



# 2005 Minerals Yearbook

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## BHUTAN AND NEPAL

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# THE MINERAL INDUSTRIES OF BHUTAN AND NEPAL

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## BHUTAN

Bhutan's small and underdeveloped economy was based on agriculture, forestry, and hydroelectricity. Rugged terrain provides sites to harvest hydroelectric power. Hydroelectricity and construction were the two major industries of growth in the country. The economic growth of 6.5% in terms of the gross domestic product (GDP) was the result of subregional economic cooperation efforts with Bangladesh and India. Bangladesh was Bhutan's second ranked trade partner after India. Bhutan's per capita GDP based on purchasing power parity was \$3,921 and inflation was 5.2% in 2005 (International Monetary Fund, 2006<sup>§</sup>). The country produced cement, coal, dolomite, ferrosilicon, gypsum, and limestone and exported cement, ferrosilicon, and gypsum.

The Department of Geology and Mines under the Ministry of Trade and Industry has two divisions. The Geological Survey of Bhutan is responsible for geologic mapping, mineral exploration, geotechnical investigations, and other services related to the geosciences. The Mining Division is responsible for the inspection and regulation of various mines to ensure that mining practices in the country are environmentally friendly. The Ministry's Department of Energy is responsible for the formulation of energy and power sector policy, plans, programs, guidelines, regulations, and the feasibility studies related to hydropower development (Ministry of Trade and Industry, 2004<sup>§</sup>).

Bhutan Ferro Alloys Ltd. was a joint venture of the Government, Marubeni Corp., and Tashi Commercial Corp. Its plant near Phuentsholing had a 28.5-megavoltampere (MVA) submerged electric arc furnace and was capable of producing 18,000 metric tons per year (t/yr) of ferrosilicon, 4,200 t/yr of micro silica, and 2,400 t/yr of magnesium ferrosilicon. The company had its own captive mines to produce quartzite for the plant. The company finalized the order for procuring an 18-MVA smelting furnace to produce other silicon and manganese alloys. The proposed expansion was commissioned at the end of 2005 (Bhutan Ferro Alloys Ltd., 2005<sup>§</sup>).

### Internet References Cited

Bhutan Ferro Alloys Ltd., 2005, About us, accessed August 15, 2006, at URL <http://www.bhutanferroalloys.com/aboutus1.htm>.

International Monetary Fund, 2006 (April), Bhutan, World Economic Outlook Database, accessed May 31, 2006, via <http://www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm>.

Ministry of Trade and Industry, 2004, Ministry of Trade and Industry, Royal Government of Bhutan, Home Page, accessed August 15, 2006, via <http://www.mti.gov.bt>.

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<sup>§</sup>References that include a section mark (§) are found in the Internet Reference(s) Cited sections.

## Major Source of Information

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## NEPAL

Nepal, which was among the world's poorest countries, had a per capita GDP of \$1,675 based on purchasing power parity. The real GDP growth was only 2.7%. Agricultural production, particularly of rice and wheat, remained Nepal's principal economic activity, employing more than 76% of the population and contributing 39% of the GDP. Declining tourism was affected by a worsening internal security situation and a global economic slowdown. The mineral industry was small and contributed little to the country's economy. The most economically important mineral commodities produced were cement, clay, coal, limestone, marble, and talc. Although the trade deficit was growing, the balance of payments was in surplus owing to remittances by Nepalis working abroad and foreign assistance. Inflation was quite high at 9.1% (International Monetary Fund, 2006<sup>§</sup>).

Nepal has small deposits of cobalt, copper, iron ore, lead, limestone, magnesite, mica, and zinc, but exploration and exploitation were difficult. The country's swift rivers that flow through the steep mountain terrain provide massive hydroelectric potential. The privately financed hydroelectric projects that provided the most power for domestic use were the Khimti Khola, with 60 megawatts (MW) of installed capacity, and the Bhote Koshi, with 36 MW. The privately owned West Seti project, with 750 MW of installed capacity, exported electricity to neighboring India (U.S. Department of State, 2006).

### Reference Cited

U.S. Department of State, 2006, Nepal, Background note: U.S. Department of State, May, p. 10.

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International Monetary Fund, 2006 (April), Nepal, World Economic Outlook Database, accessed May 31, 2006, via <http://www.imf.org/external/pubs/ft/weo/2006/01/data/index.htm>.

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