a thorough review of the issue and to report back during the Winter Session.

Upon voting, out of 39 members present, 38 voted in favor of the motion and 1 abstained. The motion was thereby approved, and the Ministry was directed to act upon the Committee's recommendation and report back to the House in the Winter Session. (On 28<sup>th</sup> day of the 4<sup>th</sup> month of the Wood Female Snake Year, corresponding to 23<sup>rd</sup> June 2025). Voting results are attached in Annexure XIV

## **8. Committee Report**

### **8.1. Review Report on Economic Stimulus Program by Economic and Finance Committee.**

The committee member of the Economic and Finance Committee from Mongar Constituency reported that the Committee, in consultation with relevant agencies had conducted a thorough review of the implementation of the Economic Stimulus Program initiated by the Government. The review included detailed discussions on the challenges and concerns raised by the beneficiaries, which were duly addressed in coordination with the concerned stakeholders.

The Economic Stimulus Program was initiated by the Royal Government of Bhutan on 19th May 2024 as part of the revival of Economic in response to the severe economic impact caused by the COVID-19 pandemic.

With a total funding envelope of Nu. 15 billion, the ESP aimed to revive the economy through a mix of concessional loans, business

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reinvigoration support, and targeted agency-led initiatives. Subsequently, to its implementation, the allocated resources have been distributed as follows:

1. 3.3 billion for Concessional Loan;
2. 2 billion for Business reinvigoration fund;
3. 9.7 billion is allocated under relevant government agencies for implementation of specific initiatives that have potential for economic revival.

The overarching objectives of the ESP included enhancing domestic productivity, generating employment opportunities, improving export competitiveness, and building long-term economic resilience.

The supplementary program has been aligned with the 13<sup>th</sup> Five-Year Plan and is expected to function both as a short-term recovery measure and a medium-term economic revitalization mechanism. Under this initiative, financial support in the form of concessional loans and business revitalization funds is being disbursed through financial institutions and specific targeted initiatives are mostly implemented by the Ministry of Agriculture and Livestock (MoAL) and the Ministry of Industry Commerce and Employment (MOICE).

Furthermore, based on the implementation status of the programs and the review conducted by the Committee, it was observed that there are high demand for Concessional Credit, underutilization and misalignment of funds, exclusion of support for proven cash crops, farmer groups and cooperatives, exclusion of financial support for trading and hospitality Sectors, exclusion of support for entities with Non-Performing Loan

(NPL), Heavy risks of ESP Loans for PFIs, unfair System of support for concessional loan and agency initiatives, lack of plan for Monitoring and Evaluation, steady performance of the price guarantee scheme and short gestation period. Therefore, the Committee has submitted specific recommendations.

### **Recommendation**

1. Considering the gap of Nu. 8.2 billion between demand and current allocation of funds under concessional loan, and ineffective and underutilization of funds by agencies; it is strongly recommended to reallocate the fund to concessional loan. By reallocating the fund, efficiency of fund usage and the potential for economic revival with more beneficiaries could be significantly larger.
2. The goal of the ESP and actual delivery on the ground could not converge as envisaged. One of the primary objectives of ESP is to support distressed business, however, both the regulation and Royal Monetary Authority and Standard Operating Procedures (SOP) of Participating Financial Institutions (PFIs) did not favor entities with Non-Performing Loan (NPL) and poor Credit Information Bureau (CIB) records in gaining access to loans both under concessional scheme and Reinvigoration Fund (RGF).

The business entities such as: traders, tour operators, hoteliers and manufacturing units are the ones that were highly impacted by COVID. To give a fair chance to distressed businesses to recover, the committee recommends relaxing of NPL and CIB criteria and doing away with the cooling period to gain access to loans.

3. The competing demand of concessional and RGF loan, limited allocation of funds and vulnerability of PFIs to coercion; there are potential risks of misuse of funds. To mitigate the risks, timely monitoring and evaluation of programs by relevant agencies is necessary by Royal Audit Authority.

Therefore, to ensure effective use of funds for the intended purpose, periodic monitoring and auditing is recommended.

4. NPL is one of the critical factors that impedes access to loans. The NPL which stands at Nu. 7.58 billion, excluding charge off, is also a looming threat for the economy in near future. The deferment scheme pursued by RMA and the government appears helpful as a short-term relief measure, but in essence, it is just a postponement of looming risks which would eventually lead to irreparable economic consequences.

Since the majority of NPL problems have emerged due to unforeseen calamities like pandemic, it calls for the government's interventions with priority. The committee, therefore, strongly recommends the government to strategize sustainable measures in addressing NPL in collaboration with RMA and PFIs.

5. To address inefficiencies in fund utilization and to tackle delays in the disbursement process, the committee recommends harmonizing the regulations and SOPs of PFIs; and decentralizing slab-based approval and disbursement authorities with accountability to the branch managers. If at all decentralization of authorities cannot be implemented due to inherent risks, recruitment of additional staff to expedite the services could be explored.

6. Considering the steady performance and significant benefit in motivating farmers to enhance production, the committee recommended reallocating additional budget to expand the ESP Price Guarantee Scheme for crops and livestock and to develop long term strategies to sustain the program after the termination of the economic stimulus program.
7. The committee proposes providing a minimum gestation period of at least 6 months after the execution and establishment of the project before initiating EMI collection. For projects with longer gestation periods, such as piggery, the repayment should be aligned with the actual realization of income, allowing up to 1–2 years as needed. Additionally, if the current loan term is too short to accommodate an adequate grace period, the loan tenure should be adjusted to support the viability and success of the funded projects.

Subsequently, the House deliberated on each of the recommendations. With regard to the first recommendation, the Finance Minister informed the House that, of the Nu. 15 billion approved for the Economic Stimulus Program, an amount of Nu. 7.5 billion has already been received. The allocation of the budget has been approved by the Lhengye Zhungtshog. The House was further informed that the concerned institution shall disburse the funds to the beneficiaries without undue delay. However, due to existing budgetary constraints, it is important to ensure that the fund is disbursed in fair and equitable manner. The Finance Minister also reported that some delays may occur owing to procedural requirements.

Moreover, regarding this program, although the announcement was made from May 2024 and implementation was started only on September 4,

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billions of funds have been able to disburse which has to be appreciated.

If the funds are not properly audited and disbursed as requested there is risk of overpayment or underpayment and it is essential to handle properly.

In this regard, the Member from Khamdhang-Ramjar constituency submitted that country's main policy is to promote and support self-sufficiency and to ensure safety and quality standards. However, to successfully implement this objective, it was submitted that little additional budget on top of Nu. 3.3 billion would be required for the agriculture sectors.

Similarly, the Member from Dewathang-Gomdar constituency submitted that, in the course of implementing the programme, it has been observed that many farmers have been unable to access financing due to the stringent requirements of the loan procedures. They are unable to meet the extensive documentation and eligibility criteria required to qualify for loans. Furthermore, the Member pointed out that concessional loans at subsidized interest rates have been extended to the media and private individuals. Therefore, the Member sought clarification on the budget allocated for such concessional loans.

Furthermore, the member from Gelephu Constituency also shared that because of concessional loan granted through ESP, citizens were motivated and as a result, a total of 3,969 individuals expressed their interest and submitted applications for concessional credit. Out of these, 2,565 applicants were verified as eligible, and among them, 1,388 individuals successfully completed the process and received

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approval. The remaining 1,400 applicants could not get the support due to insufficient funds. Therefore, if the government could review the program again and allocate an additional budget, it would benefit both the government and the general public.

In response, the Finance Minister informed the House that a budget of Nu. 1 billion has been earmarked to promote tourism across the eastern and western regions. The primary objective of this fund is to enhance youth skills and capacity development training. Although the funds have been allocated under various ministries, the Minister explained that they are ultimately intended to benefit the general public. He further clarified that the concessional loan fund is substantial, and the Government is currently reviewing the matter to explore the possibility of providing adequate financial support to cottage and small industries. The Finance Minister therefore reported that no further deliberation on the matter was required.

In this regard, the Minister for Industry, Commerce and Employment informed the House that the film industry and social media influencers play a vital role in promoting and preserving the country's culture, traditions, songs, and ballads through film production. The Minister explained that the Government has allocated Nu. 195 million to support the creative industries, which has created employment opportunities for about 200 to 300 individuals associated with the film association. Furthermore, with the increasing popularity of short films and digital platforms such as YouTube, the Minister stated that the sector is generating significant revenue, and financial accounts have been streamlined to ensure greater transparency. In view of these developments, the Minister reported that

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a written submission outlining the potential benefits has been submitted to the committee.

The House then raised their hands to approve the recommendation and the majority of members supported the recommendation.

During the deliberation on the second recommendation, the Member Kengkhar Weringla Constituency submitted that while reviewing the report by the committee, they noted that there are over 6,000 individuals who were unable to make repayments, and those under charge-off are included, then the number exceeded 10,000. Therefore, with respect to those who are listed under NPL and those whose credit information is recorded with the Credit Information Bureau (CIB), she stated that it is important to extend the cooling period by at least more than few more months.

In response, the Finance Minister explained that the committee's second recommendation proposed that the cooling period remain at only three months. He further clarified that according to the Royal Monetary Authority, those classified as NPLs are unable to make repayments precisely because of their financial incapacity, and if loans were to be issued to them again, it would pose risks to the banks. Therefore, based on this consideration, the Minister stated that he could not support the recommendation.

In this regard, the Member from Drakteng-Langthel constituency submitted that while such programmes are essential for national development, it is important that they are implemented through policies that adopt diverse and innovative approaches. The Member expressed

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concern that, given the current situation, issues such as non-performing loans (NPLs) and loan deferments have become increasingly prevalent, which could pose challenges to effective implementation. Therefore, the Member cautioned that unless the Government considers granting certain exemptions, there may be doubts as to whether the Nu. 15 billion allocated under the Economic Stimulus Program will effectively revive and sustain economic growth.

Similarly, the Member from Lamgong-Wangchang constituency submitted that during the implementation of the programme, it was observed that the record of Credit Information Bureau (CIB) shows that many applicants were not in good standing. As a result, individuals who previously had non-performing loans (NPLs) and have since fully repaid them continue to face challenges in obtaining new loans, as their CIB reports have not been updated even after more than six months. The Member highlighted that while the financial institutions refer to applicants' loan histories before approving new loans, those who have already cleared their previous loans are still being denied access to credit due to outdated CIB records. Therefore, the Member urged the Government to review and address this issue to ensure that deserving applicants are not unfairly excluded from availing loans under the Economic Stimulus Program.

In this regard, the Minister of Agriculture and Livestock explained that if the Royal Monetary Authority continues to maintain the current stance with regard to NPLs, it could potentially cause adverse impacts on both the government and the public in the near future. Therefore, he urged the House to consider the matter carefully and make recommendation.

However, the member from Bongo-Chapcha Constituency suggested that with regards to NPLs, it is important to understand whether those NPLs were from before the pandemic or after the pandemic. He also added that it is important to know how many have been able to repay, and how many have not. With this information, it would be easier deliberate on the matter.

The Member from Nyishog-Saephu constituency stated that, upon reviewing the list of Non-Performing Loans (NPLs), it was observed that the major borrowers comprise large-scale business entities engaged in both construction and commercial activities. The Member noted that if these entities are not supported specially through economic stimulus program, some individuals leave to the foreign countries, and in certain cases, parental assets used as collateral in financial institutions are at risk of being seized.

Therefore, considering these risks, the Member proposed that alternative solutions be developed to address the issue without necessarily following the general framework of the existing stimulus program, in order to ensure mutual benefits for both the government and the people. Furthermore, the Member from Thrimshing-Kangpar constituency reported that, according to the Movable and Immovable Property Act of 1998, financial institutions are granted with authority to initiate loan write-off procedures. In this regard, the Member emphasized the need to review the enforcement mechanisms, responsibilities, and the distribution of profits received from the banks.

The Member from Bji-Katsho Eusu Constituency informed that the Government has disbursed a total of Nu. 2 billion to financial institutions to provide support to the people. However, it was noted that Nu. 1.3 billion of the allocated amount remains unutilized. The Member expressed concern that if these remaining funds are left idle, the intended benefits would not reach the people. Accordingly, it was emphasized that the Government should intervene to ensure the necessary support. The Member from Khamaed-Lunana Constituency further submitted that consideration should be given to extending loans to individuals falling under the Non-Performing Loan (NPL) category and the need for a clear study and distinction between the Credit Information Bureau (CIB) and the concept of a “cooling period.” It was noted that without proper categorization and careful assessment of such cases, there is a risk of aggravating difficulties in the future. Therefore, the Member submitted that the matter be followed up in accordance with the Royal Monetary Authority (RMA) report for the time being.

In response, the Prime Minister stated that it is the government’s responsibility to support when there is a case of not being unable to repay the loan. However, the government’s consultation with RMA stated that the Government does not hold authority over financial policy and cannot intervene directly. Since the rules and regulations are made by RMA, it would be convenient if the recommendation could be submitted to the RMA through committee.

Further, he suggested the Committee to review why there was default in the repayment, whether there is a need to change the policy or not, for how long the support should be provided and its pros and cons. After

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analyzing all these issues, it would be better to make the recommendation directly to the RMA.

Therefore, the House resolved that a detailed study be conducted to determine whether the increase in Non-Performing Loans (NPLs) is a result of the Stimulus Program or other types of loans. Furthermore, with regard to the Credit Information Bureau (CIB) and the cooling period, the House emphasized the need for the Government to assess and implement effective measures to address these issues. As an interim measure, the House directed the committee to present an action-taken report during the winter session, in consultation with the Government and the Royal Monetary Authority. The House sought the support of the House whether this would suffice or not.

The Member from the Gangzur-Minjay Constituency stated that committee is aware that Government does not have the authority to direct the Royal Monetary Authority as per the financial policies. He also stated that since the Government does not even have the power to direct the Royal Civil Service Commission, it is evident that the Royal Monetary Authority cannot be directed either.

However, in the current context of recommendation, it is only regarding the 15 billion Economic Stimulus Program whereas matters related to NPL have many categories. For example, even if a person has processed the loan with guarantee and if he is not able to repay the loan, it is categorized into NPLs. He stated that if that's the case, there is no need for the government to provide the support.

If an individual takes a loan from the bank to purchase materials and start a business but is later affected by the pandemic, their business operations may suffer, resulting in the loan becoming a Non-Performing Loan (NPL). This situation arises because the borrower lacks the funds to purchase the necessary materials for their business. Therefore, it is essential for the government to provide support from the Nu. 15 billion Economic Stimulus Program fund.

Furthermore, the House reiterated the need for the government to carry out a thorough review and assessment of the Non-Performing Loan (NPL) cases and to determine appropriate measures for their resolution. In addition, the House directed the committee to review and propose measures concerning the NPL, the Credit Information Bureau (CIB), and the cooling period, in consultation with the Royal Monetary Authority (RMA). The House, through a majority show of hands, endorsed the second recommendation.

Since no views were expressed by the House on the third recommendation, the House, based on the submission of the Committee, adopted the proposed recommendation through a show of hands.

Regarding the fourth recommendation, the Member from Drakteng-Langthel Constituency informed that the Economic and Finance Committee has proposed considering a deferment scheme as a short-term relief measure for Non-Performing Loans (NPLs) and related challenges, particularly those affecting businesses such as hotels. However, this should not be treated as a loan write-off under the Economic Stimulus Program. The Member emphasized the importance of the Government

taking proactive steps to identify practical and effective solutions to this pressing issue. Given the current economic situation, the Member further stressed that the Government should prioritize resolving this matter.

Furthermore, the House resolved that, in view of the report indicating a large number of non-performing loans (NPLs), the Government shall ensure that the issue is appropriately addressed. The Ministry of Finance was instructed to coordinate and consult with the relevant institutions and committee and directed that a formal report on this matter be submitted during the Fourth Sitting of the Winter Session.

The Chairperson of the Economic and Finance Committee, representing Bartsham-Shongphu Constituency, recommended that it would be more beneficial for the House to resolve to present the Committee's report during the ongoing session, rather than deferring it to the forthcoming winter session. The House approved the proposal made by the Chairperson to present the report in the current session. Following the approval, all related matters shall be reviewed comprehensively and resolutions and recommendations will be prepared and submitted in a complete and proper manner. The House adopted the fourth recommendation through a show of hands.

Regarding the fifth recommendation, the Minister of Agriculture and Livestock informed that the issue had been discussed during the previous session. The Government had taken note of the public's concerns and challenges, and in consultation with the Bhutan Development Bank, the Minister informed that more than 20 additional staff had been recruited at the Bhutan Development Bank headquarters.

The House was further informed that an additional manager and a staff member had been deployed to the regional offices. They have been assigned specific responsibilities and are currently carrying out their duties. The House resolved that, since the matter had already been discussed and the necessary actions were being implemented, there was no need for further deliberation on this recommendation. The recommendation was accordingly adopted through a show of hands. However, the House noted that should the need arise in the future for additional manpower at the regional offices, the Government should consider providing the required support.

On the sixth recommendation, the Member from Drame dtse-Ngatshang submitted that if the Buy Back Scheme is institutionalized and integrated in accordance with the Economic Stimulus Program to support people's businesses, the Government should also establish a sustainable continuation mechanism. This would ensure that the initiative remains effective and does not create uncertainty or concern among the people if the Stimulus Program concludes after one or two years.

The Member from the Nyisho-Sephu Constituency submitted that the disbursement of loans under the Economic Stimulus Program (ESP) in rural areas, particularly within the Nyisho-Sephu Constituency, has been largely confined to the procurement of power tillers while the proposed projects related to agriculture and livestock activities did not receive the necessary financial support. The Member informed that the Wangdue Dzongkhag ranks among the highest in terms of applicants who did not receive the ESP loans. The Member emphasized the need to establish a robust mechanism, with clear plans and strategies, to streamline the

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proposal to ensure equitable access to project financing for economically disadvantaged individuals and timely release of funds. Furthermore, the Member proposed that the Government consider providing a top-up of approximately Nu. 15,000 lakhs to Nu. 20,000 lakhs which would greatly assist beneficiaries in successfully executing their planned activities with increased motivation and commitment. Therefore, it is recommended that the Government take due consideration of this submission while reviewing and rationalizing the project fund.

Similarly, the Member from Kilkhorthang-Mendrel Gang Constituency mentioned that the first phase loan scheme under the Economic Stimulus Plan has benefited the citizens. Therefore, he appealed that if the second phase of the program could also be implemented soon, it would again bring great benefit to the people. Further, the Member from Radhi-Sagteng Constituency mentioned that the allocated Nu. 500 million has benefited only about 1,300 people, meaning that each individual would receive around Nu. 4 million. However, he pointed out that in reality, only about 1,069 farmers will receive support which covered barely 2% of the target group. Therefore, this scheme did not generate significant benefits for the citizens.

Moreover, regarding the Price Guarantee Scheme, the committee mentioned that it has a broad coverage and that it not only provides economic benefits to rural farmers but also boosts their morale. Therefore, the committee urged the government to strengthen its implementation to allow rural farmers to form groups or cooperatives, earn better income, and improve their livelihoods. Through the Price Guarantee Scheme, if the government takes the lead in purchasing agricultural products from

farmers, it would help ensure stable market access and fair returns for them to repay the loan as approximately 2,600 Non-Performing Loans (NPLs) recorded in the country, the majority belong to farmers who could not make repayments. Hence, the submission for a Price Guarantee Scheme was recommended to help those farmers whose loans have become non-performing (NPLs).

The Member from Drujeygang-Tseza reported that the Government had acquired the Economic Stimulus Program (ESP) funds and initiated its implementation. However, the main challenge lies in the inconsistency between the planned allocations and the ground reality. For instance, individuals proposing projects in agriculture and livestock farming are allocated a maximum of 10 lakhs. With deductions of 1 lakh, recipients end up receiving only 9 lakhs.

In light of the current situation, certain difficulties have arisen. Therefore, it is requested that the Government review the matter and make the necessary amendments. It is emphasized that the Price Guarantee Scheme should be extended to all individuals who express interest.

The Member from Lingmukha-Toedwang Constituency stated that they had been eagerly awaiting deliberation on this recommendation. The Member highlighted on how the government would support market accessibility and measures to ensure fair pricing for agricultural and cash crops produced by rural communities. It was also noted that the matter pertains to the government's plan to establish a farmers outlet in every Gewog.

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The Price Guarantee Scheme, under which the government purchases farmers' produce for storage and subsequent resale, faces significant challenges due to the lack of adequate storage facilities. In cases where the government was unable to provide such facilities, the private sector has undertaken the construction of cold storage units, often financed through substantial government loans. However, these facilities are operating at a loss due to insufficient utilization.

If the government can afford to purchase local goods and products from the people, these can be stored in cold storage, which could in turn generate good revenue. Moreover, by investing a little additional budget in this initiative, the government does not need to spend separate funds to fulfill its pledges to establish a farmers' outlet in every gewog. Therefore, it is important for the government to consider this approach carefully.

In response, the Minister of Agriculture and Livestock stated that the main objective of establishing a Price Guarantee Scheme by the government is to support farmers who face difficulties in marketing their products, and to ensure that they receive prices that meet their expectations. He also mentioned that, although the scheme will be implemented in collaboration with relevant financial institutions, if it can genuinely benefit the farmers, the government will continue to develop it further as a long-term program.

Following that, the House accepted the recommendation of the Minister of Agriculture and Livestock and instructed that this be recorded in the official proceedings. It was also mentioned that since the government is already working on providing financial support to farmers, the submission

made by the member was considered relevant and appropriate. After this, the House raised their hands to approve the recommendation submitted by the Minister of Agriculture and Livestock and accordingly majority supported the recommendation.

Subsequently, the Speaker clarified that the authority to decide on the deliberation of any matter in the House rests solely with the Speaker and reminded members that submitting such requests is not permitted.

On the seventh recommendation, the Member from Tashicholing Constituency, Deputy Speaker stated that few changes have to be made in the recommendation where it states that it is important to provide a minimum gestation period of at least 6 months after the execution and establishment of the project before initiating EMI collection. The Member suggested to delete the usage of word “piggery” and proposed to keep it as “for projects with longer gestation periods, the repayment should be aligned with the actual realization of income”, which is more flexible. Accordingly the committee accepted the proposal submitted by the member.

The House called for a show of hands to determine support for the Deputy Speaker’s proposed amendment. A majority of Members voted in favor and endorsed the recommendation.

The House, after deliberating on all the recommendations, then discussed that proper classification should be carried out for those under NPL. The Government should also review issues related to the (CIB) records and the duration of the cooling period to determine appropriate measures for improvement. Subsequently, the House resolved that the Committee

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shall hold consultation with the Minister of Finance and Royal Monetary Authority and submit a recommendation report in the upcoming winter session.

The Opposition Leader stated that the Government's Economic Stimulus Program should be thoroughly studied and prioritized to maximize its benefits to the country and its people. However, despite being implemented for about a year, the program has yet to produce any significant or tangible results. Therefore, the Opposition Leader suggested the Government to review the program and conduct research to determine how it can effectively benefit the country, its citizens, and the economy.

Lastly, the Chairperson of the Economic and Finance Committee thanked the House for thorough deliberation and support provided to the committee. Importantly, he stated that in a democracy, the government is accountable to the Parliament and Parliament is accountable to the citizens, therefore, it is important for the government and Parliament to come together and work collaboratively.

Although the Committee has submitted three separate recommendations, but it can be deliberated together. The recommendations are; the two ministries should harmonize the regulations as soon as possible and report to the House. It is stated that the Committee will also review the implementation arrangements with the Government. He also requested the two ministries share their report in the same session if a decision can be reached before the end of the third sitting. With this, the deliberation concluded after members agreed to the proposal by show of hands.

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Lastly, the Speaker stated that detailed and extensive discussions were conducted on the issue and opportunity was given to every member to share their opinions and views. With this, ended the deliberation on ESP. (On the 8<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 3<sup>rd</sup> June 2025)

## **8.2 Review report submitted by the Economic and Finance Committee on the Cost-Sharing mechanism for Agricultural Input Subsidies**

The Member of the Economic and Finance Committee, Member from Bji-Katsho-Eusu constituency submitted a review report on the Cost sharing Mechanism, 2025. He stated that, as per the resolution of the plenary held in the National Assembly, the committee held consultation meetings with the Ministry of Finance and the Ministry of Agriculture and Livestock on February 19, 2025. During the discussion, representatives from both ministries decided to establish a combined technical task force to review the matter and submit a joint report to the committee. He reported that, the committee followed up with the ministries to get a status update on the matter.

In a response received from the Ministry of Agriculture and Livestock on 16.05.2025, the cost sharing Mechanism was planned as a way to support and help citizens aligning with the goals of 13th Five-year plan. However, to refine the policy, the two accountable ministries established a joint technical task force consisting of technical experts. Following the establishment of the group, the Ministry of Agriculture and Livestock had five internal meetings and had two joint meetings. On 03.04.2025, the Ministry of Agriculture and Livestock had its final meeting and

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submitted their decisions and resolutions to the Ministry of Finance. The

letter stated that the Ministry of Agriculture and Livestock is waiting for response from the Ministry of Finance, after which it will be put up in the Cabinet for approval.

Likewise, in response to EFC's letter dated 27.05.2025, the Ministry of Finance stated that the two ministries are currently in the progress of reviewing the cost-sharing mechanism guideline. The review will be submitted to EFC after completing the review by the two ministries.

According to EFC, there would be numerous issues and difficulties if citizens had to stick to the cost-sharing guidelines provided by the Ministry of Finance. The committee recommends that the two ministries hold extensive discussions and develop a guideline that could benefit all citizens as soon as possible, given that the present CSM will expire in June.

In this regard, as submitted by the Minister for Agriculture and Livestock, the current guideline for the cost sharing mechanism under implementation was instituted in 2021 as a policy framework. However, with respect to the cost sharing ratio, the authority rests with the Ministry of Finance in accordance with the Public Finance Act. Consequently, the scheme is being implemented as a joint initiative between the Ministry of Finance and the Ministry of Agriculture and Livestock since the Ministry of Agriculture and livestock is the one that receives the benefits and also implements the guideline. In addition, as per the recent directives from the Ministry of Finance, a committee composed of ministers, secretaries, and officials from the two ministries recently had a meeting, however,

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owing to time constraints and associated challenges, a conclusive decision to resolve the matter has not yet been reached.

In the following week, the two ministries will jointly prepare the required documents and submit it to the Cabinet for endorsement and then will share with the committee and public at the earliest. Furthermore, it was agreed that since the current fiscal year is nearing its conclusion, implementation of the new system framework may need to defer to the next fiscal year. The Finance Minister submitted that during the declaration of guidelines for grant, an allocation of 60:40 by the Ministry of Agriculture and Livestock was done without prior consultation with the Ministry of Finance and without approval from the Cabinet. Consequently, in order to develop a consistent framework that can generate equitable benefits for the citizens, it is necessary to conduct a review and other due processes, which required additional time.

In this regard, the Hon'ble Member of Parliament from Nganglam constituency observed that, despite the cost-sharing modality having been in place for nearly a year, there appears to have been inadequate consultation and lack of mutual understanding between the two ministries, thereby giving rise to public concern. In addition, the Chairperson of the Economic and Finance Committee expressed that when the Committee sought clarification from the ministries on the status of the matter, it was informed that the ministers were unavailable, that the issue could not be placed before the Cabinet, and that it was still under consideration. The Member remarked that, upon careful examination, the matter could in fact be resolved within a week and should not require such a prolonged period.

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Moreover, given the continued delay, both the public and the Local Government leaders remain uncertain as to whether the earlier informed notification has been nullified or not. Numerous inquiries and calls have been received in this regard, underscoring the urgency for the two ministries to resolve the matter at the earliest possible.

The member from the Radhi-Sakteng constituency further mentioned that the cost sharing mechanism is an important initiative for citizens with low income. Considering this, it is important to have a policy and ratios of the cost sharing mechanism that will benefit people living in villages with low income and fix the ratio as low as possible supported by research.

The Minister of Agriculture and Livestock clarified that he had discussed the matter with the officials involved in developing the mechanism to consider and carefully examine the poverty issues in different places. The Ministry needed to examine the matter thoroughly and consider such aspects, which caused a delay and prevented it from reporting to the committee on time, the minister clarified. Additionally, in the announcement made by the Finance Secretary on 24.08.2025, it was stated that the government would bear 40% of the cost while the people would bear 60%. However, this ratio was not satisfactory to the Ministry of Agriculture and Livestock. Consequently, the ministry requested a review, to which the Ministry of Finance responded that the CSM 2021 guidelines would be implemented for the current financial year.

The Minister also mentioned that, after the end of June, a new guideline must be implemented. The concerns raised by the MPs need to be clarified by the ministry; otherwise, there is a risk of miscommunication. When

it was mentioned that the committee had not yet reached a resolution on the matter, it did not imply any misunderstanding between the two ministries or the ministers. The discussions simply took time to arrive at a concrete resolution. Once finalized, the resolution will be submitted to the Cabinet, and upon endorsement, it will be implemented. Therefore, the MPs need not be concerned.

On this issue, the Member from Lingmukha-Toedwang constituency noted that the frequent government notifications on the subject have caused confusion among rural farmers and led to repeated disturbances for gewog officials. However, the Member added that to achieve the government's goal of reducing rural–urban migration, such initiatives are essential and should be implemented with more flexible guidelines to avoid burdening the people. For example, domestic animals such as hens and pigs, along with seeds and manure, were initially provided free of cost by the government. Later, a cost-sharing system was introduced where the government covered 80 percent and beneficiaries contributed 20 percent to help people appreciate the value of government support. Eventually, the ratio changed to 40 percent by government and 60 percent by public contribution. However, many rural residents found this new arrangement difficult to afford. Therefore, the Member requested that the government consider providing additional concessions.

The Parliament directed the two ministries to review the matter in mutual understanding and report back to the House. If the ministries reached a concrete resolution before the conclusion of the Third Session, they were instructed to submit their findings accordingly. With the show

Resolution of the 3<sup>rd</sup> Session of the Fourth Parliament

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of hands from the Members of Parliament, the recommendation was subsequently adopted (On 8<sup>th</sup> Day of the Fourth Month of Wood Female Snake Year corresponding to 3<sup>rd</sup> June, 2025).

### **8.3 The Economic and Finance Committee’s Follow-up Report on Loan Non-Repayment**

On 3<sup>rd</sup> June, the Member of Parliament from Monggar Constituency, who is also a Member of the Economic and Finance Committee, presented a report to the House on the review of the implementation of the Economic Stimulus Plan (ESP). Following the deliberations, the House directed the Committee to explore and present possible solutions for individuals classified under Non-Performing Loans (NPL), in consultation with the Royal Monetary Authority. In compliance with the directive to submit the report during the ongoing session, the following report is hereby submitted as detailed below.

#### **Background**

Loan restructuring is a critical policy tool for maintaining financial sector stability and resilience. In light of rising non-performing loans (NPLs), the prolonged impact of the COVID-19 pandemic, and increasing credit risk, the Royal Monetary Authority (RMA) introduced seven loan restructuring facilities in 2022.

These facilities aim to provide financial service providers (FSPs) with a proactive risk management mechanism to address immediate borrower stress and enhance long-term sector resilience. They also empower FSPs to design repayment solutions based on borrower viability and repayment capacity.

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## **Seven Loan Restructuring Facilities**

While the RMA has specified seven restructuring facilities, FSPs are allowed to implement other restructuring mechanisms following the approval by their respective board.

### **1) Payment of Interest Only:**

Enable borrowers to pay only the interest portion of their scheduled instalments, while deferring the principal portion of the instalment for up to two years. It is particularly designed to ease financial burden on borrowers experiencing temporary reduction in income.

Example: For an instalment of Nu. 10,000 (Nu. 6,000 principal + Nu. 4,000 interest), only the Nu. 4,000 interest is payable. The loan remains classified as performing.

### **2) Payment Moratorium:**

A payment moratorium is a temporary suspension of loan repayments granted during periods of financial distress, such as economic downturns or crises, to support both borrowers and banks. Under this facility, payment moratorium can be provided for up to two years. For borrowers, it provides immediate financial relief, prevents defaults and penalties, and offers time to recover financially.

### **3) Capitalization:**

Capitalization means one time adding interest outstanding to principal amount and the repayment schedule is subsequently revised, serves as a strategic restructuring mechanism, especially in times of borrower's financial distress. It helps restore loan

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viability by consolidating payment obligations and offering borrowers a renewed repayment plan, thereby avoiding default.

The borrowers benefit from eased cash outflow, as they are relieved from the pressure of settling lump-sum interest arrears upfront.

However, capitalization is not without its trade-offs. Since the outstanding principal increases, so does the cost of borrowing over time, as future interest is charged on the higher principal amount.

For instance, consider a borrower who owes Nu. 100,000 in principal and has Nu. 10,000 in interest outstanding. The borrower has option to make upfront payment of Nu. 10,000 (interest amount) or capitalize with the principal amount. If the Nu. 10,000 is capitalized, the new principal becomes Nu. 110,000, to be repaid over a revised schedule without requiring to make upfront payment.

**4) Extension of maturity term (loan tenure extension):**

Extending a loan's maturity, effectively extending the repayment period, is a widely used restructuring strategy that offers much-needed financial relief to borrowers while safeguarding lenders' asset quality. This facility is particularly useful during periods of financial stress or income disruption, allowing borrowers to stay afloat without falling into default. One key benefit of this arrangement is that it eases repayment pressure. By distributing loan payments over a longer timeframe, borrowers can manage smaller, more affordable instalments. This flexibility supports

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continued compliance with loan obligations, reducing the risk of default.

For instance, a borrower with a five-year loan tenure is required to make annual repayments of Nu. 200,000. By extending the loan tenure to eight years at the same interest rate, the annual instalment could drop to about Nu. 135,000, significantly easing the borrower's financial burden.

**5) Enhancement of credit facilities (loan top up):**

Enhancement of credit facilities, commonly referred to as a loan top-up, is a restructuring measure that allows borrowers to access additional financing on top of their existing loan. This approach can be particularly applied for businesses or individuals facing temporary liquidity shortfalls, increased project costs, or needing working capital to sustain operations during recovery phases.

This arrangement provides immediate financial relief by injecting fresh capital without requiring a new loan process. It helps borrowers stabilize cash flows, complete stalled projects, or meet urgent obligations.

For Example; a borrower with an outstanding loan of Nu. 500,000 secured by property valued at Nu. 1 million. Due to cash constraints, the borrower requests a top-up of Nu. 200,000. Given the collateral still covers the total loan (Nu. 700,000), financial institution can approve the additional loan.

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**6) Loan splitting:**

Loan splitting is a restructuring strategy where a large outstanding loan is divided into multiple smaller sub-loans, each with its own repayment schedule. This approach is particularly effective for high-value loans and is commonly used alongside other measures such as payment moratorium.

One of the key advantages of loan splitting is the reduction in instalment burden.

Consider a borrower with a Nu. 10 million loan and an annual instalment of Nu. 1.2 million. Due to financial difficulty, the loan is split into three accounts: Nu. 4 million, Nu. 3 million, and Nu. 3 million, each with distinct terms. Depending on the income of the borrower, the borrower can choose to pay instalment for one account and defer remaining two accounts.

**7) Conversion to term loan:**

Converting overdraft (OD) and working capital (WC) loans into term loans, based on sector-specific tenures as outlined in financial institution's credit policy, is a practical and forward-looking restructuring solution. This approach enables both borrower recovery and institutional stability, particularly in scenarios where short-term liquidity stress hampers repayment capacity.

By turning short-term, OD/WC into a structured repayment plan, borrowers gain the advantage of predictability and affordability. The pressure of frequent renewals or high interest servicing

obligations is reduced, which is especially helpful for businesses with uneven cash flows. From the lender's perspective, converting these accounts into term loans not only helps reduce the risk of default but also strengthens portfolio health by shifting potentially stressed loans into a more prospective loan.

For instance, a manufacturing firm with a Nu. 2 million working capital loan that is renewed annually. Ongoing cash flow challenges make it difficult to meet interest payments. Under this restructuring arrangement, the financial institution can convert the working capital into a five-year term loan, in line with its sectoral credit guidelines. The borrower now repays in predictable quarterly instalments, which eases the financial pressure while ensuring continued loan performance.

After the report was submitted to the House, the House approved the seven loan restructuring facilities proposed by the Royal Monetary Authority without any further discussion. **(On the 12<sup>th</sup> Day of the 5<sup>th</sup> Month of the Wood Female Snake Year corresponding to 4 July 2025)**

## **9. Redeliberation of the Bills**

### **9.1 Re-deliberation of the Supplementary Budget Appropriation Bill for the Financial Year 2024–2025**

The National Council passed the Supplementary Budget Appropriation Bill for the Fiscal Year 2024–2025 in alignment with the version earlier

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adopted by the National Assembly, without any objections. Consequently, the National Assembly during the re-deliberation held on 24 June 2025, deemed further discussion on the Bill unnecessary. **(On 29<sup>th</sup> day of the 4<sup>th</sup> month of the Wood Female Snake Year, corresponding to 24<sup>th</sup> June 2025)**

## **9.2 Re-deliberation of the Budget Appropriation Bill for the Financial Year 2025–2026**

The National Council submitted four recommendations on the Budget Appropriation Bill for the Financial Year 2025–2026. During the re-deliberation held by the National Assembly on 24 June 2026, the recommendations were not endorsed. Accordingly, the National Assembly passed the Bill in its original form, as previously adopted. **(On the 29<sup>th</sup> day of the 4<sup>th</sup> month of the Wood Female Snake Year, corresponding to 24<sup>th</sup> June 2025).**

## **9.3 Resolution of Re-deliberation on Goods and Services Tax (Amendment) Bill of Bhutan 2025 by the National Assembly**

The Member of the Economic and Finance Committee, representing the South-Thimphu Constituency, presented the re-deliberation report on the Goods and Services Tax (Amendment) Bill of Bhutan 2025. This bill is one of three key money bills introduced as part of the government’s current tax reform initiative. The bill had previously been deliberated and adopted by the National Assembly and subsequently forwarded to the National Council for review, in accordance with legislative procedures.

Following the review, the National Council submitted back to the National Assembly with three recommendations. In the first place, the National

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Council recommended that the bill be implemented from the date of its introduction in the House by the Finance Minister, in accordance with Section 46(B) of the Public Finance Act. However, the Committee noted that practical implementation requires adequate system preparation and sufficient time for training of sales personnel. While acknowledging the intent of the Public Finance Act, the Committee proposed a uniform commencement date to ensure readiness and compliance. Therefore, the Committee recommended adding a new clause and the commencement date to be 1st January 2026, thereby rejecting National Council's recommendation.

The second recommendation concerned the Tribunal and Review Board. The National Assembly had previously deliberated extensively on this matter and approved the Review Board by majority consensus. Currently, the Revenue and Customs Office is using the term as the Review Board. The Committee recommended that the House uphold its earlier decision as it is.

The third recommendation from the National Council pertained to the scope of deliberation on money bills and financial bills. The House resolved not to deliberate further on this matter.

During the discussion, the Member from Nyisho-Sepu Constituency emphasized the importance of adhering to the commencement date proposed by the Economic and Finance Committee. He raised concerns regarding the legality of repealing provisions that may conflict with the Public Finance Act and questioned the sustainability of newly inserted provisions. He further clarified that while the authority over money bills

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rests solely with the National Assembly, the forwarding of such bills to the National Council for review particularly regarding the insertion of new topics or repeal of existing provisions must follow established legislative procedures. He also noted the need to assess the eligibility of provisions inserted during re-deliberation, especially when such topics were not introduced by either the National Council or the National Assembly in earlier stages. Although the National Assembly holds the final authority over money bills, both Houses share responsibilities that must be exercised in accordance with legislative norms.

In response, the Member from South-Thimphu Constituency clarified that the Committee had referred to relevant legislative manuals, including the Legislative Drafting Manual (2016), which affirms the eligibility to insert such provisions. In order to align with Section 46(B) of the Public Finance Act, the committee had inserted a saving clause, therefore, did not contravene any legal standards. The Member from Gangzur-Minjay Constituency further stated that the Committee had considered the recommendations of the National Council and inserted the provision accordingly. He explained that the Committee had reviewed all relevant sections of the Public Finance Act, legislative rules of procedure, and drafting manuals. It was noted that the Public Finance Act serves as a general rule, while the Goods and Services Tax (Amendment) Bill is a special rule. There is no precedent prohibiting the insertion of general provisions into special legislation.

Moreover, it was clarified that enforcing the bill immediately upon introduction could lead to practical challenges between the government

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and the public. Retaining the proposed commencement date reflects consideration of the National Council's recommendation and ensures smoother implementation. As there is no provision restricting such insertions, the Committee proceeded accordingly.

The House directed to make necessary corrections to Dzongkha-English translations and terminology and by majority, the House resolved not to support the recommendations made by the National Council and reaffirmed its earlier adoption of the recommendation by the National Assembly. (on 7th day of the 5th month of the Wood Female Snake Year, corresponding to 2nd July 2025).

#### **9.4 Resolution of the re-deliberation of the Excise Tax Bill of Bhutan, 2025**

During the re-deliberation of the Excise Tax Bill of Bhutan, 2025, the National Assembly reviewed the objections and recommendations submitted by the National Council. With respect to Annexure 1, section 85.43, subsection 8543.40.00 pertaining to the imposition of a 20% excise tax on electronic cigarettes and similar personal electric vaporizing devices, the National Assembly reaffirmed its earlier position and upheld the original adoption made by the House.

With respect to section 87.05, subsection 8705.30.00, pertaining to the proposal for zero excise tax on fire engines as submitted and adopted by the National Council, the National Assembly accepted the recommendation submitted by the National Council.

With respect to Annexure 2, the National Assembly resolved to retain the provisions as originally adopted by the House, without any further

### **9.5 Re-deliberation on the Income Tax Bill of Bhutan 2025**

During the re-deliberation, the Member of the Economic and Finance Committee from Mongar Constituency presented its Review Report. He submitted that the National Council had recommended that the commencement date of the Income Tax Bill of Bhutan 2025 be aligned with the provisions of the Public Finance (Amendment) Act of Bhutan 2012. However, he stated that the Committee decided to retain the commencement date as 1<sup>st</sup> January 2026, as previously endorsed by the National Assembly.

Secondly, on the National Assembly's recommendation to allow the aggrieved party to appeal to the Review Board of the Ministry, the National Council amended this provision by replacing the Review Board with a Tribunal. The Member clarified that the Committee has decided to retain the Review Board, as originally endorsed by the National Assembly.

Thirdly, regarding the authoritative text, the National Council recommended that the Dzongkha text shall prevail in matters of interpretation. However, the Member submitted that the Committee has decided to retain the provision, as originally endorsed by the National Assembly.

Fourthly, regarding tax payments, in cases where a person remits excess tax and the Government delays refund of the excess amount,

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the National Council recommended increasing the interest rate on the delayed payment from 5 percent to 15 percent. However, the Member submitted that the Committee has decided to retain the 5 percent rate, as previously endorsed by the National Assembly.

Regarding the fifth recommendation, the Member submitted that, in relation to the imposition of penalties and offences similar to that of GST and Excise Tax, it is essential that they remain reasonable. He further submitted that the penalties have been aligned with the minimum national workforce wage and have been reduced by 50 percent. The Member urged the House to support the previous recommendation made by the National Assembly.

In Schedule 3, the National Council recommended increasing the interest exemption limit for fixed deposits to Nu. 400,000 and reducing the exemption limit on dividends to Nu. 200,000. The Member submitted that the Committee has accepted the recommendation to increase the interest exemption limit for fixed deposits to Nu. 400,000, but has decided to retain the dividend exemption limit as originally endorsed by the National Assembly.

Thereafter, the House deliberated on each of the recommendations submitted by the National Council. During the deliberations, the House endorsed the recommendation to increase the interest limit exemption for fixed deposits from Nu. 300,000 to Nu. 400,000, as proposed by the National Council, while other provisions were retained as originally endorsed by the National Assembly. **(On 9<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 4<sup>th</sup> July 2025)**

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## 10. JOINT SITTING

### 10.1 Marriage (Amendment) Bill of Bhutan, 2024

Before commencing the deliberation, the Secretary General of National Assembly read out the Royal Kasho consenting to convene Joint Sittings for the disputed provisions of the National Assembly (Amendment) Bill 2024 and the Marriage (Amendment) Bill 2024. **(Royal Kasho is attached in the Annexure)**

Following this, the Chairperson of Joint Committee, Member of Parliament from Thrimzhing Kangpara constituency informed that a Joint Committee was instituted to deliberate on Section Kha 1–14 of the Marriage Act of Bhutan, 1980. He further reported on number of sittings held by the Committee and introduced each of its Members individually. The Chairperson also acknowledged that the amendments proposed by National Council were of utmost importance.

Following this, the Member of Parliament from Khengkar Weringla constituency informed the House that although the marriageable age in the country is 18, the Marriage Act of Bhutan, 1980 reflected 16 as the marriageable age for female. Therefore, RENEW proposed for amendment of this provision. Accordingly, the National Assembly reviewed and deliberated on the matter and then forwarded it to the National Council for further review.

The Natural Resources and Environment Committee of the National Council reviewed the Bill and proposed an additional 26 provisions for amendment. However, the proposed provisions could not secure a simple

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majority in the House, and therefore the Joint Committee was established solely to discuss Section Kha-1-14 regarding the marriageable age for female.

In 1996, the High Court issued an order stating that marriageable age for both female and male is 18 years. However, since it was not reflected in the Act, it became important to amend the provision. Besides this, the provision also contradicted the Penal Code of Bhutan, the Contract Act of Bhutan, the Inheritance Act of Bhutan, and the Child Care and Protection Act, which defines a person below 18 years as a child, therefore, it necessitated the importance to harmonize these laws.

Furthermore, Bhutan is a member and signatory to international conventions like UN Child's right, in addition to this, the Child Care and Protection Act of Bhutan, 2011 defines a person below 18 years as a child. It was observed that since Marriage Act of Bhutan, 1980 was inconsistent with international best practices, there was challenges while reporting in the international forums. Hence, it was not aligning with Article 10(25) of the Constitution. Members also mentioned that during the Hon. Speaker's visit to Geneva for the IPU, this

The Hon. Chairperson of the National Council and few members expressed that since there are other provisions, such as those relating to child custody, alimony and child maintenance that are more important than marriageable age, they had proposed amendment of 26 sections but could not be passed. They further stated that the difference in marriageable age for female and male was simply a translation error. In Dzongkha, it is clear, but it failed to align with the English text. They

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argued that such minor changes should not result in amending the Act and proposed that it would be better to defer the Bill and undertake a comprehensive amendment in the upcoming session, including all important provisions.

In response, the Ministers and Deputy Speaker submitted that considering the importance of this section and shortage of time, there was no harm in amending this lone section, further, they stated that practice of amendment of one or two sections existed long time before, for example; pre-democracy, they had amended one section relating to child maintenance from the Marriage Act. They also informed that His Majesty had always reminded to amend the laws immediately if it caused problem in the implementation.

And also, they reminded the House that since National Council could not garner simple majority votes on the proposed 26 provisions, there was no point in discussing in the joint sitting.

It was also noted that although the Marriage Act of Bhutan, 1980 has been amended several times, the provision on marriageable age has never been included. Therefore, the current amendment aims to ensure the safety of women, align the Act with other laws in the country, and bring it in line with international best practices. A comprehensive amendment could be initiated by either House in the future.

In the continuation, the member of Parliament from Nishu Sephu Constitutuncy recalled that in 1996, during the 74<sup>th</sup> session, the marriageable age was discussed as being 18 years; however, it was not included in the Act. Accordingly, the High Court issued an order, and

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the same practice has been following to date. It was also clarified that the marriageable age for males as 18 and females as 16 is not merely a translation error, as it appears in the Dzongkha text as well.

The Eminent Member of National Council, Hon. Tashi Chhozom clarified that although the Marriage Act of 1980 mentioned 16 as the marriageable age for females, later-enacted laws such as the Penal Code of Bhutan 2004 and the Child Care and Protection Act 2011 define a person below 18 years as a child. Under the principle of law, the Doctrine of Implied Repeal stated that, if there is inconsistency between laws, the later-enacted law should prevail.

The Member of Parliament from Menbey-Tsenkha constituency reminded that House that if the Bill was to be deferred, then it should be done before the establishment of Joint Committee. Withdrawing the Bill after formation of Joint Committee would be against the Rules of Procedure.

The Chairperson of Joint Committee and members clarified that in 1996, during the 74<sup>th</sup> session, the marriageable age for females was discussed, but it was not approved by the judiciary. Hence, in 2002, the High Court issued an order on marriageable age to be 18 for both male and female. In response to the claim that the marriageable age for males is 18 and females 16 appears only in English text, it was clarified that it is also reflected in the Dzongkha text as well. Therefore, the Joint Committee submitted a proposal that the Marriage Act 1980 should undergo a comprehensive amendment within the next six months or within a year by the National Council.

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After much deliberation, while ascertaining the support on Marriage (Amendment) Bill Bhutan, 2024, out of 65 members present and voting, 49 members voted ‘yes’, 14 voted ‘No’ and 2 abstained, thereby securing two third majority vote to pass the amendment Bill. **(On 30<sup>th</sup> Day of the 4<sup>th</sup> Month of the Wood Female Snake Year corresponding to 25<sup>th</sup> June 2025).**

## **10.2 Royal Kasho for Joint Sitting of the Parliament**

As the National Assembly of Bhutan and the National Council of Bhutan have not reached consensus on few sections of the National Assembly (Amendment) Bill of Bhutan 2024 and the Marriage (Amendment) Bill of Bhutan 2024, in accordance with Article 13, Section 8 of the Constitution of the Kingdom of Bhutan, Royal Assent is hereby granted to convene the Joint Sitting of the Parliament for proper deliberation and voting of the Bills. Granted on the 1<sup>st</sup> day of the 11<sup>th</sup> month of the Wood Dragon Year.

By Warrant Under His Hand

**Druk Gyalpo**

## **10.3 Resolution of the National Assembly (Amendment) Bill of Bhutan, 2024**

Prior to commencing the deliberations on National Assembly (Amendment) Bill of Bhutan, 2024, the Secretary General read out the Royal Kasho granted by His Majesty to convene Joint Sitting of the Parliament.

Following this, the Chairperson of the Joint Committee, a member from Nyisho-Sephu constituency submitted Joint Committee’s report wherein he informed the House that Legislative Committee of National Assembly had reviewed the Bill and submitted 34 sections to the National Council for further review. Of these, the National Council has not approved 7 sections. Consequently, a Joint Committee was constituted as per the provisions of Constitution of Bhutan to resolve the disputed provisions. The Committee conducted stakeholder consultations with relevant agencies and reviewed 9 disputed sections (7 main sections and 2 sub sections), which was then brought forward for detailed discussion in the House.

The House first deliberated on Section 47(F), which the Committee proposed to read as: “Ensure that the Government safeguards the interests of the nation through scrutiny of State functions.” During the discussion, the member from Radi-Sakteng constituency pointed out inconsistencies between the English and Dzongkha text, to which he proposed the Dzongkha text as (རྒྱལ་ཁབ་གྱི་མཐའ་དོན་ ཉེན་སྲུང་འབད་ནིའི་དོན་ལུ་ རྒྱལ་ཁམས་གྱི་མཛད་རིམ་ཚུ་ དབྱེ་ཞིབ་ ཡང་ན་ རན་ཞིབ་ཐོག་ལས་ དེས་བརྟན་བཟོ་དགོ་). Thus, the House unanimously approved the proposal.

Regarding Section 254 (A) and (B), the Chairperson of the National Council submitted that this section was more relevant in the Parliament Entitlement Act rather than the National Assembly (Amendment) Bill. He further remarked that if National Assembly (Amendment) Bill was passed, then it could necessitate amendments to National Council Act as well.

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In response, the Committee Chairperson and several members clarified that there won't be any issue even if the provision was inserted in the National Assembly (Amendment) Bill because the Bill addresses as Members of Parliament, which includes both National Assembly and Council, in addition to that, this issue pertains more to Dzongkhag Administration than the entitlements. Further, given the uncertainty about amendment of Parliamentary Entitlement Act and in case the Parliamentary Entitlement Act is amended in future, this provision can be removed from the National Assembly Act.

To this, the Home Minister clarified that, since Members of Parliament faced inconveniences during constituency visit and as per the resolution of second session, the Ministry had developed Parliament Members' Protocol and Guidelines 2024 to facilitate during their visits to Dzongkhags and constituencies which was circulated to the Members.

However, the committee stated that issues covered in Sections 254 (A) and (B) were not explicitly included in the protocol. Therefore, the Joint Committee proposed incorporating these provisions into the protocol without altering any wordings or meaning.

Subsequently, while ascertaining the support to the National Assembly (Amendment) Bill of Bhutan, 2024 by voting, out of 63 members present and voting, 50 members voted 'yes', 11 voted 'No' and 2 abstained, thereby passing the Bill. **(30<sup>th</sup> Day of the 4<sup>th</sup> Month of Wood Female Snake Year corresponding to 25 June, 2025).**

**11. PUBLIC ACCOUNT COMMITTEE’S ANNUAL AUDIT REVIEW  
REPORT ON THE FINANCIAL YEAR 2023-2024 AND ANNUAL  
AUDIT REVIEW REPORT FROM 2010-2023**

**11.1. Royal Kasho on Joint Sitting**

The Royal Assent is hereby granted to convene the Joint Sitting of the Parliament on 27<sup>th</sup> and 30<sup>th</sup> of June, 2025 to present the review report of the Public Accounts Committee on the Synthesis of Annual Audit Report 2023 -2024, Follow up on the Review Reports of Annual Audit Reports (AAR) 2010 to 2023 and follow up on the past resolutions. Granted on the 13<sup>th</sup> Day of 5<sup>th</sup> Month of Wood Female Dragon Year.

By Warrant Under His Hand

**Druk Gyalpo**

Upon reading the Royal Kasho by the Secretary General, the Chairperson of the Public Accounts Committee, Hon. Phuntsho Rabten, Eminent Member, National Council, presented the committee’s report. This presentation was in accordance with Article 25 of Chapter 6 of the Constitution of the Kingdom of Bhutan and was summarized into three chapters.

Chapter I: Synthesis of AAR 2023 – 2024;

Chapter 2: Follow up on Review Reports of AAR 2010 – 2023; and

Chapter 3: Follow up on the past resolutions

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**Chapter 1: Synthesis of Annual Audit Report 2023 - 2024**

1. Certification of Annual Financial Statements
2. Irregularities by Categories
3. Resolved and unresolved irregularities by categories
4. Resolved and unresolved irregularities by agencies
5. Committee observation
6. Committee's Recommendations
7. RAA's Recommendations

The approved budget of the RGoB for FY 2023-24 was Nu. 74,861.615 million, which was later revised to Nu. 77,076.936 million. The difference of Nu. 2,215.32 million pertaining to external sources was incorporated during the year in keeping with the Public Finance Act and it's mainly attributable to incorporation of GoI fund. During the year, RGoB received total grants amounting Nu. 10,615.567 million- Nu. 10,232.506 million in cash and Nu. 383.059 million in kind. In addition to domestic borrowings, RGoB raised Nu. 16,000.199 million from external borrowings.

The total expenditure recorded for the year amounted to Nu. 70,223.00 million, resulting in overall underutilization of the revised budget by 8.89%. During the period, there was under-absorption of the capital budget by 18.67% The fiscal deficit for the FY 2023-24 was significantly reduced to 0.16% of GDP amounting to Nu. 431.218 million compared to the original deficit estimate of 8% (Nu. 21,348.37 million). This reduction is primarily attributed to budget underutilization and a modest increase in revenue performance. During the period, a sum of Nu.

405.304 million were recovered as audit recoveries from the audited agencies.

The Annual Audit Report highlights three categories of irregularities, namely:

1. Fraud and corruption,
2. Non-compliance with laws, rules, and regulations, and
3. Shortfalls, lapses, and deficiencies.

The financial implication of the audit findings observed during the period amounted to Nu. 3,961.136 million, accounting for 5.64% of the total expenditure incurred. Of the total irregularities, Nu. 15.762 million (0.40%) was categorized under “Fraud and Corruption”, Nu. 2,208.794 million (55.76%) under “Non-compliances to Laws and Rules & Regulations”, and Nu. 1,736.580 million (43.84%) under “Shortfalls, Lapses and Deficiencies”

### **Fraud and corruption**

The highest number of irregularities amounting to Nu. 4.738 million (30.06%) was reported under the Dzongkhag Administration, Pema Gatshel (including Dungkhag & Gewogs). This was followed by Dzongkhag Administration, Samtse (including Dungkhags & Gewogs) with Nu. 3.891 million (24.69%), and the Thromde Administration, Thimphu with Nu. 2.575 million (16.34%).

### **Non-compliance to laws, rules and regulations**

Most of the total irregularities fall under the category of “Non-compliance with laws, rules and regulations”, accounting for 55.76% or Nu 2,208.794 million. Of which the Department of Infrastructure Development, MoIT

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has the highest value of irregularities at Nu. 344.403 million followed by State Trading Corporation of Bhutan Limited with Nu. 328.732 million.

### **Shortfall, lapses and deficiencies**

The cases categorized under “Shortfall, lapses and deficiencies” accounted for 43.84% of the total irregularities, amounting to Nu. 1,736.580 million. Of which, the Punatsangchhu-II Hydroelectric Project had the highest share of irregularities amounting to Nu. 551.344 million, followed by the State Mining Corporation Limited with Nu. 497.177 million.

Of the total irregularities amounting to Nu. 3,961.13 million as of June 2024, Nu. 1,581.50 million (39.93%) had been resolved as of March 31, 2025, leaving a balance of Nu. 2,379.63 million.

The highest number of outstanding settlements was for non-compliance with laws, rules and regulations, with Nu. 966.08 million settled as at March 31, 2025, leaving a balance of Nu. 1,242.71 million. In terms of Shortfalls, Lapses and Deficiencies, the balance of Nu. 608.02 million was settled as at March 31, 2025, with a balance of Nu. 1,242.71 million. In terms of Fraud and Corruption, the balance of Nu. 7.40 million was settled as at March 31, 2025, with a balance of Nu. 8.36 million.

Of the total unresolved irregularities by agencies balance of Nu. 2,380.33 million as of March 31, 2025, Nu. 1,081.06 million (45.42%) pertains to the Corporations, followed by hydropower projects with Nu. 708.66 million (29.77%). Among the Corporations, the State Mining Corporation Limited has the highest unresolved balance at Nu. 360.40

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million, followed by the State Trading Corporation of Bhutan Limited with 328.73 million.

Alongside the hydropower sector made a slight progress in resolving irregularities, reducing the unresolved amount from Nu. 741.61 million in June 2024 to Nu. 708.66 million as of the end of March 2025. Of this unresolved balance of 708.66 million, Nu. 702.62 million pertains to PHPA - II and Nu. 4.55 million to Khorlochu Hydro Energy Limited, Trashiyangtse.

## **Committee's Observations**

### **1. Under-utilization of capital expenditure**

Underutilization of the capital budget remains a persistent and systemic issue in the country. Each fiscal year, a significant portion of the allocated capital budget remains unspent. As shown in Figure 1, underutilization was recorded the highest in 2020 at 30.03%, likely due to disruptions from the COVID-19 pandemic. Although a declining trend has been observed in the subsequent years, the trend still continues. This highlights our institutional challenges such as inadequate planning, delays in procurement processes, weak fund absorption capacity of agencies, and limited technical capacity of agencies to implement projects.

### **2. Financial Irregularities**

Financial irregularities continue to affect our fiscal governance in the country. As shown in Figure 2, the highest level of irregularities over the past five years was observed in the FY 2021-22, amounting to Nu. 7,525.50 million. Although there was a sharp

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decline in FY 2022-23 to Nu. 2,840.09 million, the persistence of such irregularities highlights a systemic issue. This trend indicates a recurring deviation by agencies from established legal and institutional framework, including acts, rules, and procedures. It also suggests a weak internal control system and inadequate enforcement of accountability mechanisms at the agency level.

### **3. Non compliance to Laws & Rules**

Financial irregularities resulting from non compliance to laws and rules remain a persistent concern highlighted in the annual audit reports. As illustrated in Figure 3, there has been a sharp increase in financial irregularities due to non-compliance with laws and rules over the past five years, indicating a continuing pattern of weak adherence by implementing agencies to the legal and regulatory framework.

### **4. Fraud & Corruption**

Financial irregularities resulting from Fraud and Corruption continue to feature regularly in audit reports. Although the number of cases has declined significantly over the years, there are still cases reported every year. As shown in Figure 4, absolute figures remain relatively low, but the recurring nature is a cause of concern. This suggests weaknesses in the enforcement of accountability mechanisms and inadequate institutional vigilance.

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## 5. Systemic Weaknesses in Project Planning and Supervision

### Undermining Infrastructure Quality

Poor quality in infrastructure development often stems from inadequate planning, lack of thorough due diligence, and insufficient verification of cost estimates and technical designs. This is further compounded by a shortage of professional expertise during both the planning and implementation phases. As a result, projects frequently face cost overruns, delays, deviations from technical specifications, and substandard workmanship. A notable example is the Mother and Child Hospital project, which revealed serious financial irregularities such as excess payments, inadmissible claims, and payments for unexecuted works. These issues arose due to poor project management, where a single underqualified manager handled several complex tasks.

Furthermore, it is observed that engineers are burdened with supervising over 15 sites simultaneously, reducing the effectiveness of oversight. Tender Committees lack sufficient technical expertise, with only two technical members among largely non-technical teams, leading to weak contract evaluation and compromised project quality. This is further exacerbated by the prevailing approach of awarding public works solely based on the lowest evaluated bid, failure to recruit competent human resources, weak monitoring and in some instances, the use of “ghost employees”.

Now the  $\pm 20\%$  bidding mechanism - originally intended to curb abnormal bids - has been misused, with cost estimates allegedly leaked to preferred contractors. This has undermined the integrity

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of competitive bidding, eroding transparency, fairness, and uniformity in public procurement. The focus on short-term cost savings over quality and sustainability has led to construction defects, material failures, and premature asset deterioration.

Moreover, while the Procurement Rules and Regulations (PRR) 2023 provide mechanisms for dispute resolution, the absence of explicit timelines for initiating arbitration has weakened the efficiency of the system. Contractors often delay arbitration proceedings after indicating their intent to pursue them, which has contributed to the persistence of unresolved audit memos appearing in multiple audit cycles.

**6. Misrepresentation of Accountable Amounts in Audit Reporting**

The Committee has noted with concern that the Annual Audit Reports continue to reflect the entire contract amount as irregular even when a portion of the main work is found defective. This invariably inflates the actual irregularities amount as well as the overall irregularities in the report.

**7. Failure to Adapt Infrastructure Standards to Geographical & Climatic Realities**

The PAC observed that the application of uniform technical specifications and contract durations across infrastructure projects irrespective of geographical and climatic variations resulting in inefficiencies and wastage of public resources. For instance, the Lined V shaped drain in Naro Geog centre road continues to face delays in completion due to harsh weather conditions. The use of

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standard materials such as granular sub-base (GSB), which are unsuitable for steep terrain roads with sharp turns, led to poor durability and repeated structural failures.

Furthermore, identical contract durations and design standards are applied to projects in both cold northern and subtropical southern regions, despite clear differences in the construction feasibility and technical requirements. These shortcomings, compounded by weak feasibility assessments reflect a systemic failure to tailor infrastructure projects to local conditions ultimately undermining their sustainability and resulting in inefficient utilization of public funds.

#### **8. Deviation in the award of Community Contracts**

Community contracts, originally intended to empower communities and promote ownership, in some instances, have been awarded to individuals rather than properly constituted community groups. This has led to gaps in enforcement of accountability.

#### **9. Inaction on Long-Unresolved Irregularities**

The Committee noted that a significant number of irregularities that have remained unresolved for more than 12 months continue to be repeatedly reflected in the Annual Audit Reports without substantive action by the concerned agencies. This persistent inaction undermines accountability and erodes public trust in institutional effectiveness. One of the key reasons for such prolonged inaction is the absence of legal officers in many agencies, which hampers their ability to take timely legal or administrative action on audit issues.

## **Committee's Recommendations**

Based on the observation and subsequent stakeholder hearings, the Public Accounts Committee (PAC) makes the following recommendations:

1. To address the persistent issues of capital budget underutilization and enhance the efficient utilization of resources, the Committee recommends that the Royal Government initiate a performance-based budgeting across all budgetary bodies.
2. The Committee recommends that all infrastructure projects, especially the large and complex ones, be supported by allocating sufficient time, resources, and specialized professional expertise during the planning and design phases. Supervisory authorities must be held directly accountable for any lapses or deviations, engineers' workloads should be rationalized by capping site assignments, and Tender Committees restructured to include a higher proportion of technical members to ensure rigorous evaluation and sound contract awards.

In view of the significant challenges faced in infrastructure projects, the committee recommends the Government to review the Procurement Rules and Regulations (PRR) and Evaluation Guidelines to address numerous issues ranging from anomalies in current practice of awarding contracts based on  $\pm 20\%$  bidding system to technical incompetence in the tender committee and weak M&E frameworks.

Further, the Bhutan Standards Bureau (BSB) should be assigned a central role in conducting comprehensive quality assessments of materials, goods, and services used in the public procurement

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system to enhance quality and standards in the public infrastructure projects.

3. The Committee recommends that the Royal Audit Authority reflect the exact value of the irregularities to enhance accuracy of the overall financial irregularities in the report.
4. The committee recommends the RGoB to ensure adherence to Community Contract Protocol and institutionalize accountability mechanisms in community contracts to ensure post completion liabilities.
5. The Committee recommends the RGoB to mandate all agencies to ensure consistency and context-specificity in determining contract duration and technical specifications by considering local climatic conditions and geographical challenges during contract preparation.
6. The Committee recommends that the RGoB invoke Section 123 of the Audit Act of Bhutan 2018, which clearly states: “Any serious cases remaining unresolved for 12 months after deliberation in the Parliament shall be referred to the Court of Law by the agencies concerned.”

In addition, the RGoB to ensure adequate legal officers across agencies to ensure timely legal action.

#### 7. RAA’s Recommendations

The PAC reviewed all seven recommendations submitted by the RAA and observed that the RGoB has initiated actions on some

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Resolution of the 3<sup>rd</sup> Session of the Fourth Parliament

of the recommendations such as the guidelines on hospitality and entertainment expenses. However, for other recommendations, PAC has rationalized and included in its recommendation.

## **Chapter 2**

Regarding the Annual Audit Report for the period 2010 to 2023. Between May 2024 and March 2025, Nu. 12,468.23 million (72.54%) of the total irregularities from AAR 2010-2023 got resolved leaving a balance of Nu. 4,729.89 million as of 31st March 2025. As evident from Table 6, out of the total balance irregularities of Nu. 4,729.89 million, Nu. 2,242.78 (47.42%) pertains to hydropower, followed by Nu. 999.17 million (21.12%) with the ministries.

### **Committee's Observation**

Out of the total unresolved balance of Nu. 4,729.84 million from AAR 2010- 2023:

- 3 cases worth Nu. 3.718 million is with the ACC for investigation,
- 56 cases amounting to Nu. 266.73million pertained to pending enforcement of judgements,
- 38 cases worth Nu. 198.79 million pertained to sub-judice cases and
- 24 cases worth Nu. 13.47 million pertained to defendants missing, absconded/ persons at large.

The committee observes that for the delayed outstanding accounts, all responsible agencies have exhausted all remedies and these issues cannot be resolved by their own capacity. These continue to appear in the annual audit reports as responsibility and public funds recovery.

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The committee notes that for the overdue accounts, all responsible agencies have utilized every possible measure, and the matters cannot be settled through their own efforts. Consequently, these issues keep appearing in the annual audit reports concerning accountability and the recovery of public funds.

### **Committee’s Recommendation**

1. In accordance with the Section 2.1 of the Civil and Criminal Procedure Code of Bhutan, 2001, which mandates that “The Executive shall have a duty to provide for the execution of judgments of all the Courts”, the Committee strongly recommends RGoB to pursue the enforcement of 56 cases amounting to Nu. 266,732,418.12 related to court judgments and 24 cases worth Nu. 13,473,640.46 involving missing or absconding defendants. The Committee observed that all the responsible agencies have exhausted all their possible means to resolve these prolonged irregularities, and these cases are beyond their capacity. These cases continue to appear in every Annual Audit Reports, undermining accountability and recovery of public funds.
2. For those old cases from AAR 2010-2014, the committee strongly recommends the RAA to collaborate with responsible agencies to resolve irregularities and subsequently submit the Action Taken Report in the upcoming summer session of 4th Parliament.

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**CHAPTER 3****FOLLOW UP ON THE PAST RESOLUTIONS**

Follow up on the status of the Resolutions of 1<sup>st</sup> Session of the Fourth Parliament. Out of the 12 resolutions passed by the House, 3 resolutions (No. 2, 5 and 12) have been implemented, 9 resolutions (Nos. 1,3,4 and 6,7,8,9,10,11) are partially implemented.

The Hon. Speaker summarized the Public Accounts Committee's review report, as presented by the Chairperson, into three chapters covering the Committee's observations, recommendations, and those of the Royal Audit Authority. To ensure more effective deliberation on the report, there will first be a brief consolidation of common suggestions, followed by discussions on the Committee's recommendations.

During deliberations, the Member from Paro Dzongkhag in the National Council noted that the identified irregularities are grouped into three categories, with the top 10 agencies listed accordingly. The State Trading Corporation of Bhutan Limited (STCB) and the Thimphu Thromde Administration are included in all three categories. He inquired whether the Committee examined the internal audit and control systems, including checks and balances, and how these were strengthened during the review, as well as how the Committee assessed the charges.

Additionally, he asked whether the recovery of over Nu. 400 million related to the Kholongchhu Hydro Project would be undertaken by the new management or the previous management. He also sought clarification on which committee recommendation covers RAA's recommendation No. 5.5 on wasteful expenditure.

He expressed concern that, despite significant government allocations for community development, funds remain underutilized, emphasizing the need to hold responsible parties accountable.

The Deputy Speaker spoke on the matter, noting that one category of irregularities involves non-compliance with laws, rules, and regulations, totaling around Nu. 2,208.894 million which is 55.76% of total irregularities and these irregularities are recurring. He emphasized that while this is not corruption, it is still illegal and questioned whether it is time for a thorough review.

The Member from Trashigang Dzongkhag, National Council said that the Public Accounts Committee reviews and submits the Annual Audit Report of the RAA every year. He observed that the committee's report has remained largely unchanged, with the only difference being updates on resolved and unresolved irregularities. He expressed hope for an improved report in the future and reminded the Committee to take this into consideration going forward.

The Committee member explained that regarding the Thimphu Thromde Administration, the Royal Audit Authority (RAA) had already conducted a separate Performance Audit. The main problem stems from weak internal control systems. The RAA, Thimphu Thromde, and the Public Accounts Committee (PAC) have held several consultations, and Thimphu Thromde is making efforts to address most of the unresolved irregularities. However, since it is a systemic issue, results cannot be seen immediately, though the concerned agencies are actively working on it.

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With reference to the State Trading Corporation of Bhutan Limited (STCBL), the member noted that as a trading company, it faces challenges in properly maintaining inventory and accounts when importing goods. Sales transactions also lead to receivables recorded as outstanding issues, most of which are internal accounts. Therefore, the overall balance of irregularities is not very significant.

The Committee continues to review RAA's recommendations, as they serve as the common basis for oversight work. Although the PAC report does not present RAA's recommendations in detail, once these are forwarded to the concerned agencies, it is expected that they act upon them, and the meeting emphasized the importance of continuing these efforts.

The Member from Paro Dzongkhag, National Council, said that the main issue in the report was the government's inability to fully utilize the allocated budget, resulting in underutilization last year. He questioned what percentage of the budget had been refunded and the reasons for it. If the cause was a shortage of human resources, he stressed that addressing such gaps is also the responsibility of the government. He further requested the government to provide clarification on the matter.

The Minister of Energy and Natural Resources clarified that there is a risk of public misunderstanding that Nu. 462 million of government funds have been wasted. He explained that the amount was spent during the Kholongchhu Indo-Bhutan Joint Venture project, which was later disrupted when its Indian partners withdrew due to certain

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disagreements, a fact already known to all Members of Parliament. He emphasized that the expenditure on road and powerhouse projects in Trashiyangtse Dzongkhag was not a waste.

The Minister further stated that projects under DGPC and SGML had to be canceled in line with regulatory requirements. They must first comply with Bhutanese laws and, since the Indian government is the funding partner, also adhere to Indian regulations. He informed that TATA from India has now stepped forward as a partner, with DGPC holding 60% and Bhutan 40% of the project share.

Lyenpo also noted that DGPC is accountable for any inconvenience caused and reassured that the Ministry has repeatedly reminded stakeholders that the project investment will not go to waste. He urged the public not to misunderstand the situation, as DGPC is fully aware and managing the matter.

The Committee member explained that the unsettled irregularities amounting to Nu. 472 million in the Kholongchhu project were categorized as advances to eight parties, recorded as outstanding advances. The Committee clarified that these remained unresolved because the payments had been made under the former management of Kholongchhu, and it would not be logical to recover them from the new management

While deliberating on the first recommendation, the Member from Bumthang Dzongkhag, National Council, expressed concern over the underutilization of the capital budget. He noted that the budget has

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increased from Nu. 97 billion to Nu. 138 billion, leaving a gap of Nu. 40 billion, and cautioned that it may fall short. He further highlighted that the unemployment rate stood at 3.5 percent in 2023–2024, with the risk of rising further. He pointed out the shortage of manpower in dzongkhags and agencies, emphasizing the need for team leaders to represent them and carry out tasks on their behalf.

He further noted that the inability to utilize budget is due to issues of demand and supply, shortage of manpower, and ineffective use of tools. As a corrective measure, he suggested establishing a Priority Development Fund (PDF) and providing additional manpower to local governments. He cautioned that if the issue remains unresolved, there is a high chance that about 60% of the underutilized capital budget may have to be refunded next year, which is a matter of concern for the government.

The Member from Zhemgang Dzongkhag, National Council, highlighted that the current approach has resulted in underutilization of funds and resources, as capital works executed by ministries and agencies are often complex. He suggested that the performance-based budget should be implemented across the 20 Dzongkhags and 205 Gewogs, supported by adequate and efficient human resources. He pointed out that the situation of Dzongkhags varies, with some being remote and others located closer to the ministries. Although staff have been allocated equally, monitoring in remote Dzongkhags takes weeks or months, which could affect the implementation of performance-based budgeting. He emphasized that poverty levels in different Dzongkhags must also

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be considered, expressing concern over whether performance-based budgeting might impact regional equality. He concluded by stressing the need for additional staff to be deployed both near the capital and in rural Dzongkhags and Gewogs, and asked how the issue of additional staffing and regional disparities was being addressed.

The Member from Menbi Tsenkhar constituency stated that although the recommendation is sound, if budget allocation is not based on the results of ongoing works, there is a serious risk that remote Dzongkhags will continue to remain in poverty. He pointed out that many activities could not be fulfilled due to lack of monitoring and delays in budget disbursement. He cautioned that unless the government takes responsibility to address these issues and properly plan the DPR and PFR works for the future, the same problems will persist. He added that if the government finds a solution to the human resource shortages, there is an opportunity to provide support; however, at present, he could not support Recommendation 6.1, though he may consider supporting it later.

The Member from Bartsham Shongphu constituency, emphasized that effective governance requires proper alignment of plans, budgets, and human resources. He noted that since 2008, there have been frequent budget failures. Referring to the discussion on Common Minimum Infrastructure held yesterday, he highlighted the shortage of qualified human resources in planning and design. He further pointed out that 60 – 65% of the budget relies on external support, and delays in receiving such support affect assessments, designs, and the preparation of detailed project reports.

As work begins only after funds are received, much time is wasted. He shared that he had been submitting similar proposals since his time in the civil service, suggesting that if the government reviews and verifies project proposals in advance, tenders can be issued immediately upon receipt of funds, saving significant time. He added that the delays are not the fault of local governments or agencies, but accountability for budget underutilization should rest with the government. He pointed out that 20% of the budget remains underutilized this year, compared to 30% last year, and urged the government to take responsibility for addressing loopholes and gaps to avoid future problems.

The Minister of Industry Commerce and Employment stated that by the end of the Fifth Plan, 58.8% of the capital budget had been allocated, but by May, 60% of the budget remained unutilized due to lack of project readiness and proposals. He mentioned that the government has already begun addressing this issue through seven measures, from the Ministry of Finance down to the local governments. He added that performance-based budgeting requires incentives for timely results; however, challenges such as underutilization, geographical difficulties, clearance procedures, and licensing delays continue to affect implementation. Regulatory reforms have reduced clearance timelines from one month to just one or two weeks. Monitoring and reporting from ministries have also improved, with weekly and daily updates helping to prioritize financial allocations. The Minister further noted that the major challenge in capital budgeting is the shortage of dollars rather than ngultrum. He concluded that with better information systems and surveillance, tasks

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previously handled by multiple officials can now be managed by one, ensuring that government priorities and objectives are achieved through proper utilization of funds.

The House considered the Committee's first recommendation along with the Ministry of Infrastructure and Transport's proposal for a temporary measure to recruit engineers for human resources and design works. It was emphasized that the roles of the Department of Budget and Planning and the OCASC should be clearly defined, coordinated, and supported to address existing complexities. The recommendation was approved by a show of hands with the House's full support.

Furthermore, the House directed the Good Governance Committee to review issues related to the refund of underutilized capital budgets and the shortage of human resources, in consultation with the OCASC. An Action Taken Report is to be submitted to the 4th Session of the 4th Parliament, with the Ministry of Finance ensuring timely release of funds.

The second recommendation was to amend the Procurement Rules and Regulations and assign the responsibility to the Bhutan Standards Bureau (BSB). The House endorsed the recommendation through a majority show of hands.

The third recommendation was that the Royal Audit Authority reflect the exact value of the irregularities to enhance accuracy of the overall financial irregularities in the report. The House endorsed the recommendation through a majority show of hands.

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The fourth recommendation urged the RGoB to ensure compliance with the Community Contract Protocol and establish accountability mechanisms for post-completion obligations, for which the member suggested increasing funding for community contractors. The Speaker emphasized that government financial support should primarily enable community contractors to implement projects within their own communities and highlighted the need to follow the established rules and regulations. The House also tasked the Ministry of Home Affairs with simplifying the social contract system through research, clearly defining responsibilities and accountability, and submitting a report during the fourth session in winter. The House adopted the recommendation by a majority show of hands.

Regarding the fifth recommendation of the committee, the RGoB mandated all agencies to ensure consistency and context-specificity in determining contract duration and technical specifications by considering local climatic conditions and geographical challenges during contract preparation. The House adopted the recommendation by a majority show of hands.

Regarding the sixth recommendation the Committee recommended that the RGoB invoke Section 123 of the Audit Act of Bhutan 2018, which states that any serious cases remaining unresolved for 12 months after Parliamentary deliberation must be referred to the Court of Law by the responsible agencies. Additionally, the RGoB should ensure that all agencies have sufficient legal officers to take timely legal action. If

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there is a manpower shortage, the government should consult the Civil Service Commission to address it. The House unanimously approved the recommendation.

Regarding the seventh recommendation, The PAC reviewed all seven recommendations submitted by the RAA and observed that the RGoB has initiated actions on some of the recommendations such as the guidelines on hospitality and entertainment expenses. However, for other recommendations, PAC has rationalized and included in its recommendation. The House adopted the recommendation by a majority show of hands.

## **Day 2**

During deliberation of Chapter 2, Recommendation 2.1 of the Bhutan Civil and Criminal Procedure Code, which states that “The Executive shall have a duty to provide for the execution of judgments of all the Courts,” it was noted that the RGoB has yet to enforce 56 cases valued at Nu. 266.73 million, while 24 cases worth Nu. 13.47 million involve absconded or missing parties.

The Member from Sarpang Dzongkhag, National Council, stated that the Royal Court of Justice should be tasked with resolving the matter, and if the government collaborates with the Court, the 56 pending cases involving unresolved verdicts, missing defendants, and absconders can be addressed.

The Minister of Home Affairs stated that the Ministry is coordinating with the Ministry of Foreign Affairs and Trade on the matter. The Ministry of Foreign Affairs and Trade will monitor fugitives and missing

persons when they apply to renew their passports. Lyonpo added that the Department of Civil Registration and Census under MoHA has consistently provided information on fugitives and missing persons to the relevant agencies, as well as to their parents and relatives, whenever requested.

If the Department of Immigration receives a legal order from the relevant authorities to restrict the complainant's movement, it will comply by enforcing the order, including arresting the individual and suspending disputes related to the pedestrian terminal and e-gate in Phuntsholing. The Ministry acknowledged that much work remains and has formulated plans and policies to further strengthen and improve the system.

Regarding the 56 cases of unimplemented court judgments, the House recommended the government to consult with the relevant agencies, find solutions, and submit action reports during the fifth session of the Spring Session. The House adopted the recommendation by a majority show of hands.

When addressing the 24 cases of absconding and missing persons, the House noted that such cases have been recorded in Parliament between 2010 and 2014. The government, in consultation with the Royal Audit Authority, was urged to prepare a report to prevent similar cases in future sessions. The House recommended submitting a report in the Spring Session. The House adopted the recommendation by a majority show of hands and Chapter Two was also adopted by a majority.

In Chapter 3, which focused on following up the status of resolutions from the 1st Session of the Fourth Parliament, it was noted that out of

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the 12 resolutions passed by the House, three (Nos. 2, 5, and 12) have been fully implemented, while nine (Nos. 1, 3, 4, 6, 7, 8, 9, 10, and 11) are partially implemented. As no members commented on follow-up resolutions 1 and 2, the House adopted these resolutions by a majority show of hands.

Regarding the third action taken report, the Member from Paro Dzongkhag, National Council, stated that although the third resolution of the first session of the Fourth Parliament has been partially implemented, the project in question is Punatsangchhu-I. The Joint Technical Team is working to finalize the stabilization plans for the dam. The Member requested the government to provide an update on the status and outcomes of the Joint Technical Team's consultations. He also noted that the Bhutanese government has engaged with the Indian government to expedite the start of the Punatsangchhu-I project, and completing the powerhouse repairs sooner would allow the revenue from PHPA-I to benefit the people of Bhutan at the earliest.

In response, the Minister of Energy and Natural Resources explained that the first Punatsangchhu-I project was funded with a 60% loan and 40% support from India, but work had to be halted due to natural disasters like landslides and floods. He noted that if PHPA-I is affected, subsequent projects such as PHPA-II and Sunkoshi could also be impacted. The Bhutanese technical team is working diligently to ensure the safety of PHPA-II and Sunkoshi.

The Minister clarified that there is currently no revenue loss for the country, as PHPA-I has not yet begun power generation. Once PHPA-I

starts generating power, revenue loss could occur. The powerhouse is under the contractor's responsibility and will be repaired and assessed before work resumes. He added that the second commissioning meeting will be held in July and assured, Ministry will continue to do our best to serve the people.

In response, the Member from Radhi-Sakteng Constituency stated that there is still a landslide on the right side of Punatsangchhu-I, and that the ground inside has collapsed. He noted that the two governments had agreed to construct the dam and requested an explanation for why the decision to build it was made.

In response, the Minister of Energy and Natural Resources stated that experts from India, Bhutan, and other foreign specialists have investigated the landslide deep within the area. He explained that the decision must be made by Indian experts or consultancies from the Central Water Commission (CWC) in India, who have determined that it is safe to maintain a temperature of 30 degrees Celsius.

Although, RGoB requested the Cabinet to provide 60% protection, but the proposal was not fully accepted, and an additional 26% was added. The Minister noted that 10–15% of the dam has been completed, and if it can be secured from top to bottom, the construction work will accelerate and the project timeline can be better achieved.

In response, the Member from Gangzur-Minjay Constituency stated that the government needs to clarify the supplementary agreement. The agreement indicates that the powerhouse will incur additional costs, and even if insured, it will require extra insurance coverage. He asked

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whether the supplementary agreement will be signed or if the Indian government will continue to provide 60% as a loan and 40% as a grant.

In response, the Minister of Energy and Natural Resources stated that the powerhouse installation is 98% complete, but it will take approximately four years from the start of the dam project to finish. During this time, all equipment may become outdated and require repairs. He also clarified that the project funding between India and Bhutan should follow a 60-40 percent arrangement. The House then considered the follow up on resolution and adopted it by a majority show of hands

Similarly, in following up on Resolution 4, the Office of the Attorney General has prioritized enforcement actions in coordination with relevant agencies. Of the cases, 13 have been fully enforced, 14 were temporarily closed, and 32 are awaiting restitution. Full restitution remains challenging, particularly for incarcerated defendants who cannot pay, leaving many cases pending for future enforcement. The House approved the proposal by a majority vote.

During the deliberation on the follow-up to Resolution 5, regarding the need to strengthen controls over travel and daily subsistence allowances, the Member from Nyisho-Shrayphug Constituency and the Deputy Speaker stated that the discussion would be based on the final analysis of the first session's resolutions. The resolution has been fully implemented. It was noted that the agencies have been reviewing this matter and the related financial rules and regulations to improve them. Updates will be provided once the review is complete; if not, the matter will be submitted to the sub-committee. Submission during the

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Winter Session would be ideal. The House then considered the report and approved it by a majority show of hands.

Regarding the follow-up on Resolution 6, which addresses the need for improved collaboration and coordination between the forestry sector and executing agencies for collecting royalties from the extraction and use of boulders in road construction, the action taken report to be submitted to the Spring Session was unanimously approved. The House also unanimously approved the follow-up on Resolution 6.

Regarding the follow-up on Resolution 7, the Member from Gangzur-Minjay Constituency, who is also a committee member, stated that most reports indicate the issue has been only partially implemented. He noted that discussions are ongoing with the Dzongkhags concerning the budgets for fiscal years 2025 and 2026. He added that many activities carried out by Dzongkhags and Gewogs are reported under the central government and ministries, and therefore, the action report appears to reflect only limited action.

The Economy and Finance Committee has recommended that funds be reduced if they do not fall under the responsibility of the Dzongkhags and Gewogs. However, he noted that there has been no confirmation that the funds have been properly reduced. He further stated that when the budget is managed by the Central Government, the Royal Audit Authority (RAA) has indicated that audit results are conclusive, and efforts should be made to minimize unutilized deposits. He reminded that, as with previous decisions, the government should discuss these matters thoroughly and take measures to prevent such issues.

The House then resolved to submit a report to the Spring Session detailing how the Ministry of Finance and OCACS addressed the issues of deposits and spillovers. The House approved the resolution, and the bill was passed by a majority vote.

While deliberating on Article 8 of the resolution, the Member from Bjikatsho-Ueso Constituency, along with other Members, expressed concern that the Nu. 119 million spent on establishing the Bhutan Integrated Taxation System (BITS) had been wasted. They stressed the need to fix accountability for this expenditure and recommended that the Royal Audit Authority and the Public Accounts Committee identify the challenges faced, determine the support required from Parliament, and carry out a special audit. They further emphasized the importance of this audit in strengthening the fight against corruption and called for a detailed assessment of the difficulties confronting the RAA and PAC. The Member concluded that a clear decision must be taken on the matter.

In response, Eminent members and Committee members pointed out that the Royal Audit Authority has not clearly mentioned the responsibilities or accountability of the concerned agencies and individuals. He suggested that it would be more useful if the discussions were carried out on that basis.

The House recommended to form or appoint a special audit team on how the funds were spent, for what purpose, what benefits they have brought to the current system, how much money has been wasted in addition to the audit done by the royal audit authority.. With a raise of hands, the House of adopted the follow up on the resolution 8 by a majority

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The House raised no objections to the follow-up on Resolutions 9 and 10 and unanimously endorsed them through a show of hands.

During the follow-up on Resolution 11, the Member from Sarpang Dzongkhag, National Council, noted that the decision had been attributed to a lack of manpower. However, in the follow-up on Resolution 2, it was stated that the human resource problem had already been resolved. He pointed out the clear contradiction between the two and requested the Prime Minister to clarify the differences and explain what measures, including temporary ones, would be taken to address the issue.

The Prime Minister explained that the Office of the Attorney General is facing a shortage of staff, which has hindered its ability to deliver services as expected and planned. He stated that, despite utilizing the available facilities, the office has been unable to perform to its full capacity. To address this, he informed that a separate project has been approved, under which employment will be provided on a contract basis, with responsibilities assigned within the project framework.

They further discussed addressing the challenges collectively, including those caused by human resource shortages, by implementing them under a single project, with the expectation that such issues would not arise in the future.

The House then voted on the Prime Minister's request, which was adopted by a majority.

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Speaking on follow up on resolution 12 of the eminent Member Ugyen

Tsering said that the SOP on missing person has been developed to ensure that there is a standard procedure for missing persons. He reminded the House that it is important to SOP on missing person and BIMSTEC mutual assistance go alongside. the Committee should draft the same and consider with the Attorney General's Office how to keep the definitions and definitions of the Standard Procedure and make changes accordingly.

The House then deliberated on the recommendations submitted by the Public Accounts Committee. A total of 67 Members expressed their full support, and the Committee's recommendations were adopted.

After that, Hon'ble Speaker tabled the 'Performance Audit Report on WASH facilities of the government schools under Thimphu Thromde and declared it as a public document. Subsequently, the PAC was directed to review it and submit its report for deliberation during the next session of the Parliament.

With this, deliberation on the PAC report concluded. **(7<sup>th</sup> Day of the 5<sup>th</sup> Month of the Wood female Snake Year of the Bhutanese calendar corresponding to the 2<sup>nd</sup> Day of July 2025. Voting records are in Annexure No III)**

**12. The Prime Minister’s Annual Report on the state of the nation, including legislative plans and the annual plans and priorities of the Government.**

**12.1 Royal Kasho for Joint Sitting of the Parliament**

The Royal Assent is hereby granted to convene a Joint Sitting of Parliament on 27 and 30 June 2025 to present the Public Accounts Committee’s review report on the Synthesis of the Annual Audit Report 2023–2024 and to follow up on the review reports of the Annual Audit Reports (AAR) from 2010 to 2023. Furthermore, the Prime Minister’s Annual Report on the State of the Nation, including legislative plans and the Government’s annual plans and priorities, will be presented on 4 July 2025. This Assent was granted on the 13<sup>th</sup> day of the 5<sup>th</sup> month of the Wood Female Dragon Year. By

Warrant Under His Hand

**Druk Gyalpo**

After this, the Secretary General, with the Speaker’s permission, read out the Royal Assent for the Joint Sitting of Parliament to the House. Thereafter, in accordance with Article 10, Section 10 of the Constitution, the Prime Minister presented the Annual Report on the State of the Nation, including legislative plans and the Government’s annual plans and priorities, structured into the following five chapters:

## **Chapter 1: State of the Nation**

Bhutan, though a small landlocked nation geographically, has remained sovereign and secure under the benevolent leadership of His Majesty The King. As a sign of the nation's prosperity and progress, the average life expectancy has risen to 70 years, the literacy rate has reached 99 percent, and the poverty rate has declined to 13.4 percent.

Similarly, in terms of the economy, Bhutan's GDP was just over Nu. 10 billion about 30 years ago, but today it has increased to Nu. 273 billion. In the sphere of religion and culture, the nation has flourished and prospered more than ever under the spiritual guidance of His Holiness the Je Khenpo and the blessings of learned masters and incarnate lamas. With its pristine environment and strong governance, Bhutan proudly stands as a carbon-neutral nation.

## **Chapter 2: Country's issues**

Among the pressing challenges faced by the country is the trend of skilled Bhutanese youth seeking employment abroad. Currently, about 66,000 Bhutanese are living outside the country, most of whom are experienced and skilled. While Bhutanese working overseas can bring benefits to themselves and their families, if this trend continues, it could pose risks to safeguarding the sovereignty of the nation.

## **Chapter 3: Strategies to solve issues**

If Bhutan is to prevent its people from migrating abroad, the main solution is to improve the country's economy and create employment opportunities and income within Bhutan comparable to those available overseas. To achieve this, there are three major strategies.

## **1. Gelephu Mindfulness City**

Gelephu Mindfulness City is a key strategy for driving the nation's economic growth. Initiated under the command of His Majesty the King, the project commenced without delay and has already achieved remarkable progress. The city has attracted strong interest from international investors, and the Government of India has extended significant support.

## **2. 13<sup>th</sup> Five-Year Plan**

To accelerate national economic growth, Nu. 512 billion has been allocated as the capital outlay for the 13<sup>th</sup> Five-Year Plan, including Nu. 245 billion for the capital budget and Nu. 15 billion for the Economic Stimulus Plan. Additionally, an external investment target of Nu. 500 billion has been set. With effective utilization of these resources, the 13<sup>th</sup> Plan is expected to drive rapid economic expansion and generate substantial employment opportunities. Several countries have extended their support to the Plan, notably the Government of India, which has provided Nu. 85 billion for the 13<sup>th</sup> Five-Year Plan and Nu. 15 billion for the Economic Stimulus Plan, for which profound gratitude is expressed.

## **Chapter 3: 21<sup>st</sup> Century Economic Roadmap**

The 21<sup>st</sup> Century Economic Roadmap has been finalized, with the primary goal of increasing Bhutan's economy tenfold and achieving high-income status by 2050. The roadmap highlights key sectors with significant potential to drive economic growth, including energy, agriculture, tourism, and information technology. It underscores the need for both the government and the people to assume their responsibilities and work collaboratively to ensure its full implementation.

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## **Chapter 4: Government's Priorities and Plans for this year**

For this year, important priorities of the Government is to prioritize driving economic growth. Before the onset of the pandemic in 2019, Bhutan's Gross Domestic Product stood at Nu. 193 billion, rising to Nu. 273 billion by 2024. This consistent growth demonstrates that the nation's economy has remained resilient. To further accelerate economic expansion, the government has outlined the following priorities and plans.

First, the implementation of the Gelephu Mindfulness City project; second, the 21<sup>st</sup> Century Economic Roadmap; third, continued one-year support for individuals unable to repay loans due to failed businesses and who remain unemployed; and fourth, the ongoing implementation of Economic Stimulus Plan programs aimed at improving and diversifying economic activities.

Fifth, promote economic growth through external investment, and sixth, focus the majority of this investment on expanding hydropower generation. Currently, agreements have been signed with external investors for a total hydropower capacity of 11,480 KMW. Additionally, the Khorlo Chhu Hydropower and the solar power project in Apay-Amay, Dagana, have been established. Furthermore, Punatsangchhu Hydropower II is expected to be completed this year, and the construction of the dam for Punatsangchhu Hydropower I is scheduled to begin within the same period.

Seventh, a total of 156,463 tourists visited the country in 2024, mainly due to the sustained focus on the tourism market, and efforts to develop these markets will continue going forward.

Eighth, for the agriculture sector around 3.5 million saplings have been established, in addition to 12.5 acres of chainlink fence that has benefited 4,970 households in the past years. In this current fiscal year 880 million has been allocated for installation of chainlink fences. Last year around Nu. 1.8 billion were allocated for irrigation and around 44 irrigation projects were proposed in the current financial year.

Ninth, he stated that, in addition to the existing factories in the country, 5,861 new licenses were issued over the last one year, and the industrial parks in Samtse, Damdum, and Norbugang have been completed and are now operational.

Tenth, eleven mining plots will be re-auctioned, and licenses will be issued to provide greater access to mining opportunities.

Eleventh, information technology has been essential. Last year, the Starlink network was introduced, and similarly, internet costs under the Voucher scheme will be reduced by fifty percent. Additionally, efforts to establish a third internet network are ongoing.

Twelfth, since infrastructure basic economic foundation, in the past year numerous motor roads have been improved, 20 Gewog Center roads were blacktopped, 17 national highway roads have been started to revamp and 6 new bridges were completed. In this current fiscal year 40 Gewog Center roads and around 15 national highway roads will be revamping and widening, with the plans to construct 24 additional bridges.

Thirteenth, while developing a framework for carbon trading, a new alliance of four carbon-neutral countries called G-ZERO has been

established. These countries are considered rich in natural resources, and in order to reflect the value of such natural wealth in GDP, it has been proposed that the Government establish a system called Natural Capital Accounting.

Fourteenth, as the country is rich in religion and culture, His Holiness the Je Khenpo, the state monastic body, monasteries, and religious figures coordinated 42 different religious programs and activities across 20 dzongkhags last year.

Since preserving the nation's rich religion and culture is of utmost importance, 15 dzongs and monasteries are currently under construction, and His Majesty the King has specifically doubled the stipend for the Central Monk Body and the rabdeys to ensure continued support.

Fifteenth, to enhance healthcare and education services, a new hospital has been constructed. In addition, work has commenced on building a 450-bed specialized hospital at the National Referral Hospital. Furthermore, it has been reported that initiatives to establish traditional medicine services and the Pema Center for Mental Health, under the patronage of Her Majesty The Gyaltshen, have also begun.

Under the 13<sup>th</sup> Plan, there is a proposal to expand 63 central schools, of which work has already commenced on 35. In addition, the increased stipend for students in lower to higher secondary schools has helped enhance their skills and knowledge. Furthermore, initiatives such as providing an egg daily in school meals for students in lower schools are being implemented, with plans to continue this program this year as well.

Moreover, to enhance human resource capacity, Desung training has been provided to 51,357 individuals, and Desung skills training to 8,468 individuals. The establishment of the Gyalsung program is expected to make a significant contribution to the nation's socio-economic development. He expressed gratitude to His Majesty The King for initiating the Gyalsung program and to the Government of India for their support through loans and grants.

Drug abuse poses an increasing threat in the country, and over the past year alone, more than 4,000 individuals involved in such cases were apprehended, with the majority receiving treatment services from the Pema Centre. It has also been proposed to establish a specialized school in Yonphula this year to ensure that students affected by drug abuse can continue their education.

Sixteenth, good governance is a key foundation of economic development. Bhutan, which strictly abides by the rule of law, continues to thrive, and he expressed his gratitude to all institutions responsible for upholding the legal system.

It was reported that an excessive number of legal frameworks can hinder the implementation of economic development activities. Over the past year, the government harmonized and amended 214 laws and regulations, reducing them to 161 provisions.

## **Chapter 5: Government's Legislative Plans**

During the third session of the Fourth Parliament, the amendment and harmonization of three key tax bills marked a major national tax reform, aimed primarily at promoting economic development activities.

The Free Trade Agreement between Bhutan and the Kingdom of Thailand, and the Air Services Agreement between the Royal Government of Bhutan and the Government of the State of Kuwait, were approved in the past Sessions. Furthermore, over the past year, Bhutan has established diplomatic relations with two countries and there are also plans to establish diplomatic relations with three additional countries.

Furthermore, the Free Trade Agreement signed between Bhutan and India, 1972 is set to expire in November 2026. To extend and continue the implementation of this agreement, discussions are currently underway between the two governments.

In addition to the existing policies, the Cabinet has approved the Foreign Direct Investment Policy and the Education Policy. Meanwhile, the Rural Life Insurance Policy and the Third Child Incentive Policy are currently under formulation, with budgetary allocations already made for their implementation. It was further reported that work will soon commence on the Household Ownership Policy and the Education Loan Policy under the education sector. Moreover, within the course of this year, other necessary policies will also be developed as required.

At the same time, it was reported that there are plans to submit amendments to the Water Act of Bhutan 2011, the Mines and Minerals Management Act of Bhutan 1995, the Electricity Act of Bhutan 2001, and the Consumer Protection Act of Bhutan 2012. However, such amendments will not be pursued independently unless necessitated by issues or requirements identified through other legislative reviews. In addition, following consultation meetings with nine ministries and

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agencies, proposals have been made to amend certain Acts that are inconsistent with the Civil Service Reform Act of Bhutan 2022.

**Conclusion: Gratitude and Prayers**

The people of Bhutan, guided by the Royal Command and wisdom of His Majesty the King, are reminded of the vital importance of remaining in the country and dedicating themselves with diligence to any form of work available. In particular, capable civil servants and public servants are called upon to serve within the nation and contribute with loyalty and commitment to the Tsa-Wa-Sum.

It is important for Bhutanese citizens abroad to return home after completing their studies and earning an income and additionally, to those in the United States who continue to remain after the expiry of their visas. The government cannot extend support to individuals residing illegally overseas, as such actions have led to Bhutan being categorized as a high-risk country, thereby damaging the nation's reputation. Therefore, Bhutanese abroad are strongly urged to return to their homeland, for this, the government is ready to support it..

In conclusion, His Majesty the King was graciously offered Prestigious Certificate of Honor from esteemed dignitaries. Though only nine years of age, His Royal Highness the Gyalsey has already shown remarkable devotion in accompanying and serving His Majesty, inspiring heartfelt prayers from the people for his long life. Her Majesty the Gyaltsuen, as a steadfast pillar of strength, has supported His Majesty's noble vision while nurturing the Royal Children with boundless love. The nation offers profound gratitude for Her Majesty's selfless service. The State

Resolution of the 3<sup>rd</sup> Session of the Fourth Parliament  
of the Nation concluded with prayers for His Majesty's long life, good  
health, and the continued blessings of the guardian deities for Bhutan's  
enduring peace, prosperity, and happiness. **(On the 8<sup>th</sup> Day of the 5<sup>th</sup> Month  
of the Wood Female Snake Year corresponding to 3<sup>rd</sup> June, 2025).**

The details of the report are provided in a separate volume.

### 13. Question Hour

During the Third Session of the Fourth Parliament, the Question Hour featured 43 oral questions and 27 written questions directed to the Ministries. All questions were duly responded to by the respective Ministries, and the Question Hour was conducted successfully.

### 14. Closing Ceremony

The Third Session of the Fourth Parliament of Bhutan was formally concluded on the 10<sup>th</sup> Day of the 5<sup>th</sup> Month of the Wood-Snake Year, corresponding to the 5<sup>th</sup> of July 2025, which was graced by His Majesty The Druk Gyalpo at the Grand Assembly Hall. Upon the delivery of the concluding address by the Hon'ble Speaker, the Members of Parliament, with profound reverence, offered Zhabten and Tashi Moenlam to His Majesty The Druk Gyalpo.



A handwritten signature in blue ink, consisting of stylized, flowing characters.

Lungten Dorji  
**SPEAKER**

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## **ANNEXURE I**

### **Inaugural Address by Tshogpon Lungten Dorji at the Opening Ceremony of the Third Session of the Fourth Parliament of Bhutan on 23 May 2025.**

1. The Third Session of the Fourth Parliament commences on this auspicious day, honoured by the esteemed presence of His Majesty the Druk Gyalpo.

On behalf of all Members of Parliament and on my own behalf, I extend our deepest respect and heartfelt gratitude to His Majesty for graciously presiding over the Opening Ceremony of this Parliament session. His Majesty's presence despite the many demands of His national duties, reflects the profound importance accorded to the Parliament and its role in the governance of the nation.

2. I also take this opportunity to extend a warm welcome to the Members of the Royal Family, whose gracious presence greatly enhances the significance of this occasion.

In addition, I extend a cordial welcome to senior government officials, members of the diplomatic corps, former senior government officials, business representatives, teachers, students, the Local Government leaders, Dzongkhag Culture Officers and other attendees who are present here today to witness the opening of the Parliamentary session.

3. Under the visionary leadership of His Majesty the Druk Gyalpo, Bhutan continues to progress with unwavering commitment to national sovereignty, inclusiveness, and the well-being of its people. His Majesty's guidance ensures the preservation of our rich cultural heritage

and time-honoured traditions, while also fostering a forward-looking approach to governance and nation-building. Through tireless and enlightened efforts, Bhutan is being steadily steered to meet the aspirations and challenges of the 21st century.

Motivated by a profound sense of responsibility and deep concern for the well-being of the nation and its people, His Majesty the Druk Gyalpo has undertaken numerous official visits both within and abroad. Through engagements with the global leaders and conduct of high-level bilateral dialogues, His Majesty has significantly strengthened diplomatic relations - efforts that have been instrumental in advancing national development and enhancing the welfare of the Bhutanese people.

4. Earlier this year, at the special invitation of His Majesty the Druk Gyalpo, Their Majesties King Maha Vajiralongkorn and Queen Suthida of the Kingdom of Thailand undertook a four-day State Visit to Bhutan - marking the Thai King's first official visit since His Coronation.

Their Majesties the Druk Gyalpo and the Gyaltshen extended a most warm and gracious welcome, symbolizing the deep bonds of friendship, mutual respect and goodwill shared between the two Royal Families. The Bhutanese people joined in the celebrations with great joy and enthusiasm, reflecting the enduring harmony and close ties between the two nations.

During Their visit to the Tashichhodzong, Their Majesties the King and Queen of Thailand were accorded with a Guard of Honour in a ceremony befitting the dignity and esteem of the occasion. The Tendrelthang came

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alive with religious and cultural performances that showcased the unique tradition of both Bhutan and Thailand. The joyful event was graced by the presence of His Majesty the Fourth Druk Gyalpo and members of the Royal Family, senior government officials, students, and members of Thai community residing in Bhutan. These meaningful proceedings served as a powerful testament to the enduring bond between the two Monarchies and reaffirmed the longstanding friendship and goodwill between the Kingdoms of Bhutan and Thailand.

In a deeply significant and sacred gesture, His Majesty the King of Thailand presented a sacred relic of the Lord Buddha to His Majesty the Druk Gyalpo at Kuenselphodrang. The offering was followed by a solemn prayer ceremony, during which a thousand butter lamps were lit and presided by His Holiness the Je Khenpo with the congregation of 74 monks from Thailand and 74 monks from the Central Monk Body performed prayers for the well being and long lives of the two Monarchs.

Subsequently, Their Majesties graciously granted a public audience with the sacred relic, affording the Bhutanese people a rare and blessed opportunity to receive its spiritual blessings. This profound moment served as a powerful symbol of the enduring spiritual bond between the two Buddhist Kingdoms and their shared commitment to the preservation and propagation of the sacred Dharma.

This year marks an extraordinary chapter in the history of our nation.. On behalf of the people of Bhutan, the Parliament extends profound gratitude to His Majesty the Druk Gyalpo and Her Majesty the Gyaltsuen,

who stand as the radiant sun and moon, guiding and illuminating the path of our nation with unwavering wisdom, compassion and devotion.

5. His Majesty the King has envisioned the Gelephu Mindfulness City as a vibrant sustainable economic hub, as well as a global center for mindfulness, aimed at fostering holistic well-being, sustainable, and dynamic economic growth. In pursuit of this noble aspirations under the auspices of the Special Royal Project, the construction of the Gelephu Chorten modeled after the revered Jarong Khashor Stupa in Nepal and Guru Nangsid Zilnon are to be initiated beginning with rituals to seek the blessings of the Lama- Yidham-Khandu and local deities.

In addition, His Majesty issued eight Royal Edicts authorizing the establishment of 8 religious monuments which were formally unveiled by Gyalpoi Zimpon at Simtokha Dzong on 18 May 2025. The Eight Religious Projects are:

- a. Gelephu Dzong (Vajrayana Centre);
- b. Tashi Gomang Chorten;
- c. Barchey Kuensel Chorten;
- d. Vajrakilaya Research Centre;
- e. Kurkulee Centre;
- f. Kesang Do Nga Shedrupling;
- g. Kangyur Labyrinth;
- h. Gyenyen Nyekhang.

The Members of Parliament offer our deepest gratitude and heartfelt appreciation to His Majesty for his noble and farsighted initiatives.

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6. His Majesty the Druk Gyalpo, as the embodiment of compassion and selfless leadership, continues to safeguard and nurture the people of Bhutan with unwavering devotion and boundless love. His Majesty's profound empathy and humanitarian spirit transcend national boundaries. In times of natural disasters and humanitarian crises in other countries, His Majesty ensures that Bhutan extends its support and solidarity, reflecting His Majesty's enduring values of compassion and sense of global responsibility.

In keeping with this noble spirit, Bhutan responded promptly to the devastating 7.1 magnitude earthquake that struck the Republic of the Union of Myanmar on 28 March, resulting in significant loss of lives and widespread destruction. Bhutan promptly responded by dispatching a relief team of 87 members. The team included medical professionals, security personnel, members of the national defense forces, and specialists from various agencies.

This timely and effective intervention stands as a testament to Bhutan's commitment to humanitarian principles and reflects the compassionate vision of His Majesty The King - a true Dharma King and Bodhisattva, who leads the nation with wisdom, kindness, and an enduring sense of global responsibility.

Owing to His Majesty the King's extraordinary leadership and benevolent actions, Bhutan's reputation and national pride continue to be strengthened, both within the country and on the international stage.

The Parliament wishes to express our deepest respect, heartfelt gratitude, and sincere appreciation to His Majesty.

7. With a far-sighted vision to safeguard the nation and enhance the well-being of the people, His Majesty launched the De-Suung program in 2011. Since its inception, 68 cohorts have been successfully trained, with more than 50,000 men and women joining the esteemed ranks of DeSuups. These dedicated volunteers have rendered exemplary service across the country, playing a vital role in times of national need and contributing to the peace, stability and security of the nation.

Further advancing this vision, the National Service Programme was instituted in 2024 with the aim of equipping Bhutanese youth with essential skills and instilling in them a strong sense of national duty and civic responsibility. To date, two cohorts comprising 3,691 young men and women have successfully completed the program. Participants have benefited from comprehensive training, educational enrichment, leadership development, and a deepened understanding of service to the Tsa-wa-sum..

These noble initiatives reflect His Majesty's enlightened and selfless leadership. On behalf of the Parliament, I once again express our profound gratitude and heartfelt appreciation to His Majesty the King.

8. This year marks a moment of profound significance in the annals of our nation's history, as we joyously celebrate the 70th Birth Anniversary of our beloved His Majesty the Fourth Druk Gyalpo on 11 November. On this occasion, the Parliament joins the nation in offering our sincerest

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prayers for the continued good health, long life and the enduring well-being of His Majesty the Fourth Druk Gyalpo.

His Majesty is the true embodiment of the Bodhisattva - an enlightened being who has selflessly dedicated His entire life to the service of the nation and the people. I humbly urge all Bhutanese to offer prayers for the long life and continued blessings of His Majesty the Fourth Druk Gyalpo.

9. Likewise, His Holiness the Je Khenpo will also mark the sacred occasion of his 70th birth anniversary on 22 August. His Holiness the Je Khenpo has devoted his whole life to the well-being of all sentient beings, upholding the teachings of Buddha and guiding the nation with wisdom and compassion. We pray for His Holiness Je Khenpo's long life and the continued flourishing of Buddha Dharma for the benefit of all.
10. Furthermore, we will soon have the honour of celebrating the 70th Birth Anniversary of Her Majesty Gyalyum Dorji Wangmo Wangchuck on 10 June. Her Majesty, the esteemed founder and patron of the Tarayana Foundation, is revered across the Kingdom as the embodiment of the Noble Goddess Tara, has brought dignity, hope, and empowerment to those most in need, ensuring that no one is left behind in our collective journey toward prosperity and equity.

Her Majesty has journeyed across the length and breadth of the country, often to the most remote and underserved communities, in unwavering dedication to the well-being of those living in poverty and hardship. Through Her Majesty's compassionate leadership and personal

commitment, the Tarayana Foundation has implemented transformative social and economic programmes, providing vulnerable individuals and families with access to dignified housing, livelihood opportunities, and essential support services.

On this auspicious occasion, we offer our heartfelt prayers for Her Majesty's long life, good health, and continued success in her noble endeavours.

11. I would like to express my deepest gratitude to His Holiness the Je Khenpo, the Supreme Head of the Dharma, along with all venerable lamas, tulkus, monks, and members of the monastic community across the country. Their tireless efforts in conducting Dharma activities - such as teachings, empowerments, and sacred transmissions - have greatly contributed to the peace and happiness of the world, and especially to the spiritual well-being of the people of Bhutan. Through their compassionate guidance, they have created meaningful opportunities for individuals to connect with the Dharma and strive towards the ultimate goal of enlightenment.
  
12. In the same spirit, on behalf of the people, I would also like to express our sincere gratitude and appreciation to the Prime Minister. Under his leadership, Bhutan has continued to strengthen friendly relations with other nations, secure essential economic and developmental support, and engage in fruitful dialogue with heads of government during official visits. These efforts have significantly contributed to the progress and prosperity of our country and its people.

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13. While the government is carrying out its responsibilities in fostering relations with other countries, the Parliament has also been carrying out its mandate through the review of the Acts and policies.
14. In addition, the Members of Parliament have made official visits to countries and participated in seven parliamentary meetings, where they had the opportunity to exchange ideas and gain valuable experience. These efforts contribute to strengthening the institution of Parliament and I sincerely express my hope that the knowledge acquired will be used gainfully to benefit the Parliament and the nation.
15. Although the agenda items for this session have already been shared with the public, I would like to briefly report as a reminder that the Parliament will review and consider the following:

Bills tabled for deliberations are as follows:

- a. The Budget Appropriation Bill of Bhutan for FY 2025–2026 and The Supplementary Budget Bill for FY 2024–2025 and three Money Bills (Excise Tax Bill; Goods and Services Tax (Amendment) Bill; and Income Tax Bill);
- b. Three New and Amendment Bills (Livestock Bill; Cooperative and Farmers Groups Bill; Alternative Dispute Resolution (Amendment) Bill);
- c. Three International Agreements and Conventions (Free Trade Agreement between Bhutan and Thailand; BIMSTEC Agreement on Maritime Transport; and BIMSTEC Convention on Mutual Legal Assistance);

- d. Six Local Government Issues;
- e. Eight Action Taken Reports;
- f. Two Committee Review Reports, along with Questions Hour and Motions as per Agenda.

The following Bills and Reports will be presented and deliberated in the Joint Sitting of Parliament:

- a. The Marriage (Amendment) Bill 2024;
  - b. The National Assembly (Amendment) Bill 2024;
  - c. Audit Review Report for FY 2023–2024 and Review Report for FY 2010–2023; and
  - d. The Prime Minister’s Annual Report on the State of the Nation including legislative plans, annual plans, and priorities of the Government.
16. In conclusion, with the blessings of the Triple Gem, the mighty grace of His Majesty the Druk Gyalpo, the Members of the Royal Family, collective merits of the people of Bhutan, I would like to offer prayers for the successful conclusion of the Third Session of the Fourth Parliament. The Parliament also offers its deep prayers for the long lives of His Majesty the Druk Gyalpo, Members of the Royal Family and His Holiness the Je-Khenpo including other Members of the Royal Family and for the continued peace and harmony among the people and the country.

Thank you and Tashi Delek!

**ANNEXURE II****Voting Records for Supplementary Budget Appropriation Bill for FY 2024-2025**

YES 44, ABSTAIN 0, NO 0, Total voted 44

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
5.	H.E. Tshering(MOHA)	YES
6.	Hon. Pempa(Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
8.	Hon. Kuenzang Thinley(Choekhor-Tang)	YES
9.	H.E. Younten Phuntsho(MOAL)	YES
10.	H.E. Tandin Wangchuk(MOH)	YES
11.	Hon. Sangay Khandu(Deputy Speaker)	YES
12.	H.E. Yeezang DeThapa(MOESD)	YES
13.	H.E. Namgay Dorji(MOIE)	YES
14.	H.E. Lekey Dorji(MOF)	YES
15.	H.E. Gem Tshering(MOENR)	YES
16.	H.E. Dinanath Dhungyel(MOFAET)	YES
17.	H.E. Chandra Bdr.Gurung(MOIT)	YES
18.	H.E. Dasho Pema Chewang (OppositionLeader)	YES
19.	Hon. Harka Singh Tamang (Gelephu)	YES
20.	Hon. Tshering Penjor(Dewathang-Gomdar)	YES
21.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
22.	Hon. Rinzin Dorji(Phuentsholing)	YES
23.	Hon. Sonam Dorji(Drugeygang-Tseza)	YES

24.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
25.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
26.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
27.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
28.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
29.	Hon. Lam Dorji(Wamrong)	YES
30.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
31.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
32.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
33.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
34.	Hon. Naiten Wangchuk (Monggar)	YES
35.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
36.	Hon. Tshewang Rinzin(South-Thimphu)	YES
37.	Hon. Kuenga(Nyishog-Saephu)	YES
38.	Hon. Lhakpa Tshering Tamang(Sergithang-TsirangToed)	YES
39.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
40.	Hon. Kamal Bdr Gurung (KikhorthangMendrelgang)	YES
41.	Hon. Lamdra Wangdi(Nganglam)	YES
42.	Hon. Sangay Thinley(Khar-Yurung)	YES
43.	Hon. Namgay Wangchuk(Lingmukha-Toedwang)	YES
44.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES

**ANNEXURE III****Voting Records for Budget Appropriation Bill for FY 2025-2026**

YES 44, ABSTAIN 0, NO 0, Total voted 44

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
5.	H.E. Tshering	YES
6.	Hon. Pempa(Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
8.	Hon. KuenzangThinley(Choekhor-Tang)	YES
9.	H.E. YountenPhuntsho	YES
10.	H.E. TandinWangchuk	YES
11.	Hon. Sangay Khandu(Deputy Speaker)	YES
12.	H.E. Yeezang DeThapa[MOESD]	YES
13.	H.E. Namgay Dorji	YES
14.	H.E. Lekey Dorji	YES
15.	H.E. Gem Tshering	YES
16.	H.E. DinanathDhungyel	YES
17.	H.E. Chandra Bdr.Gurung	YES
18.	H.E. Dasho PemaChewang (OppositionLeader)	YES
19.	Hon. Harka SinghTamang (Gelephu)	YES
20.	Hon. Tshering Penjor(Dewathang-Gomdar)	YES
21.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
22.	Hon. Rinzin Dorji(Phuentsholing)	YES
23.	Hon. Sonam Dorji(Druegyang-Tseza)	YES
24.	Hon. KinzangWangchuk(Dramedtse-Ngatshang)	YES

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25.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
26.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
27.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
28.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
29.	Hon. Lam Dorji(Wamrong)	YES
30.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
31.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
32.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
33.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
34.	Hon. Naiten Wangchuk (Monggar)	YES
35.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
36.	Hon. Tshewang Rinzin(South-Thimphu)	YES
37.	Hon. Kuenga(Nyishog-Saephu)	YES
38.	Hon. Lhakpa Tshering Tamang(Sergithang-Tsirang Toed)	YES
39.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
40.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
41.	Hon. Lamdra Wangdi(Nganglam)	YES
42.	Hon. Sangay Thinley(Khar-Yurung)	YES
43.	Hon. Namgay Wangchuk(Lingmukha-Toedwang)	YES
44.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES

**ANNEXURE IV****Voting Records for Alternative Dispute Resolutions Amendment Bill of Bhutan 2025**

YES 41 ABSTAIN 0 NO 0 Total voted 41

1.	Hon. Sonam Rinchen (Chhumig-Ura)	YES
2.	Hon. Ugyen Lama (Dophuchen -Tading)	YES
3.	Hon. Wangdi (Bomdelling-Jamkhar)	YES
4.	Hon. Namgay Dorji (Khamdhang -Ramjar)	YES
5.	H.E. Tshering (MoHA)	YES
6.	Hon. Pempa (Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai (Shompangkha)	YES
8.	Hon. Kuenzang Thinley (Choekhor-Tang)	YES
9.	H.E. Younten Phuntsho (MoAL)	YES
10.	H.E. Tandin Wangchuk (MoH)	YES
11.	H.E. Dasho TsheringTobgay (Prime Minister)	YES
12.	H.E. Yeezang DeThapa (MoESD)	YES
13.	H.E. Namgay Dorji (MoICE)	YES
14.	H.E. Lekey Dorji (MoF)	YES
15.	H.E. Gem Tshering (MoENR)	YES
16.	H.E. Dinanath Dhungyel (MoFAET)	YES
17.	H.E. Chandra Bdr.Gurung (MoIT)	YES
18.	Hon. Harka SinghTamang (Gelephu)	YES
19.	Hon. Pema Drukpa (Khamaed-Lunana)	YES
20.	Hon. Sonam Dorji (Drugeygang-Tseza)	YES
21.	Hon. Kinzang Wangchuk (Dramedtse-Ngatshang)	YES
22.	Hon. Tempa Dorji (Menbi -Tsenkhar)	YES
23.	Hon. Loday Tsheten (Gangzur -Minjey)	YES

24.	Hon. Dorji Wangmo (Kengkhar-Weringla)	YES
25.	Hon. Lhendup Wangdi (Bji - Kartshog- Uesu)	YES
26.	Hon. Lam Dorji (Wamrong)	YES
27.	Hon. Rinchen Wangdi (Bartsham-Shongphu)	YES
28.	Hon. Damche Tenzin (Thrimshing-Kangpara)	YES
29.	Hon. Tashi Tenzin (Radi-Sakteng)	YES
30.	Hon. Lhaba Lhaba (Khatoed Laya)	YES
31.	Hon. Naiten Wangchuk (Monggar)	YES
32.	Hon. Sonam Tashi (Lamgong-Wangchang)	YES
33.	Hon. Tshewang Rinzin (South-Thimphu)	YES
34.	Hon. Kuenga (Nyishog-Saephu)	YES
35.	Hon. Lhakpa Tshering Tamang (Sergithang-Tsirang Toed)	YES
36.	Hon. Namgay Dorji (Dragteng-Langthel)	YES
37.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
38.	Hon. Lamdra Wangdi (Nganglam)	YES
39.	Hon. Sangay Thinley (Khar-Yurung)	YES
40.	Hon. Namgay Wangchuk (Lingmukha-Toedwang)	YES
41.	Hon. Yeshey Jamtsho (Nanong-Shumar)	YES

**ANNEXURE V****Voting Records for Goods and Service Amendment Bill of Bhutan 2025**

YES 43 ABSTAIN 0 NO 2 Total Voted 45

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	NO
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
5.	H.E. Tshering	YES
6.	Hon. Pempa(Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
8.	Hon. KuenzangThinley(Choekhor-Tang)	YES
9.	H.E. YountenPhuntsho	YES
10.	H.E. TandinWangchuk	YES
11.	Hon. Sangay Khandu(Deputy Speaker)	YES
12.	H.E. Dasho TsheringTobgay	YES
13.	H.E. Yeezang DeThapa	YES
14.	H.E. Namgay Dorji	YES
15.	H.E. Lekey Dorji	YES
16.	H.E. Gem Tshering	YES
17.	H.E. DinanathDhungyel	YES
18.	H.E. Chandra Bdr.Gurung	YES
19.	H.E. Dasho Pema Chewang (OppositionLeader)	YES
20.	Hon. Harka Singh Tamang (Gelephu)	YES
21.	Hon. Tshering Penjor(Dewathang-Gomdar)	NO
22.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
23.	Hon. Rinzin Dorji(Phuentsholing)	YES

24.	Hon. Sonam Dorji(Druegyang-Tseza)	YES
25.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
26.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
27.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
28.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
29.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
30.	Hon. Lam Dorji(Wamrong)	YES
31.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
32.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
33.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
34.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
35.	Hon. Naiten Wangchuk (Monggar)	YES
36.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
37.	Hon. Tshewang Rinzin(South-Thimphu)	YES
38.	Hon. Kuenga(Nyishog-Saephu)	YES
39.	Hon. Lhakpa TsheringTamang(Sergithang-TsirangToed)	YES
40.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
41.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
42.	Hon. Lamdra Wangdi(Nganglam)	YES
43.	Hon. Sangay Thinley(Khar-Yurung)	YES
44.	Hon. Namgay Wangchuk(Lingmukha-Toedwang)	YES
45.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES

**ANNEXURE VI****Annexure I and II of the Bhutan Excise Bill of Bhutan 2025**

<b>Heading</b> <b>(1)</b>	<b>BTC Code</b> <b>(2)</b>	<b>Commodity Description</b> <b>(3)</b>	<b>Unit</b> <b>(4)</b>	<b>Rate</b> <b>(5)</b>
21.06		Food preparations not elsewhere specified or included		
	2106.10	Protein concentrates and textured protein substances:		
	2106.10.10	Pan masala	KGM	Nu. 1500
	2106.10.20	Supari (betel nut cuts/powder)	KGM	Nu. 1500
22.02		Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit, nut or vegetable juices of heading 20.09		
		Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured:		
	2202.10.20	Aerated waters, containing added sugar or other sweetening matter or flavoured	LTR	27%
		Other:		
	2202.91.00	Non-alcoholic beer	LTR	50%
	2202.99	Other:		
	2202.99.10	Ice coffee	LTR	0%
	2202.99.20	All kinds of energy drinks	LTR	50%
	2202.99.90	Other	LTR	50%

<b>22.03</b>		<b>Beer made from malt</b>		
	2203.00.00	Beer made from malt	LTR	Nu. 1 2 0 0 per litre of pure alcohol content
<b>22.04</b>		<b>Wine of fresh grapes, including fortified wines; grapes must other than that of heading 20.09</b>		
	2204.10.00	Sparkling wine	LTR	Nu. 1 2 0 0 per litre of pure alcohol content
		<b>Other wine; grape must with fermentation prevented or arrested by addition of alcohol</b>		
	2204.21.00	In containers holding 2 l or less	LTR	Nu. 1 2 0 0 per litre of pure alcohol content
	2204.22.00	In containers holding more than 2 l but not more than 10 l		
	2204.29.00	Other		
	2204.30.00	Other grape must	LTR	Nu. 1 2 0 0 per litre of pure alcohol content
<b>22.05</b>		<b>Vermouth and other wine of fresh grapes flavoured with plants or ar- omatic substances</b>		

	2205.10.00	In containers holding 2 l or less	LTR	Nu. 1 2 0 0
	2205.90.00	Other		per litre of pure alcohol content
<b>22.06</b>		<b>Other fermented beverages (for example, cider, perry, mead, sake); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages not elsewhere specified or included</b>		
	2206.00	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages not elsewhere specified or included:		
	2206.00.10	Fermented beverages containing alcohol not elsewhere specified or included	LTR	Nu. 1 2 0 0 per litre of pure alcohol content
	2206.00.20	Non-alcoholic fermented beverages not elsewhere specified or included	LTR	Nu. 0 per litre of pure alcohol content

<b>22.07</b>		<b>Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher; ethyl alcohol and other spirits, denatured, of any strength</b>		
	2207.10.00	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher	LTR	Nu. 1 200 per litre of pure alcohol content
	2207.20.00	Ethyl alcohol and other spirits, denatured, of any strength	LTR	Nu. 1 200 per litre of pure alcohol content
<b>22.08</b>		<b>Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages</b>		
	2208.20.00	Spirits obtained by distilling grape wine or grape marc	LTR	Nu. 1 200 per litre of pure alcohol content
	2208.30.00	Whiskies	LTR	Nu. 1 200 per litre of pure alcohol content

	<b>2208.40</b>	<b>Rum and other spirits obtained by distilling fermented sugarcane products:</b>		
	2208.40.10	Rum	LTR	Nu. 1 200 per litre of pure alcohol content
	2208.40.20	Tafia		
	2208.40.90	Other spirits obtained by distilling fermented sugarcane products		
	2208.50.00	Gin and Geneva	LTR	Nu. 1 200 per litre of pure alcohol content
	2208.60.00	Vodka	LTR	
	2208.70.00	Liqueurs and cordials	LTR	
	2208.90.00	Other	LTR	
<b>24.01</b>		<b>Unmanufactured tobacco; tobacco refuse</b>		
	2401.10.00	Tobacco, not stemmed/stripped	KGM	Nu. 1500
	2401.20.00	Tobacco, partially or wholly stemmed/stripped	KGM	Nu. 1500
	2401.30.00	Tobacco refuse	KGM	Nu. 1500
<b>24.02</b>		<b>Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes</b>		
	2402.10.00	Cigars, cheroots and cigarillos, containing tobacco	NMB	Nu. 40
	2402.20.00	Cigarettes containing tobacco	NMB	Nu.10
	2402.90.00	Other	NMB	Nu.10
<b>24.03</b>		<b>Other manufactured tobacco and manufactured tobacco substitutes; “homogenised” or “reconstituted” tobacco; tobacco extracts and essences</b>		

		Smoking tobacco, whether or not containing tobacco substitutes in any proportion:		
	2403.11.00	Water pipe tobacco specified in sub-heading note 1 to this chapter	KGM	Nu. 10000
	<b>2403.19</b>	<b>Other</b>		
	2403.19.10	Pipe tobacco	KGM	Nu. 10000
	2403.19.20	Biri	NMB	Nu.10
	2403.19.90	Other	KGM	Nu. 10000
		<b>Other:</b>		
	2403.91.00	“homogenised” or “reconstituted” tobacco	KGM	Nu.1500
	<b>2403.99</b>	<b>Other</b>		
	2403.99.10	Chewing tobacco (khani)	KGM	Nu.1500
	2403.99.20	Jarda scented tobacco	KGM	Nu.1500
	2403.99.30	Snuff	KGM	Nu.1500
	2403.99.40	Cut-tobacco	KGM	Nu.1500
	2403.99.90	Other	KGM	Nu.10000
<b>24.04</b>		<b>Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body</b>		
		Products intended for inhalation without combustion:		
	2404.11.00	Containing tobacco or reconstituted tobacco	KGM	100%
	2404.12.00	Other, containing nicotine	KGM	100%
	2404.19.00	Other	KGM	100%
		<b>Other:</b>		
	2404.91.00	For oral application	KGM	0%

	2404.92.00	For transdermal application	KGM	0%
	2404.99.00	Other	KGM	0%
<b>27.10</b>		<b>Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils.</b>		
		<b>Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of</b>		
	<b>2710.12</b>	<b>Light oils and preparations:</b>		
	2710.12.10	Motor spirit (gasolene) including aviation spirit (petrol)	LTR	5%
	2710.12.90	Spirit type (gasolene type) jet fuel (ATF)	LTR	0%
	<b>2710.19</b>	<b>Other:</b>		
	2710.19.12	S.K. Oil (Subsidy)	LTR	0%
	2710.19.13	S.K. Oil	LTR	0%
	2710.19.14	Kerosene type jet fuel (ATF)	LTR	0%
	2710.19.15	Other light oils and preparations (HSD)	LTR	5%

	2710.19.16	Other medium oils and preparations (LDO)	LTR	0%
	2710.19.17	Fuel oils (Furnace Oil)	LTR	0%
	2710.19.18	Gas oils	LTR	0%
	2710.19.19	Lubricating oils	LTR	0%
	2710.19.90	Other	LTR	0%
	2710.20.00	Petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils		
		<b>Waste oils:</b>		
	2710.91.00	Containing polychlorinated biphenyls (PCBs), polychlorinated terphenyls (PCTs) or polybrominated biphenyls (PBBs)	LTR	0%
	2710.99.00	Other	LTR	0%
<b>84.27</b>		<b>Fork-lift trucks; other works trucks fitted with lifting or handling equipment.</b>		
	8427.10.00	Self-propelled trucks powered by an electric motor	NMB	0%
	8427.20.00	Other self-propelled trucks	NMB	0%
	8427.90.00	Other trucks	NMB	0%

<b>84.29</b>		<b>Self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers.</b>		
		<b>Bulldozers and angledozers:</b>		
	8429.11.00	Track laying	NMB	0%
	8429.19.00	Other	NMB	0%
	8429.20.00	Graders and levellers	NMB	0%
	8429.30.00	Scrapers	NMB	0%
	8429.40.00	Tamping machines and road rollers	NMB	0%
		<b>Mechanical shovels, excavators and shovel loaders:</b>		
	8429.51.00	Front-end shovel loaders	NMB	0%
	8429.52.00	Machinery with a 360-degree revolving super-structure	NMB	0%
	8429.59.00	Other	NMB	0%
<b>84.30</b>		<b>Other moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile-drivers and pile-extractors; snow-ploughs and snowblowers.</b>		
	8430.10.00	Pile-drivers and pile-extractors	NMB	0%
	8430.20.00	Snow-ploughs and snow-blowers	NMB	0%
		<b>Coal or rock cutters and tunnelling machinery:</b>		
	8430.31.00	Self-propelled	NMB	0%
	8430.39.00	Other	NMB	0%
		<b>Other boring or sinking machinery:</b>		

	8430.41.00	Self-propelled	NMB	0%
	8430.49.00	Other	NMB	0%
	8430.50.00	Other machinery, self-propelled	NMB	0%
		<b>Other machinery, not self-propelled:</b>		
	8430.61.00	Tamping or compacting machinery	NMB	0%
	8430.69.00	Other	NMB	0%
<b>85.43</b>		<b>Electrical machines and apparatus, having individual functions, not specified or included elsewhere in this Chapter</b>		
	8543.40.00	Electronic cigarettes and similar personal electric vaporising devices	NMB	20%
<b>87.01</b>		<b>Tractors (other than tractors of heading 87.09).</b>		
	8701.10.00	- Single axle tractors	NMB	0%
		<b>Road tractors for semi-trailers:</b>		
	8701.21.00	With only compression-ignition internal combustion piston engine (diesel or semi-diesel)	NMB	0%
	8701.22.00	With both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion	NMB	0%
	8701.23.00	With both spark-ignition piston engine and electric motor as motors for propulsion	NMB	0%
	8701.24.00	With only electric motor for propulsion	NMB	0%
	8701.29.00	Other	NMB	0%
	8701.30.00	Track-laying tractors	NMB	0%
		<b>Other, of an engineer power:</b>		

	8701.91.00	Not exceeding 18 kW	NMB	0%
	8701.92.00	Exceeding 18 kW but not exceeding 37 kW	NMB	0%
	8701.93.00	Exceeding 37 kW but not exceeding 75 kW	NMB	0%
	8701.94.00	Exceeding 75 kW but not exceeding 130 kW	NMB	0%
	8701.95.00	Exceeding 130 kW	NMB	0%
<b>87.02</b>		<b>Motor vehicles for the transport of ten or more persons, including the driver</b>		
	8702.10.00	With only compression-ignition internal combustion piston engine (diesel or semi-diesel)	NMB	9%
	8702.20.00	With both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion	NMB	5%
	8702.30.00	With both spark-ignition internal combustion piston engine and electric motor as motors for propulsion	NMB	5%
	8702.40.00	With only electric motor for propulsion	NMB	0%
	8702.90.00	Other	NMB	9%
<b>87.03</b>		<b>Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars</b>		
	8703.10	Vehicle specially designed for travelling on snow; golf cars and similar vehicles:		

	8703.10.10	Electrically operated	NMB	0%
	8703.10.20	With a hybrid power system	NMB	23%
	8703.10.90	Other	NMB	63%
		<b>Other vehicles, with only a spark-ignition internal combustion piston engine:</b>		
	8703.21.00	Of a cylinder capacity not exceeding 1,000 cc	NMB	36%
	8703.22.10	Of a cylinder capacity exceeding 1,000 cc but not exceeding 1,200 cc	NMB	36%
	8703.22.90	Of a cylinder capacity exceeding 1,200 cc but not exceeding 1,500 cc	NMB	54%
	8703.23.10	Of a cylinder capacity exceeding 1,500 cc but not exceeding 1,799 cc	NMB	59%
	8703.23.40	Of a cylinder capacity exceeding 1,799 cc but not exceeding 3,000 cc	NMB	68%
	8703.24.00	Of a cylinder capacity exceeding 3,000 cc	NMB	77%
		<b>Other vehicles, with only a compression-ignition internal combustion piston engine (diesel or semi-diesel):</b>		
	8703.31.00	Of cylinder capacity not exceeding 1,500 cc	NMB	54%
	8703.32.10	Of cylinder capacity exceeding 1,500 cc but not exceeding 1,799 cc	NMB	63%
	8703.32.20	Of cylinder capacity exceeding 1,799 cc but not exceeding 2,500 cc	NMB	77%
	8703.33.10	Of cylinder capacity exceeding 2,500 cc but not exceeding 3,000 cc	NMB	81%
	8703.33.20	Of cylinder capacity exceeding 3,000 cc	NMB	90%

	8703.40	<b>Other vehicles, with both spark-ignition internal combustion piston engine and electric motor as motors for propulsion, other than those capable of being charged by plugging to external source of electric power:</b>		
	8703.40.10	Of cylinder capacity not exceeding 1,500 cc	NMB	5%
	8703.40.20	Of cylinder capacity exceeding 1,500 cc but not exceeding 1,799 cc	NMB	5%
	8703.40.30	Of cylinder capacity exceeding 1,799 cc but not exceeding 2,500 cc	NMB	9%
	8703.40.40	Of cylinder capacity exceeding 2,500 cc but not exceeding 3,000 cc	NMB	14%
	8703.40.50	Of cylinder capacity exceeding 3,000 cc	NMB	18%
	8703.50	<b>Other vehicles, with both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion, other than those capable of being charged by plugging to external source of electric power:</b>		
	8703.50.10	Of cylinder capacity not exceeding 1,500 cc	NMB	5%
	8703.50.20	Of cylinder capacity exceeding 1,500 cc but not exceeding 1,799 cc	NMB	5%
	8703.50.30	Of cylinder capacity exceeding 1,799 cc but not exceeding 2,500 cc	NMB	9%
	8703.50.40	Of cylinder capacity exceeding 2,500 cc but not exceeding 3,000 cc	NMB	14%

	8703.50.50	Of cylinder capacity exceeding 3,000 cc	NMB	18%
	8703.60	<b>Other vehicles, with both spark-ignition internal combustion piston engine and electric motor as motors for propulsion, capable of being charged by plugging to external source of electric power:</b>		
	8703.60.10	Of cylinder capacity not exceeding 1,500 cc	NMB	5%
	8703.60.20	Of cylinder capacity exceeding 1,500 cc but not exceeding 1,799 cc	NMB	5%
	8703.60.30	Of cylinder capacity exceeding 1,799 cc but not exceeding 2,500 cc	NMB	9%
	8703.60.40	Of cylinder capacity exceeding 2,500 cc but not exceeding 3,000 cc	NMB	14%
	8703.60.50	Of cylinder capacity exceeding 3,000 cc	NMB	18%
	8703.70	<b>Other vehicles, with both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion, capable of being charged by plugging to external source of electric power:</b>		
	8703.70.10	Of cylinder capacity not exceeding 1,500 cc	NMB	5%
	8703.70.20	Of cylinder capacity exceeding 1,500 cc but not exceeding 1,799 cc	NMB	5%
	8703.70.30	Of cylinder capacity exceeding 1,799 cc but not exceeding 2,500 cc	NMB	9%

	8703.70.40	Of cylinder capacity exceeding 2,500 cc but not exceeding 3,000 cc	NMB	14%
	8703.70.50	Of cylinder capacity exceeding 3,000 cc	NMB	18%
	8703.80.00	Other vehicles, with only electric motor for propulsion	NMB	0%
	8703.90.00	Other	NMB	63%
<b>87.04</b>		<b>Motor vehicles for the transport of goods</b>		
	8704.10.00	Dumpers designed for off-highway use	NMB	9%
		<b>Other, with only compression-ignition internal combustion piston engine (diesel or semi-diesel):</b>		
	8704.21.00	g.v.w. not exceeding 5 tonnes	NMB	5%
	8704.22.00	g.v.w. exceeding 5 tonnes but not exceeding 20 tonnes	NMB	9%
	8704.23.00	g.v.w. exceeding 20 tonnes	NMB	9%
		<b>Other, with only spark-ignition internal combustion piston engine:</b>		
	8704.31.00	g.v.w. not exceeding 5 tonnes	NMB	5%
	8704.32.00	g.v.w. exceeding 5 tonnes	NMB	9%
		<b>Other, with both compression-ignition internal combustion piston engine (diesel or semi-diesel) and electric motor as motors for propulsion:</b>		
	8704.41.00	g.v.w. not exceeding 5 tonnes	NMB	5%
	8704.42.00	g.v.w. exceeding 5 tonnes but not exceeding 20 tonnes	NMB	5%
	8704.43.00	g.v.w. exceeding 20 tonnes	NMB	5%

		<b>Other, with both spark-ignition internal combustion piston engine and electric motor as motors for propulsion:</b>		
	8704.51.00	g.v.w. not exceeding 5 tonnes	NMB	5%
	8704.52.00	g.v.w. exceeding 5 tonnes	NMB	5%
	8704.60.00	Other with only electric motor for propulsion	NMB	0%
	8704.90.00	Other	NMB	9%
<b>87.05</b>		<b>Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries, crane lorries, fire fighting vehicles, concrete mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units)</b>		
	8705.10.00	Crane lorries	NMB	5%
	8705.20.00	Mobile drilling derricks	NMB	5%
	8705.30.00	Fire fighting vehicles	NMB	0%
	8705.40.00	Concrete mixer lorries	NMB	5%
	8705.90.00	Other	NMB	5%
<b>87.06</b>		<b>Chassis fitted with engines, for the motor vehicles of heading 87.01 to 87.05</b>		
	8706.00.10	Chassis fitted with engines, for the motor vehicles of headings 87.01	NMB	5%
	8706.00.20	Chassis fitted with engines, for the motor vehicles of headings 87.02	NMB	5%

	8706.00.30	Chassis fitted with engines, for the motor vehicles of heading 87.03	NMB	18%
	8706.00.40	Chassis fitted with engines, for the motor vehicles of headings 87.04	NMB	9%
	8706.00.50	Chassis fitted with engines, for the motor vehicles of headings 87.05	NMB	5%
<b>87.09</b>		<b>Works trucks, self-propelled, not fitted with lifting or handling equipment, of the type used in factories, warehouses, dock areas or airports for short distance transport of goods; tractors of the type used on railway station platforms; parts of the fore going vehicles.</b>		
		-Vehicles:		
	8709.11.00	Electrical	NMB	0%
	8709.19.00	Other	NMB	5%
<b>87.11</b>		<b>Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars</b>		
	8711.10.00	With internal combustion piston engine of a cylinder capacity not exceeding 50 cc	NMB	9%
	8711.20.00	With internal combustion piston engine of a cylinder capacity exceeding 50 cc but not exceeding 250 cc	NMB	9%
	8711.30.00	With internal combustion piston engine of a cylinder capacity exceeding 250 cc but not exceeding 500 cc	NMB	23%

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	8711.40.00	With internal combustion piston engine of a cylinder capacity exceeding 500 cc but not exceeding 800 cc	NMB	27%
	8711.50.00	With internal combustion piston engine of a cylinder capacity exceeding 800 cc	NMB	45%
	8711.60.00	With electric motor for propulsion	NMB	0%
	<b>8711.90</b>	<b>Other:</b>		
	8711.90.20	- Hybrid	NMB	9%
	8711.90.90	- Other	NMB	45%

**SCHEDULE 2****SANCTIONS FOR OFFENCES**

<b>S/N</b>	<b>Section</b>	<b>Offence</b>	<b>Sanctions upon conviction</b>
1	171	Failure to maintain or retain proper records without reasonable cause	Liable to a fine equal to twice the tax amount which the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or petty misdemeanour; or both.
2	172	Failure to file return, declaration or other documents by due date without reasonable cause	Liable to a fine equal to twice the tax amount which the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or petty misdemeanour; or both.
3	174	Failure to comply with an order under section 173	Liable to a fine of daily national minimum national wage from the date of conviction till the date of compliance; or misdemeanour; or both.
4	175(1)	Rescuing or attempting to rescue property subject to detention, seizure or confiscation without reasonable cause	Liable to a fine not exceeding 2000 days multiplied by the national minimum wage; or misdemeanour; or both.
5	175(2)(a)	Staving, breaking or destroying property subject to detention, seizure or confiscation without reasonable cause	Liable to a fine not exceeding 2000 days multiplied by the national minimum wage; or misdemeanour; or both.

6	175(2) (b)	Destroying documents relating to property subject to detention, seizure or confiscation without reasonable cause, to prevent securing of the property or discovery of the proof of an offence	Liable to a fine not exceeding 2000 days multiplied by the national minimum wage; or misdemeanour; or both.
7	176	Failure to provide all reasonable facilities and assistance to the Department without reasonable cause	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or violation; or both.
8	178(1)	Maintaining fraudulent records	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.
9	178(2)	Deliberate or reckless making of a statement	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.
10	178(3)	Filing a fraudulent document recklessly or without reasonable excuse	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both

11	178(4)	Counterfeiting or falsifying documents or use of counterfeit or falsified documents	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.
12	178(5)	Fraudulent alteration of documents and counterfeiting Department's seal, signature, initials or other marks	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.
13	180	Deliberately obstructing a taxation officer in performance of duties	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or violation; or both.
14	181(1)	Directly or indirectly asking for unlawful payments or rewards	Liable to a fine equal to the unlawful payment received; or value-based sentencing; or both.
15	181(2)	Engaged in or allowing arrangements that defraud the State or violate tax laws or official duties	Liable to a fine equal to the unlawful payment received; or value-based sentencing; or both.
16	181(3)	Giving of undue advantage or favor by taxation officer to self or another person	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or misdemeanour; or both.

17	181(4)	Failure to prevent or report the commission of an offence under the Act	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or violation; or both.
18	182(1)	Offering unlawful payments or rewards to a taxation officer	Liable to a fine equal to the unlawful payment awarded; or value-based sentencing; or both.
19	182(2)	Collusion or attempted collusion with a taxation officer	Liable to a fine equal to the unlawful payment received; or misdemeanour; or both.
20	182(3)	Impersonating a taxation officer	Liable to a fine equal to the unlawful payment awarded; or misdemeanour; or both.
21	182(4)	Threatening, intimidating or harassing a taxation officer	Liable to a fine not exceeding 2000 days multiplied by the national minimum wage; or a misdemeanour; or both.
22	184	Fraudulent evasion of excise tax	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.

23	185	Importing or exporting unexcised goods	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.
24	186(1)(a)	Possessing, storing, conveyancing or knowingly harbour or conceal unexcised goods	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.
25	187	Knowingly advancing or furnishing money for establishing or conducting business comprising sale and purchase of unexcised goods	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.
26	188(1)	Illegal removal or withdrawal of excisable goods from excise control or customs control	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or value-based sentencing; or both.
27	188(2)(a)	Manufacturing excisable goods without a permit	Liable to a fine equal to twice the tax amount the department assesses or 400 days multiplied by the national minimum wage, whichever is higher; or misdemeanor; or both.
28	188(2)(b)	Bottling, blending, compounding or varying intoxicating liquors without a permit	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or misdemeanor; or both.

29	188(2)(c)	Denaturing spirits for sale as denatured spirits without a permit	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or misdemeanor; or both.
30	188(2)(d)	Operating an excise warehouse without a permit	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or misdemeanor; or both.
31	189(1)	Adding deleterious substances to intoxicating liquor for consumption or sale	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or misdemeanor; or both.
32	189(2)	Knowingly stores, keeps or possess intoxicating liquor with deleterious substances added	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or misdemeanor; or both.
33	190	Unlawful claims for drawback	Liable to a fine equal to the unlawful claims for drawback; or misdemeanor; or both
34	191	Failure to remove goods from excise warehouse after the permit is removed	Liable to a fine not exceeding 400 days multiplied by the national minimum wage; or misdemeanor; or both.

**ANNEXURE VII****Voting Records for Excise Bill of Bhutan 2025**

YES 43, ABSTAIN 0, NO 2, Total voted 45

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	NO
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
5.	H.E. Tshering	YES
6.	Hon. Pempa(Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
8.	Hon. Kuenzang Thinley(Choekhor-Tang)	YES
9.	H.E. Younten Phuntsho(MoAL)	YES
10.	H.E. Tandin Wangchuk	YES
11.	Hon. Sangay Khandu(Deputy Speaker)	YES
12.	H.E. Dasho TsheringTobgay(Prime Minister)	YES
13.	H.E. Yeezang DeThapa(MoESD)	YES
14.	H.E. Namgay Dorji(MoICE)	YES
15.	H.E. Lekey Dorji(MoF)	YES
16.	H.E. Gem Tshering(MoENR)	YES
17.	H.E. Dinanath Dhungyel(MoFAET)	YES
18.	H.E. Chandra Bdr.Gurung(MoIT)	YES
19.	H.E. Dasho PemaChewang (OppositionLeader)	YES
20.	Hon. Harka SinghTamang (Gelephu)	YES
21.	Hon. Tshering Penjor(Dewathang-Gomdar)	NO
22.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
23.	Hon. Rinzin Dorji(Phuentsholing)	YES
24.	Hon. Sonam Dorji(Druegygang-Tseza)	YES

**ANNEXURE VII**

25.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
26.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
27.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
28.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
29.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
30.	Hon. Lam Dorji(Wamrong)	YES
31.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
32.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
33.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
34.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
35.	Hon. Naiten Wangchuk (Monggar)	YES
36.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
37.	Hon. Tshewang Rinzin(South-Thimphu)	YES
38.	Hon. Kuenga(Nyishog-Saephu)	YES
39.	Hon. Lhakpa Tshering Tamang(Sergithang-Tsirang Toed)	YES
40.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
41.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
42.	Hon. Lamdra Wangdi(Nganglam)	YES
43.	Hon. Sangay Thinley(Khar-Yurung)	YES
44.	Hon. Namgay Wangchuk(Lingmukha-Toedwang)	YES
45.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES

**ANNEXURE VIII****Voting Records for Income Tax Bill of Bhutan 2025**

YES 45, ABSTAIN 0, NO 0, Total voted 45

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
5.	H.E. Tshering(MoHA)	YES
6.	Hon. Pempa(Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
8.	Hon. Kuenzang Thinley(Choekhor-Tang)	YES
9.	H.E. Younten Phuntsho(MoAL)	YES
10.	H.E. Tandin Wangchuk(MoH)	YES
11.	Hon. Sangay Khandu(Deputy Speaker)	YES
12.	H.E. Dasho TsheringTobgay(Prime Minister)	YES
13.	H.E. Yeezang DeThapa(MoESD)	YES
14.	H.E. Namgay Dorji(MoICE)	YES
15.	H.E. Lekey Dorji(MoF)	YES
16.	H.E. Gem Tshering(MoENR)	YES
17.	H.E. Dinanath Dhungyel(MoFAET)	YES
18.	H.E. Chandra Bdr.Gurung(MoIT)	YES
19.	H.E. Dasho Pema Chewang (OppositionLeader)	YES
20.	Hon. Harka SinghTamang (Gelephu)	YES
21.	Hon. Tshering Penjor(Dewathang-Gomdar)	YES
22.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
23.	Hon. Rinzin Dorji(Phuentsholing)	YES
24.	Hon. Sonam Dorji(Druegygang-Tseza)	YES

**ANNEXURE VIII**

25.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
26.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
27.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
28.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
29.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
30.	Hon. Lam Dorji(Wamrong)	YES
31.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
32.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
33.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
34.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
35.	Hon. Naiten Wangchuk (Monggar)	YES
36.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
37.	Hon. Tshewang Rinzin(South-Thimphu)	YES
38.	Hon. Kuenga(Nyishog-Saephu)	YES
39.	Hon. Lhakpa TsheringTamang(Sergithang-TsirangToed)	YES
40.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
41.	Hon. Kamal BdrGurung (Kikhorthang-Mendrelgang)	YES
42.	Hon. Lamdra Wangdi(Nganglam)	YES
43.	Hon. Sangay Thinley(Khar-Yurung)	YES
44.	Hon. Namgay Wangchuk(Lingmukha-Toedwang)	YES
45.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES

**ANNEXURE IX****Voting Records for Free Trade Agreement between Bhutan and Thailand**

YES 41, ABSTAIN 0, NO 0, Total voted 41

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
5.	H.E. Tshering(MoHA)	YES
6.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
7.	Hon. Kuenzang Thinley(Choekhor-Tang)	YES
8.	H.E. Younten Phuntsho(MoAL)	YES
9.	H.E. Tandin Wangchuk(MoH)	YES
10.	Hon. Sangay Khandu(Deputy Speaker)	YES
11.	H.E. Dasho TsheringTobgay(Prime Minister)	YES
12.	H.E. Yeezang DeThapa(MoESD)	YES
13.	H.E. Namgay Dorji(MoICE)	YES
14.	H.E. Gem Tshering(MoENR)	YES
15.	H.E. Dinanath Dhungyel(MoFAET)	YES
16.	H.E. Chandra Bdr.Gurung(MoIT)	YES
17.	Hon. Harka Singh Tamang (Gelephu)	YES
18.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
19.	Hon. Rinzin Dorji(Phuentsholing)	YES
20.	Hon. Sonam Dorji(Druegygang-Tseza)	YES
21.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
22.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
23.	Hon. Loday Tsheten(Gangzur -Minjey)	YES

**ANNEXURE IX**

24.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
25.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
26.	Hon. Lam Dorji(Wamrong)	YES
27.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
28.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
29.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
30.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
31.	Hon. Naiten Wangchuk (Monggar)	YES
32.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
33.	Hon. Tshewang Rinzin(South-Thimphu)	YES
34.	Hon. Kuenga(Nyishog-Saephu)	YES
35.	Hon. Lhakpa Tshering Tamang(Sergithang-TsirangToed)	YES
36.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
37.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
38.	Hon. Lamdra Wangdi(Nganglam)	YES
39.	Hon. Sangay Thinley(Khar-Yurung)	YES
40.	Hon. NamgayWangchuk(Lingmukha-Toedwang)	YES
41.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES

**ANNEXURE X****Voting Records for BIMSTEC Agreement on Maritime Transport Cooperation**

YES 44, ABSTAIN 0, NO 0, Total Voted 44

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
5.	H.E. Tshering(MoHA)	YES
6.	Hon. Pempa(Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
8.	Hon. KuenzangThinley(Choekhor-Tang)	YES
9.	H.E. TandinWangchuk(MoH)	YES
10.	Hon. Sangay Khandu(Deputy Speaker)	YES
11.	H.E. Dasho TsheringTobgay(Prime Minister)	YES
12.	H.E. Yeezang DeThapa(MoESD)	YES
13.	H.E. Namgay Dorji(MoICE)	YES
14.	H.E. Lekey Dorji(MoF)	YES
15.	H.E. Gem Tshering(MoENR)	YES
16.	H.E. DinanathDhungyel(MoFAET)	YES
17.	H.E. Chandra Bdr.Gurung(MoIT)	YES
18.	H.E. Dasho PemaChewang (OppositionLeader)	YES
19.	Hon. Harka SinghTamang (Gelephu)	YES
20.	Hon. Tshering Penjor(Dewathang-Gomdar)	YES
21.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
22.	Hon. Rinzin Dorji(Phuentsholing)	YES
23.	Hon. Sonam Dorji(Druegygang-Tseza)	YES

**ANNEXURE X**

24.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
25.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
26.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
27.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
28.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
29.	Hon. Lam Dorji(Wamrong)	YES
30.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
31.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
32.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
33.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
34.	Hon. Naiten Wangchuk (Monggar)	YES
35.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
36.	Hon. Tshewang Rinzin(South-Thimphu)	YES
37.	Hon. Kuenga(Nyishog-Saephu)	YES
38.	Hon. Lhakpa Tshering Tamang(Sergithang-Tsirang Toed)	YES
39.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
40.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
41.	Hon. Lamdra Wangdi(Nganglam)	YES
42.	Hon. Sangay Thinley(Khar-Yurung)	YES
43.	Hon. Namgay Wanchuk (Lingmukha-Toedwang)	YES
44.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES

**ANNEXURE XI****Voting Records for BIMSTEC Convention on Mutual Assistance in Criminal Matter**

YES 42, ABSTAIN 0, NO 0, Total voted 42

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
5.	H.E. Tshering(MoHA)	YES
6.	Hon. Pempa(Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
8.	Hon. KuenzangThinley(Choekhor-Tang)	YES
9.	H.E. TandinWangchuk(MoH)	YES
10.	Hon. Sangay Khandu(Deputy Speaker)	YES
11.	H.E. Dasho TsheringTobgay (Prime Minister)	YES
12.	H.E. Yeezang DeThapa(MoESD)	YES
13.	H.E. Namgay Dorji(MoICE)	YES
14.	H.E. Lekey Dorji(MoF)	YES
15.	H.E. Gem Tshering(MoENR)	YES
16.	H.E. Dinanath Dhungyel(MoFAET)	YES
17.	H.E. Chandra Bdr.Gurung(MoIT)	YES
18.	H.E. Dasho PemaChewang (OppositionLeader)	YES
19.	Hon. Harka SinghTamang (Gelephu)	YES
20.	Hon. Tshering Penjor(Dewathang-Gomdar)	YES
21.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
22.	Hon. Rinzin Dorji(Phuentsholing)	YES
23.	Hon. Sonam Dorji(Druegygang-Tseza)	YES

**ANNEXURE XI**

24.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
25.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
26.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
27.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
28.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
29.	Hon. Lam Dorji(Wamrong)	YES
30.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
31.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
32.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
33.	Hon. Naiten Wangchuk (Monggar)	YES
34.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
35.	Hon. Tshewang Rinzin(South-Thimphu)	YES
36.	Hon. Kuenga(Nyishog-Saephu)	YES
37.	Hon. Lhakpa Tshering Tamang(Sergithang-Tsirang Toed)	YES
38.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
39.	Hon. Lamdra Wangdi(Nganglam)	YES
40.	Hon. Sangay Thinley(Khar-Yurung)	YES
41.	Hon. Namgay Wanchuk (Lingmukha-Toedwang)	YES
42.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES

**ANNEXURE XII****Voting Records on Motion to Incorporate Courteous Communication and Respectful Interaction into Public Service Training Programs**

Total-43, Yes-42, No-0, Abstain-1

1.	Sonam Rinchen (Chumig-Ura)	Yes
2.	Ugyen Lama (Dophuchen-Tading)	Yes
3.	Wangdi(Boomdeling-Jamkhar)	Yes
4.	Namgay Dorji(Khamdang-Ramjar)	Yes
5.	Tshering(MoHA)	Yes
6.	Pemba (Bongo-Chapcha)	Abstain
7.	Dr. Tek Bdr. Gurung (Shompangkha)	Yes
8.	Kinzang Thinley (Chhokhor-Tang)	Yes
9.	Younten Phuntsho(MoAL)	Yes
10.	Tandin Wangchuk (MoH)	Yes
11.	Sangay Khandu(Dy.Speaker)	Yes
12.	Yezang D Thapa(MoESD)	Yes
13.	Namgay Dorji(MoICE)	Yes
14.	Lekey Dorji (MoF)	Yes
15.	Gyem Tshering (MoENR)	Yes
16.	Dinanath Dhubgyel (MoFAET)	Yes
17.	Chandra Bdr Gurung (MoIT)	Yes
18.	Dasho Pema Chewang (Opposition Leader)	Yes
19.	Harka Singh Tamang(Gelegphu)	Yes
20.	Tshering Peljor (Dewathang-Gomdar)	Yes
21.	Pema Drukpa (Khamaed-Lunana)	Yes
22.	Rinzin Dorji (Phuntsholing)	Yes

**ANNEXURE XII**

23. Sonam Dorji (Drujeygang-Tseza)	Yes
24. Kinzang Wangchuk (Drametse-Ngatshang)	Yes
25. Tempa Dorji (Maenbi-Tsaenkhar)	Yes
26. Loday Tsheten (Gangzur-Minje)	Yes
27. Dorji Wangmo (Kengkhar-Weringla)	Yes
28. Lhendup Wangdi (Bji-Kartshog-Uesu)	Yes
29. Lam Dorji (Wamrong)	Yes
30. Damche Tenzin (Thrimshing-Kangpara)	Yes
31. Tashi Tenzin (Radi-Sakyeng)	Yes
32. Lhaba Lhaba (Khatoed-Laya)	Yes
33. Naiten Wangchuk (Mongar)	Yes
34. Sonam Tashi (Lamgong-Wachang)	Yes
35. Tshewng Rinzin (South-Thimphu)	Yes
36. Kuenga (Nyishog-Saephu)	Yes
37. Lhakpa Tshering Tamang (Sergithang-Tsirang-Toed)	Yes
38. Namgay Dorji(Dragteng-Langthil)	Yes
39. Kamal Bdr Gurung (Kilkhorthang-Mendrelgang)	Yes
40. Lamda Wangdi (Nganglam)	Yes
41. Sangay Thinley (Khar-Yurung)	Yes
42. Namgay Wangchuk (Lingmukha-Toedwang)	Yes
43. Yeshey Jamtsho (Nanong-Shumar)	Yes

**ANNEXURE XIII****Voting Records on Motion to Strengthen Regulatory Enforcement and Institute a Zero-Tolerance Policy on Pornographic related Online Content in the Kingdom of Bhutan.**

Total-41, Yes-41, No-0, Abstain-0

1.	Sonam Rinchen (Chumig-Ura)	Yes
2.	Ugyen Lama (Dophuchen-Tading)	Yes
3.	Wangdi(Boomdeling-Jamkhar)	Yes
4.	Namgay Dorji(Khamdang-Ramjar)	Yes
5.	Pemba (Bongo-Chapcha)	Yes
6.	Dr. Tek Bdr. Gurung (Shompangkha)	Yes
7.	Kinzang Thinley (Chhokhor-Tang)	Yes
8.	Younten Phuntsho(MoAL)	Yes
9.	Tandin Wangchuk (MoH)	Yes
10.	Sangay Khandu(Dy.Speaker)	Yes
11.	Tshering Tobgay (Prime Minister)	Yes
12.	Yezang D Thapa(MoESD)	Yes
13.	Namgay Dorji(MoICE)	Yes
14.	Lekey Dorji (MoF)	Yes
15.	Gyem Tshering (MoENR)	Yes
16.	Chandra Bdr Gurung (MoIT)	Yes
17.	Dasho Pema Chewang (Opposition Leader)	Yes
18.	Harka Singh Tamang(Gelegphu)	Yes
19.	Tshering Peljor (Dewathang-Gomdar)	Yes
20.	Pema Drukpa (Khamaed-Lunana)	Yes
21.	Sonam Dorji (Drujeygang-Tseza)	Yes
22.	Kinzang Wangchuk (Drametse-Ngatshang)	Yes

23. Tempa Dorji (Maenbi-Tsaenkhar)	Yes
24. Loday Tsheten (Gangzur-Minje)	Yes
25. Dorji Wangmo (Kengkhar-Weringla)	Yes
26. Lhendup Wangdi (Bji-Kartshog-Uesu)	Yes
27. Lam Dorji (Wamrong)	Yes
28. Rinchen Wangdi (Bartsham-Shongphu)	Yes
29. Damche Tenzin (Thrimshing-Kangpara)	Yes
30. Tashi Tenzin (Radi-Sakyeng)	Yes
31. Lhaba Lhaba (Khatoed-Laya)	Yes
32. Naiten Wangchuk (Mongar)	Yes
33. Sonam Tashi (Lamgong-Wachang)	Yes
34. Tshewng Rinzin (South-Thimphu)	Yes
35. Kuenga (Nyishog-Saephu)	Yes
36. Lhakpa Tshering Tamang (Sergithang-Tsirang-Toed)	Yes
37. Namgay Dorji(Dragteng-Langthil)	Yes
38. Kamal Bdr Gurung (Kilkhorthang-Mendrelgang)	Yes
39. Lamda Wangdi (Nganglam)	Yes
40. Sangay Thinley (Khar-Yurung)	Yes
41. Namgay Wangchuk (Lingmukha-Toedwang)	Yes

**ANNEXURE XIV****Voting Records for the Motion to Revert the Ministry of Education and Skills Development's Decision to Reinstitute the Class X Cut-Off Point from the 2026 Academic Session**

YES 38, ABSTAIN 1, NO 0, Total voted 39

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
4.	Hon. Namgay Dorji(Khamdhang –Ramjar)	YES
5.	Hon. Pempa(Bongo-Chapcha)	YES
6.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
7.	Hon. Kuenzang Thinley(Choekhor-Tang)	YES
8.	H.E. Younten Phuntsho(MoAL)	YES
9.	H.E. Tandin Wangchuk(MoH)	ABSTAIN
10.	Hon. Sangay Khandu(Deputy Speaker)	YES
11.	H.E. Yeezang DeThapa(MoESD)	YES
12.	H.E. Namgay Dorji(MoICE)	YES
13.	H.E. Lekey Dorji(MoF)	YES
14.	H.E. Gem Tshering(MoENR)	YES
15.	H.E. Chandra Bdr.Gurung(MoIT)	YES
16.	H.E. Dasho Pema Chewang (Opposition Leader)	YES
17.	Hon. Harka Singh Tamang (Gelephu)	YES
18.	Hon. Tshering Penjor(Dewathang-Gomdar)	YES
19.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
20.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
21.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
22.	Hon. Loday Tsheten(Gangzur -Minjey)	YES

**ANNEXURE XIV**

23.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
24.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
25.	Hon. Lam Dorji(Wamrong)	YES
26.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
27.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
28.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
29.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
30.	Hon. Naiten Wangchuk (Monggar)	YES
31.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
32.	Hon. Tshewang Rinzin(South-Thimphu)	YES
33.	Hon. Kuenga(Nyishog-Saepu)	YES
34.	Hon. Lhakpa TsheringTamang(Sergithang-TsirangToed)	YES
35.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
36.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
37.	Hon. Lamdra Wangdi(Nganglam)	YES
38.	Hon. Sangay Thinley(Khar-Yurung)	YES
39.	Hon. NamgayWangchuk(Lingmukha-Toedwang)	YES

**ANNEXURE XV****Voting Records for Marriage (Amendment) Bill of Bhutan 2025 (Joint Sitting)**

YES 49, ABSTAIN 2, NO 14, Total voted 65

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Ugyen Tshering(Paro)	YES
4.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
5.	H.E. Sangay Dorji(Chairman, NC)	NO
6.	Hon. Phub Dorji(Wangduephodrang)	NO
7.	Hon. Namgay Dorji(Punakha)	NO
8.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
9.	H.E. Tshering(MoHA)	YES
10.	Hon. Dago TsheringLa(Deputy Chairman)	NO
11.	Hon. Pempa(Bongo-Chapcha)	YES
12.	Hon. Tshering Tshomo (Zhemgang)	YES
13.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
14.	Hon. Kuenzang Thinley(Choekhor-Tang)	YES
15.	Hon. Jamyang Namgyal (Pema Gatshel)	ABSTAIN
16.	H.E. Younten Phuntsho (MoAL)	YES
17.	Hon. Sangay Khandu(Deputy Speaker)	YES
18.	H.E. Dasho Tshering Tobgay (Prime Minister)	YES
19.	H.E. Yeezang DeThapa (MoESD)	YES
20.	H.E. Namgay Dorji (MoICE)	YES
21.	H.E. Lekey Dorji (MoF)	YES
22.	H.E. Gem Tshering (MoENR)	YES
23.	H.E. Dinanath Dhungyel (MoFAET)	YES

24.	H.E. Chandra Bdr.Gurung (MoIT)	YES
25.	H.E. Dasho Pema Chewang (Opposition Leader)	YES
26.	Hon. Harka Singh Tamang (Gelephu)	YES
27.	Hon. Tshering Penjor(Dewathang-Gomdar)	YES
28.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
29.	Hon. Nima Wangdi(Tsirang)	YES
30.	Hon. Sonam Dorji(Druegyang-Tseza)	YES
31.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
32.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
33.	Hon. Sonam Tenzin(Trashiyangtse)	NO
34.	Hon. PhuntshoRapten (EminentMember)	NO
35.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
36.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
37.	Hon. Sonam Tobgyal(Trashigang)	NO
38.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
39.	Hon. Lam Dorji(Wamrong)	YES
40.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
41.	Hon. Leki Tshering(Thimphu)	YES
42.	Hon. Kelzang Lhundup(Lhuentse)	YES
43.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
44.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
45.	Hon. TsheringWangchen (Monggar)	NO
46.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
47.	Hon. Naiten Wangchuk (Monggar)	YES
48.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
49.	Hon. Tshewang Rinzin(South-Thimphu)	YES

**ANNEXURE XV**

50.	Hon. Kuenga(Nyishog-Saephu)	YES
51.	Hon. Pema Tashi(Sarpang)	NO
52.	Hon. Rinzin Namgyal(Trongsa)	NO
53.	Hon. Kesang Chuki Dorjee (Eminent Member)	NO
54.	Hon. Birendra Chimoria (Dagana)	YES
55.	Hon. Lhakpa TsheringTamang(Sergithang-TsirangToed)	YES
56.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
57.	Hon. Tshering (Gasa)	YES
58.	Hon. Kamal BdrGurung (Kikhorthang-Mendrelgang)	YES
59.	Hon. Kencho Tshering(Bumthang)	NO
60.	Hon. Lamdra Wangdi(Nganglam)	YES
61.	Hon. Tashi Dhendup(Samtse)	NO
62.	Hon. Sangay Thinley(Khar-Yurung)	YES
63.	Hon. Tashi Chhozom(Eminent)	NO
64.	Hon. Namgay Wangchuk(Lingmukha-Toedwang)	YES
65.	Hon. Tshewang Rinchen(Samdrupjongkhar)	ABSTAIN

**Voting Records for National Assembly (Amendment) Bill of Bhutan 2025****(Joint Sitting)**

YES 50, ABSTAIN 2, NO 11, Total voted 63

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Ugyen Tshering(Paro)	YES
4.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
5.	H.E. Sangay Dorji(Chairman, NC)	NO
6.	Hon. Phub Dorji(Wangduephodrang)	YES
7.	Hon. Namgay Dorji(Punakha)	YES
8.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
9.	H.E. Tshering (MoHA)	NO
10.	Hon. Dago TsheringLa(Deputy Chairman)	NO
11.	Hon. Pempa(Bongo-Chapcha)	YES
12.	Hon. Tshering Tshomo (Zhemgang)	YES
13.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
14.	Hon. Kuenzang Thinley(Choekhor-Tang)	YES
15.	Hon. Jamyang Namgyal (Pema Gatshel)	NO
16.	H.E. Younten Phuntsho (MoAI)	YES
17.	Hon. Sangay Khandu(Deputy Speaker)	YES
18.	H.E. Yeezang De Thapa (MoESD)	YES
19.	H.E. Namgay Dorji (MoICE)	ABSTAIN
20.	H.E. Lekey Dorji (MoF)	YES
21.	H.E. Gem Tshering (MoENR)	YES
22.	H.E. Dinanath Dhungyel (MoFAET)	YES
23.	H.E. Chandra Bdr.Gurung (MoIT)	YES

**ANNEXURE XVI**

24.	H.E. Dasho Pema Chewang (Opposition Leader)	YES
25.	Hon. Harka Singh Tamang (Gelephu)	YES
26.	Hon. Tshering Penjor (Dewathang-Gomdar)	YES
27.	Hon. Pema Drukpa (Khamaed-Lunana)	YES
28.	Hon. Nima Wangdi (Tsirang)	YES
29.	Hon. Sonam Dorji (Drukeygang-Tseza)	YES
30.	Hon. Kinzang Wangchuk (Dramedtse-Ngatshang)	YES
31.	Hon. Tempa Dorji (Menbi -Tsenkhar)	YES
32.	Hon. Sonam Tenzin (Trashiyangtse)	YES
33.	Hon. Phuntsho Rapten (Eminent Member)	NO
34.	Hon. Loday Tsheten (Gangzur -Minjey)	YES
35.	Hon. Dorji Wangmo (Kengkhar-Weringla)	YES
36.	Hon. Sonam Tobgyal (Trashigang)	NO
37.	Hon. Lhendup Wangdi (Bji - Kartshog- Uesu)	YES
38.	Hon. Lam Dorji (Wamrong)	YES
39.	Hon. Rinchen Wangdi (Bartsham-Shongphu)	YES
40.	Hon. Leki Tshering (Thimphu)	YES
41.	Hon. Kelzang Lhundup (Lhuentse)	YES
42.	Hon. Damche Tenzin (Thrimshing-Kangpara)	YES
43.	Hon. Tashi Tenzin (Radi-Sakteng)	YES
44.	Hon. Tshering Wangchen (Monggar)	NO
45.	Hon. Lhaba Lhaba (Khatoed Laya)	YES
46.	Hon. Naiten Wangchuk (Monggar)	ABSTAIN
47.	Hon. Sonam Tashi (Lamgong-Wangchang)	YES
48.	Hon. Tshewang Rinzin (South-Thimphu)	YES
49.	Hon. Kuenga (Nyishog-Saepu)	YES

**ANNEXURE XVI**

50.	Hon. Pema Tashi(Sarpang)	YES
51.	Hon. Rinzin Namgyal(Trongsa)	NO
52.	Hon. Kesang Chuki Dorjee (Eminent Member)	NO
53.	Hon. Birendra Chimoria (Dagana)	YES
54.	Hon. Lhakpa Tshering Tamang(Sergithang-TsirangToed)	YES
55.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
56.	Hon. Tshering (Gasa)	YES
57.	Hon. Kamal BdrGurung (Kikhorthang-Mendrelgang)	YES
58.	Hon. Kencho Tshering(Bumthang)	YES
59.	Hon. Tashi Dhendup(Samtse)	YES
60.	Hon. Sangay Thinley(Khar-Yurung)	YES
61.	Hon. Tashi Chhozom(Eminent)	NO
62.	Hon. Namgay Wangchuk(Lingmukha-Toedwang)	YES
63.	Hon. Tshewang Rinchen(Samdrupjongkhar)	NO

**ANNEXURE XVII****Voting Records for the resolutions of the Public Accounts Committee**

YES 67, ABSTAIN 0, NO 0, Total voted 67

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Ugyen Tshering(Paro)	YES
4.	Hon. Wangdi(Bomdelling-Jamkhar)	YES
5.	H.E. Sangay Dorji(Chairman, NC)	YES
6.	Hon. Phub Dorji(Wangduephodrang)	YES
7.	Hon. Namgay Dorji(Punakha)	YES
8.	Hon. Namgay Dorji(Khamdhang -Ramjar)	YES
9.	H.E. Tshering(MoHA)	YES
10.	Hon. Dago TsheringLa(Deputy Chairman)	YES
11.	Hon. Pempa(Bongo-Chapcha)	YES
12.	Hon. Tshering Tshomo (Zhemgang)	YES
13.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
14.	Hon. Jamyang Namgyal (PemaGatshel)	YES
15.	H.E. Younten Phuntsho(MoAL)	YES
16.	H.E. Tandin Wangchuk(MoH)	YES
17.	Hon. Sangay Khandu(Deputy Speaker)	YES
18.	H.E. Dasho Tshering Tobgay (Prime Minister)	YES
19.	H.E. Yeezang De Thapa (MoESD)	YES
20.	H.E. Namgay Dorji (MoICE)	YES
21.	H.E. Gem Tshering (MoENR)	YES
22.	H.E. DinanathDhungyel (MoFAET)	YES
23.	H.E. Chandra Bdr.Gurung (MoIC)	YES
24.	H.E. Dasho Pema Chewang (Opposition Leader)	YES

**ANNEXURE XVII**

25.	Hon. Harka Singh Tamang (Gelephu)	YES
26.	Hon. Tshering Penjor(Dewathang-Gomdar)	YES
27.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
28.	Hon. Nima Wangdi(Tsirang)	YES
29.	Hon. Rinzin Dorji(Phuentsholing)	YES
30.	Hon. Sonam Dorji(Druegyang-Tseza)	YES
31.	Hon. Ugyen Tshering(Eminent Member)	YES
32.	Hon. Kinzang Wangchuk(Dramedtse-Ngatshang)	YES
33.	Hon. Tempa Dorji(Menbi -Tsenkhar)	YES
34.	Hon. Sonam Tenzin(Trashiyangtse)	YES
35.	Hon. Phuntsho Rapten (Eminent Member)	YES
36.	Hon. Loday Tsheten(Gangzur -Minjey)	YES
37.	Hon. Dorji Wangmo(Kengkhar-Weringla)	YES
38.	Hon. Sonam Tobgyal(Trashigang)	YES
39.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
40.	Hon. Lam Dorji(Wamrong)	YES
41.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
42.	Hon. Leki Tshering(Thimphu)	YES
43.	Hon. Kelzang Lhundup(Lhuentse)	YES
44.	Hon. Damche Tenzin(Thrimshing-Kangpara)	YES
45.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
46.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
47.	Hon. Naiten Wangchuk (Monggar)	YES
48.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
49.	Hon. Tshewang Rinzin(South-Thimphu)	YES
50.	Hon. Kuenga(Nyishog-Saepu)	YES

**ANNEXURE XVII**

51.	Hon. Pema Tashi(Sarpang)	YES
52.	Hon. Rinzin Namgyal(Trongsa)	YES
53.	Hon. Kesang Chuki Dorjee (Eminent Member)	YES
54.	Hon. Birendra Chimoria (Dagana)	YES
55.	Hon. Lhakpa Tshering Tamang(Sergithang-TsirangToed)	YES
56.	Hon. Namgay Dorji(Dragteng-Langthel)	YES
57.	Hon. Tshering (Gasa)	YES
58.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
59.	Hon. Kencho Tshering(Bumthang)	YES
60.	Hon. Lamdra Wangdi(Nganglam)	YES
61.	Hon. Tashi Dhendup(Samtse)	YES
62.	Hon. Sangay Thinley(Khar-Yurung)	YES
63.	Hon. Tashi Chhozom(Eminent)	YES
64.	Hon. Namgay Wangchuk(Lingmukha-Toedwang)	YES
65.	Hon. Yeshey Jamtsho(Nanong-Shumar)	YES
66.	Hon. TshewangRinchen(Samdrupjongkhar)	YES
67.	Hon. Dasho Tashi Wangyal (Eminent Member)	YES

**Voting Records for the redeliberaton on receommendations from the  
National Council on Excise Bill of Bhutan 2025**

YES 28, ABSTAIN 2, No 13, Total Voted 43

1.	Hon. Sonam Rinchen(Chhumig-Ura)	YES
2.	Hon. Ugyen Lama(Dophuchen -Tading)	YES
3.	Hon. Wangdi(Bomdelling-Jamkhar)	NO
4.	Hon. Namgay Dorji(Khamdhang -Ramjar)	NO
5.	H.E. Tshering(MoHA)	YES
6.	Hon. Pempa(Bongo-Chapcha)	YES
7.	Hon. Dr. Tek Bdr Rai(Shompangkha)	YES
8.	Hon. KuenzangThinley(Choekhor-Tang)	YES
9.	H.E. Younten Phuntsho(MoAL)	YES
10.	H.E. TandinWangchuk(MoH)	YES
11.	Hon. Sangay Khandu(Deputy Speaker)	YES
12.	H.E. Yeezang DeThapa(MoESD)	YES
13.	H.E. Namgay Dorji(MoICE)	YES
14.	H.E. Gem Tshering(MoENR)	YES
15.	H.E. Dinanath Dhungyel(MoFAET)	YES
16.	H.E. Chandra Bdr.Gurung(MoIT)	YES
17.	H.E. Dasho PemaChewang (OppositionLeader)	NO
18.	Hon. Harka SinghTamang (Gelephu)	YES
19.	Hon. Tshering Penjor(Dewathang-Gomdar)	NO
20.	Hon. Pema Drukpa(Khamaed-Lunana)	YES
21.	Hon. Rinzin Dorji(Phuentsholing)	YES
22.	Hon. Sonam Dorji(Druegygang-Tseza)	YES
23.	Hon. KinzangWangchuk(Dramedtse-Ngatshang)	NO

**ANNEXURE XVIII**

24.	Hon. Tempa Dorji(Menbi -Tsenkhar)	NO
25.	Hon. Loday Tsheten(Gangzur -Minjey)	NO
26.	Hon. Dorji Wangmo(Kengkhar-Weringla)	NO
27.	Hon. Lhendup Wangdi(Bji - Kartshog- Uesu)	YES
28.	Hon. Lam Dorji(Wamrong)	NO
29.	Hon. Rinchen Wangdi(Bartsham-Shongphu)	YES
30.	Hon. Damche Tenzin(Thrimshing-Kangpara)	NO
31.	Hon. Tashi Tenzin(Radi-Sakteng)	YES
32.	Hon. Lhaba Lhaba(Khatoed Laya)	YES
33.	Hon. Naiten Wangchuk (Monggar)	YES
34.	Hon. Sonam Tashi(Lamgong-Wangchang)	YES
35.	Hon. Tshewang Rinzin(South-Thimphu)	YES
36.	Hon. Kuenga(Nyishog-Saephu)	ABSTAIN
37.	Hon. Lhakpa Tshering Tamang(Sergithang-Tsirang Toed)	YES
38.	Hon. Namgay Dorji(Dragteng-Langthel)	ABSTAIN
39.	Hon. Kamal Bdr Gurung (Kikhorthang-Mendrelgang)	YES
40.	Hon. Lamdra Wangdi(Nganglam)	NO
41.	Hon. Sangay Thinley(Khar-Yurung)	NO
42.	Hon. Namgay Wanchuk (Lingmukha-Toedwang)	YES
43.	Hon. Yeshey Jamtsho(Nanong-Shumar)	NO

**Speech by Speaker Lungten Dorji at the Concluding Ceremony of Third Session of the Fourth Parliament of Bhutan (05.07.2025)**

1. The Third Session of the Fourth Parliament concludes on this auspicious day, graced by His Majesty the Druk Gyalpo.

On behalf of all Members of Parliament and on my own behalf, I extend our deepest respect and heartfelt gratitude to His Majesty for graciously presiding over the Closing Ceremony of this Parliament session. His Majesty's presence, despite the many demands of His national duties, reflects the profound importance accorded to the Parliament and its role in the governance of the nation.

2. I also take this opportunity to extend our deepest respect to Her Majesty the Gyaltsuen and the Members of the Royal Family, whose gracious presence greatly enhances the significance of this occasion.
3. In addition, I cordially welcome the senior government officials, members of the diplomatic corps, former senior government officials, business representatives, teachers, students, and other attendees who are present here today to witness the closing of the Parliamentary session.
4. His Majesty has consistently supported plans and programs for the empowerment of our youth, with the noble objective of enhancing their capabilities and enriching their knowledge for the future of the country. In this noble pursuit, visionary initiatives such as Gyalsung have been instituted—meticulously designed to equip the youth of our nation with the skills and values necessary to serve Tsa-Wa-Sum with unity, purpose, and dedication derived from the Gyalsung programme.

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**ANNEXURE XIX**

5. His Majesty the King has also expressed gratitude to His Excellency the Prime Minister Shri Narendra Modi, the Government of India, the Indian Army for the continued support to the Gyalsung program and for steadfast support to His Majesty’s visionary initiatives. The successful implementation of the programme is also attributed to the dedicated coordination and management of the Three Armed Forces.

At the Passing Out Parade of the 3<sup>rd</sup> cohort of the Gyalsung held on 28 June 2025 at Pemathang, Samdrupjongkhar, His Majesty introduced the concept of the “Hive Strategy” — a philosophy rooted in unity, discipline, and collective purpose. “A hive,” His Majesty reflected, “is more than a gathering of bees. It stands as a testament to harmony, resilience, and strength.” His Majesty called upon all to emulate the hive — to think as one, act as one, and triumph as one. Given our role as citizens of the nation, His Majesty reminded us that greatness is not measured by numbers, but by the uniqueness of our identity. Bhutan’s strength does not lie in its size, but in the spirit, values, and unity of its people.

In a world of 8 billion people, Bhutan may seem small - just 700,000 souls. But His Majesty reminded us; greatness is not about numbers; it is about uniqueness. Bhutan’s strength lies not in its size, but in its spirit. If others are divided, Bhutan must be united. If others are losing hope, Bhutan must be light. And so, the youth of Bhutan were entrusted with a mission - to be more than just citizens.

6. The 3<sup>rd</sup> cohort of Gyalsung comprises 2,639 young men including 56 youths who came to take part in it. The total number of Gyalsung

trained so far totals to 6,330 including the two cohorts of Gyalsars who completed their formal training in 2024.

In 2011 His Majesty instituted the Desuung Programme, since its inception the Desuup population reaches to 51,357 of which 8,468 have completed specialised training organized by the Desuung Skilling Programme under His Majesty's Secretariat Office.

7. On 27 May 2025, the Chiba Institute of Technology in Japan conferred an Honorary Doctorate upon His Majesty the King in recognition of His Majesty's exemplary leadership in Bhutan's democratic transition, the promotion of the Gross National Happiness philosophy, and His Majesty's visionary national endeavours such as the Gelegphu Mindfulness City (GMC), among other notable achievements.

The degree was awarded during a formal ceremony held as part of His Majesty's visit to Japan, where His Majesty engaged with key partners involved in the GMC initiative. The conferment of this prestigious honour is a profound moment of pride for the people of Bhutan.

The parliament extends heartfelt congratulations to His Majesty the King on receiving this distinguished recognition and also expresses its appreciation to the Chiba Institute of Technology for bestowing this honour upon His Majesty.

8. On 5 June 2025, His Majesty the King visited Sweden as a special Guest of Honour at Brilliant Minds, a global platform that convenes

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**ANNEXURE XIX**

annually in Stockholm to bring together creative individuals committed to shaping world-changing ideas

During the visit, His Majesty granted an audience to His Majesty the King of Sweden at the Stockholm Palace. The Parliament offers its heartfelt appreciation, as such engagements reflect the growing friendship and strengthening diplomatic ties between the two nations.

9. The parliament expresses its profound gratitude to His Majesty the King for His benevolent gesture in increasing the stipends and allowances for members of the state monastic community and for promoting and preserving the nation's Dzongs, temples, monasteries and our cultural heritage.
10. The Parliament also expresses deep gratitude to His Holiness the Je Khenpo and all religious figures for conducting various religious ceremonies and spiritual activities for global peace, the longevity and well-being of His Majesty the King and the Royal Family, and the continued prosperity of the nation. Their tireless performance of empowerments, oral transmissions, and spiritual functions has greatly benefitted the sentient beings and upheld the spiritual foundation of the country.
11. The Prime Minister presented the State of the Nation Report during the Joint Sitting of Parliament, outlining the Government's legislative agenda, annual plans, and national priorities.

The report provided a clear assessment of the country's current state and highlighted key challenges facing the nation. In response, the Government has developed and presented strategic measures to address these challenges.

In addition to the strategic overview, the report detailed the Government's plans and legislative priorities for the fiscal year 2025–2026. Further, budget allocation for FY 2024–2025 and FY 2025–2026 has been increased by 28%.

The Parliament extends its sincere appreciation to His Excellency the Prime Minister and the Government for their comprehensive and forward-looking presentation.

12. I am pleased to report the successful conclusion of the deliberations of the Third Session of the Fourth Parliament and report the following:

**Budget Bills**

**Supplementary Budget Appropriation Bill for FY 2024–2025:**

- Previously approved budget: Nu. 97,628.839 million
- Supplementary Budget: Nu. 1,588.023 million
- Total approved budget: Nu. 99,216.862 million

**Annual Budget Appropriation Bill for FY 2025–2026:**

- Current Budget: Nu. 58,431.717 million
- Capital Budget: Nu. 80,113.446 million
- Total approved budget: Nu. 138,545.163 million

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**ANNEXURE XIX**

This budget will significantly contribute to the delivery of community development services. It is imperative that all implementing agencies ensure optimal and transparent utilization of the allocated resources in line with approved plans.

**Money Bills**

The Parliament also passed the following Money Bills:

- The Goods and Services Tax (Amendment) Bill 2025
- The Excise Tax Bill of Bhutan 2025
- The Income Tax Bill of Bhutan 2025

The Money Bills were passed in keeping with the Foreign Direct Investment (FDI) policy and the legal framework governing the Gelephu Special Administrative Region.

During deliberations, the Ruling, the Opposition, and the National Council engaged in thorough discussions, ensuring robust checks and balances. The Bills were passed unanimously, marking a historic milestone in the legislative history of Parliament.

13. It is imperative that the Government acknowledges the existing human resource and infrastructure constraints in the Department of Revenue and Customs and provide necessary support to ensure timely implementation of the new tax procedures.

The Department of Revenue and Customs must uphold the highest standards of integrity and professionalism in administering the tax system, ensuring fairness, equality, and transparency while remaining resolutely free from corruption.

These Bills are now in the process of being finalized for submission to His Majesty for Royal Assent.

14. In its oversight capacity, the House conducted Question Hour sessions and deliberated on a range of important motions.
15. The Alternative Dispute Resolution (Amendment) Bill, 2024 has been thoroughly deliberated in the National Assembly and subsequently referred to the National Council for re-deliberation.
16. The Livestock Bill of Bhutan, 2025, and the Cooperatives and Farmers Groups Bill of Bhutan, 2025 have been deliberated and assigned to the relevant committee, where the Third Reading will be held in the Winter Session.
17. The Joint Sitting of the Parliament deliberated the following:
  - National Assembly (Amendment) Bill 2024 and
  - Marriage (Amendment) Bill 2024 was approved and currently being finalized for submission to His Majesty for Royal Assent.
  - Annual Audit Report 2023–2024 issued by the Royal Audit Authority and the Review Report covering Annual Audit Reports from FY 2010–2023 were presented by the Public Accounts Committee.

In accordance with the provisions of the Constitution of Bhutan, The Prime Minister also presented the Annual Report on the State of the Nation, including legislative plans, annual plans, and priorities of the Government.

**ANNEXURE XIX**

18. I would like to extend my sincere appreciation to the Economic and Finance Committee and other Committees for their unwavering efforts in reviewing the Bills and policies for the successful deliberation.
19. My thanks also go to the Deputy Speaker, Secretary General, officials and staff of the National Assembly, the Department of National Properties, medical service provider, Royal Bhutan Police, Bhutan Broadcasting Service and all the reporters and journalists for their support throughout the session.
20. By the grace of the Triple Gem, under His Majesty's noble vision and guidance, and with the prayers and blessings of the monastic institutions led by His Holiness the Je Khenpo, the goodwill and support of all Honourable Members of Parliament and the Bhutanese people, the Third Session concludes successfully.

I, as Speaker, humbly offer my gratitude for the smooth and fruitful proceedings of this Session.

21. In conclusion, let us offer our collective prayers for the continued sovereignty, peace, and prosperity of the nation; the long life and well-being of His Majesty The Druk Gyalpo, His Majesty the Fourth Druk Gyalpo, the Members of the Royal Family, and all religious figures. Let us come together in offering our Trashi Moenlam and Zhaptoen at the seat of the Golden Throne in deep reverence and gratitude.

Thank You

**List of participants in the Third Session of the Fourth Parliament**

1. H.E. Speaker Lungten Dorji (Panbang)
2. H.E. Prime Minister Dasho Tshering Tobgay (Sombaykha)
3. Minister of Foreign Affairs and External Trade, H.E. Dinanath Dhungyel (Phuentsho-Pelri)
4. Minister of Health, H.E. Tandin Wangchuk (Athang-Thoedtsho)
5. Minister of Finance, H.E. Lekey Dorji (Bardo-Trong)
6. Minister of Education and Skills Development, H.E. Yezang D Thapa (Ugyentse-Yoeseltse)
7. Minister of Agriculture and Livestock , H.E. Younten Phuntsho (Jomotshangkha-Martshala)
8. Minister of Infrastructure and Transport, H.E. Chandra Bdr Gurung (Lhamoi Zingkha- Tashiding)
9. Minister of Energy and Natural Resources, H.E. Gem Tshering (Dhogar-Shaba)
10. Minister of Home Affairs, H.E. Tshering (North Thimphu)
11. Minister of Industry, Commerce and Employment, H.E. Namgay Dorji (Karbji-Talog)
12. Opposition Leader, H.E. Dasho Pema Chewang (Kanglung Samkhar Udzorong)
13. Dy. Speaker, Hon. Sangay Khandu (Tashi-Choeling)
14. Hon. Sonam Rinchen (Chumig-Ura)
15. Hon. Kuenzang Thinley (Chokhor- Tang)
16. Hon. Pemba (Bongo-Chapcha)
17. Hon. Rinzin Dorji (Phuntsholing)

**ANNEXURE XX**

18. Hon. Sonam Dorji (Drujeygang-Tseza)
19. Hon. Pema Drukpa (Khamed-Lunana)
20. Hon. Lhaba Lhaba (Khatoed-Laya)
21. Hon. Lhendup Wangdi (Bji-Kar-Tshog-Uesu)
22. Hon. Loday Tsheten (Gangzur-Minjey)
23. Hon. Tempa Dorji (Maenbi-Tsaenkhar)
24. Hon. Kinzang Wangchuk (Dramedtse-Ngatshang)
25. Hon. Dorji Wangmo (Kengkhar-Weringla)
26. Hon. Naiten Wangcguk (Monger)
27. Hon. Sonam Tashi (Lamgong Wangchang)
28. Hon. Sangay Thinley (Khar-Yurung)
29. Hon. Yeshey Jamtsho (Nanong-Shumar)
30. Hon. Lamdra Wangdi (Nganglam)
31. Hon. Namgay Wangchuk (Lingmukha-Toedwang)
32. Hon. Tshering Penjor (Dewathang-Gomdar)
33. Hon. Ugyen Lama (Dophuchen-Tading)
34. Hon. Harka Singh Tamang (Gelegphu)
35. Hon. Dr. Tek Bdr Rai (Shompangkha)
36. Hon. Tshewang Rinzin (South Thimphu)
37. Hon. Rinchen Wangdi (Bartsham-Shongphu)
38. Hon. Tashi Tenzin (Radi-Sakteng)
39. Hon. Damchoe Tenzin (Thrimshing-Kangpara)
40. Hon. Lam Dorji (Wamrong)
41. Hon. Wangdi (Bomdeling-Jamkhar)
42. Hon. Namgay Dorji (Khamdang-Ramjar)

43. Hon. Namgay Dorji (Dragteng-Langthil)
44. Hon. Kamal Bdr Gurung (Kilkhorthang-Mendrelgang)
45. Hon. Lhakpa Tshering Tamang (Sergithang-Tsirang-Toed)
46. Hon. Kuenga (Nyishog-Saephu)

**List of Non-participants in the Third Session of the Fourth Parliament**

1. Hon. Tashi Dorji (Nubi-Tangsibji)