COUNTRY PROFILE REPORT
INDIA-BHUTAN BILATERAL TRADE RELATIONS
INDIAN TRADE JOURNAL (ITJ) DIVISION
Directorate General of Commercial Intelligence & Statistics (DGCI&S), Kolkata

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

Bhutan is a landlocked Himalayan country in South Asia, bordered by India to the south, east and west, and the Tibet Autonomous Region of China to the north. The country is known for its rich natural environment, abundant hydropower resources, extensive forest cover, and its development philosophy of Gross National Happiness (GNH), which emphasizes sustainable and inclusive development alongside economic progress. Hydropower remains the backbone of the economy, while agriculture, forestry, tourism, and services also contribute significantly to national income and employment.

2. Bhutan's economy has recovered steadily from the slowdown caused by the COVID-19 pandemic, supported by the revival of hydropower generation, tourism, construction activities, and public investment. According to the latest macroeconomic projections, real GDP growth is expected to strengthen over the medium term, driven by hydropower exports, infrastructure development, and improved domestic demand. Inflation has moderated from its recent peak and is projected to remain broadly stable, while nominal GDP and per capita income are expected to continue rising over the projection period. Although external and fiscal challenges remain, Bhutan's medium-term economic outlook is favourable, supported by prudent macroeconomic management, continued investment in renewable energy, and structural reforms aimed at promoting sustainable and inclusive growth.

A snapshot of Bhutan’s selected economic indicators is presented in Table 1.

TABLE – 1

Bhutan: Selected Economic and Financial Indicators, 2019/20-2029/30

Economic Indicators	2019/20 Act.	2020/21 Act.	2021/22 Act.	2022/23 Act.	2023/24 Act.	2024/25 Est.	2025/26 Proj.	2026/27 Proj.	2027/28 Proj.	2028/29 Proj.	2029/30 Proj.
National Accounts											
Nominal GDP (in millions of ngultrum) 1/	**1,87,378**	**1,93,386**	**2,16,239**	**2,38,601**	**2,60,310**	**2,88,054**	**3,20,294**	**3,52,058**	**3,86,754**	**4,29,340**	**4,75,429**
Real GDP growth (percent change) 1/	-2.5	-3.3	4.8	5.0	4.2	6.8	7.4	6.0	5.8	6.8	6.5
Prices											
Consumer prices (EoP; percent change)	4.5	7.4	6.6	3.8	1.7	3.3	3.7	4.0	4.0	4.0	4.0
Consumer prices (avg; percent change)	3.0	8.2	5.9	4.5	4.3	2.5	3.5	3.8	4.0	4.0	4.0
GDP deflator (percent change)	4.0	6.7	6.7	5.0	4.7	3.6	3.5	3.7	3.8	3.9	4.0

(In percent of GDP, unless otherwise indicated)

General Government Accounts											
Total revenue and grants	**29.1**	**30.9**	**25.1**	**24.1**	**27.0**	**28.4**	**32.1**	**30.7**	**30.4**	**26.2**	**27.2**
Domestic revenue	19.3	18.5	18.1	18.8	21.5	21.6	22.6	20.8	20.9	21.5	23.2
Tax revenue	12.2	10.7	12.0	13.2	13.5	15.3	15.3	13.6	13.8	13.7	14.5
Non-tax revenue	7.2	7.9	6.1	5.6	8.1	6.3	7.2	7.2	7.1	7.8	8.6
Foreign grants	8.5	7.5	6.3	6.0	4.1	6.0	8.8	9.3	9.0	4.2	3.1
Internal and other receipts	1.3	4.9	0.9	-0.7	1.4	0.8	0.7	0.5	0.5	0.5	0.9
Total expenditure 2/	**30.9**	**36.6**	**32.1**	**28.8**	**27.1**	**31.0**	**35.0**	**34.8**	**34.2**	**31.7**	**31.6**
Current expenditure	19.0	22.5	15.9	14.8	16.7	15.9	17.7	18.0	18.6	19.4	20.1
Capital expenditure	11.8	14.3	16.1	14.2	10.3	15.1	17.2	16.8	15.6	12.3	11.4
Primary expenditure 2/	30.5	35.7	30.7	27.2	25.2	29.1	33.1	32.2	30.6	27.2	26.4
Primary balance	-1.4	-4.8	-5.6	-3.0	1.8	-0.7	-1.0	-1.5	-0.3	-1.0	0.9
Overall balance	**-1.8**	**-5.8**	**-7.0**	**-4.7**	**-0.2**	**-2.6**	**-2.9**	**-4.1**	**-3.9**	**-5.5**	**-4.3**
General government debt 3/	126.0	134.0	129.0	126.0	119.0	118.0	123.0	126.0	125.0	141.0	134.0
Domestic	3.0	11.0	15.0	16.0	10.0	10.0	10.0	16.0	16.0	18.0	17.0
External	123.0	123.0	114.0	110.0	109.0	107.0	112.0	110.0	109.0	123.0	117.0
Monetary Sector											
Broad money (M2) growth (percent change)	14.9	28.2	9.5	10.9	3.6	13.6	11.2	12.9	11.9	11.0	10.7
Private credit growth (percent change)	14.9	6.8	9.3	19.8	5.6	13.2	11.3	8.5	9.2	12.0	10.3
Balance of Payments											
Current account balance	**-14.8**	**-11.2**	**-29.5**	**-35.0**	**-20.7**	**-19.2**	**-17.7**	**-19.2**	**-19.7**	**-18.9**	**-18.0**
Goods balance	-12.1	-6.4	-21.4	-26.2	-20.0	-24.7	-18.4	-20.4	-20.6	-18.5	-16.6
Hydropower exports	12.1	14.6	11.3	8.5	5.8	6.9	8.6	8.2	7.6	9.0	10.2
Non-hydropower exports	13.0	12.8	15.4	14.9	9.5	15.3	11.5	10.6	10.8	8.2	7.6
Imports of goods	37.1	33.9	48.2	49.5	41.0	47.5	39.8	41.1	40.7	37.7	36.6
Services balance	-3.5	-4.4	-6.5	-6.7	1.9	2.7	-0.5	0.3	1.2	1.4	2.2
Primary balance	-5.7	-5.7	-5.5	-4.9	-5.3	-4.9	-4.4	-4.4	-5.3	-5.8	-7.2
Secondary balance	6.6	5.4	3.9	2.8	2.6	7.7	5.5	5.3	5.0	4.0	3.6

Capital account balance	7.1	3.8	4.8	4.2	7.3	13.6	16.3	17.1	9.5	4.0	2.0
Financial account balance	-15.1	-9.1	-8.2	-8.8	-8.9	-24.7	-5.9	-12.8	-15.5	-14.8	-13.0
Net errors and omissions	5.4	-4.8	1.5	9.9	5.1	-5.5	0.0	0.0	0.0	0.0	0.0
Overall balance	**12.9**	**-3.0**	**-15.1**	**-12.1**	**0.5**	**5.3**	**4.4**	**10.7**	**5.2**	**-0.1**	**-3.0**
Gross official reserves (in USD millions)	1,344	1,332	840	574	624	801	964	1,400	1,628	1,614	1,444
(in months of goods imports)	17.5	18.1	7.6	4.8	5.9	6.0	7.7	9.9	10.6	10.3	8.6
(in months of goods and services imports)	14.2	15.7	6.6	3.9	5.0	5.2	6.2	7.9	8.5	8.2	6.9
Memorandum Items											
Hydropower exports growth rate 4/	105.6	25.1	-13.2	-17.6	-25.5	31.2	39.0	5.8	1.7	30.7	25.0
Non-hydropower exports growth rate 4/	-24.1	2.4	34.2	6.8	-30.5	78.2	-16.2	0.6	12.3	-16.1	2.7
Hydropower good imports 4/	-1.3	-23.1	-9.1	24.9	28.7	4.7	147.3	72.1	-4.6	-16.8	-33.5
Non-hydropower good imports 4/	-2.5	-4.2	64.1	13.0	-11.5	29.6	-15.2	3.9	12.7	7.1	14.6
Population in million (eop)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
External financing gap in US million	...	—	—	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Bhutanese authorities; and IMF staff estimates and projections.
1/ The GDP series does not reflect the value added from cryptocurrency mining due to lack of data.
2/ The expenditure for FY2020/21 and FY2021/22 includes an estimated amount for income support provided to individuals and loan interest payment support to borrowers financed by the National Resilience Fund.
3/ Public and publicly guaranteed debt, including loans for hydropower projects.
4/ Nominal growth rates in local currency. No actual data on the breakdown of imports is available. The decomposition are estimates based on reported project spending and assumptions on import shares.

FOREIGN TRADE

3. As per the latest available data from the World Integrated Trade Solution (WITS), Bhutan's five major merchandise export destinations are India, Bangladesh, Italy, Nepal, and China. Conversely, Bhutan's five principal import partners are India, China, Singapore, Thailand, and Hong Kong, China. Bhutan's five leading export commodities are: (i) Ferro-silicon, containing by weight more than 55% silicon [720221]; (ii) Dolomite, not calcined [251810]; (iii) Ferro-silico-manganese [720230]; (iv) Porphyry, syenite, and other monumental or building stone, merely cut into a square or rectangular shape [251690]; and (v) Portland cement (excluding white cement) [252329]. On the import side, Bhutan's five major imported commodities are: (i) Petroleum oils and oils obtained from bituminous minerals (excluding crude), and preparations thereof [271000]; (ii) Digital processing units, whether or not presented with the rest of a system [847191]; (iii) Transmission apparatus for radiotelephony, radiotelegraphy, radio broadcasting, or television, incorporating reception apparatus [852520]; (iv) Ferrous products obtained by the direct reduction of iron ore [720310]; and (v) Semi-milled or wholly milled rice [100630].

4. Bhutan's total merchandise exports to the world increased from **US$ 280 million in 2020** to **US$ 438 million in 2022**, registering an overall increase of **56.43%** during the period. Thereafter, exports remained almost unchanged at **US$ 436 million in 2023**, recording a marginal decline of **0.46%** over 2022. Overall, Bhutan's merchandise exports recorded a **compound annual growth rate (CAGR) of 15.91%** during **2020–2023**.

5. Bhutan's total merchandise imports from the world increased from **US$ 892 million in 2020** to **US$ 1,569 million in 2022**, reflecting an overall increase of **75.90%** during the period. Subsequently, imports declined to **US$ 1,290 million in 2023**, recording a negative growth of **17.78%** over the previous year. Overall, merchandise imports registered a **compound annual growth rate (CAGR) of 13.09%** during **2020–2023**.

6. Bhutan recorded a merchandise **trade deficit of US$ 612 million in 2020**, which widened to **US$ 1,131 million in 2022**. Thereafter, the trade deficit narrowed to **US$ 854 million in 2023**, indicating an improvement in the country's merchandise trade balance. Meanwhile, the total merchandise trade volume increased from **US$ 1,172 million in 2020** to **US$ 2,007 million in 2022**, before declining to **US$ 1,726 million in 2023**. Overall, the total merchandise trade volume recorded a **compound annual growth rate (CAGR) of 13.77%** during **2020–2023**.

A snapshot of Bhutan's overall Trade Statistics is presented in Table 2 and Figure 1 below.

TABLE - 2

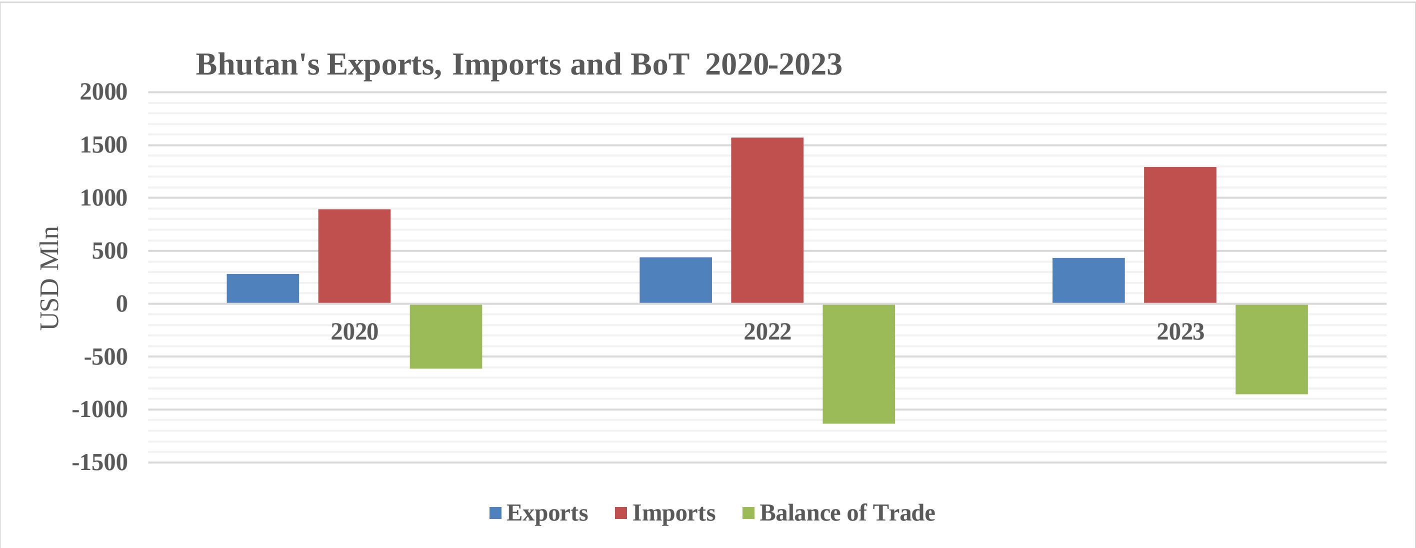
BHUTAN'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2020, 2022 & 2023

(Value in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020	280		892		1,172		-612
2022	438	56.43	1569	75.90	2,007	71.25	-1131
2023	436	-0.46	1290	-17.78	1,726	-14.00	-854
Annual Compound Growth Rate		**15.91**		**13.09**		**13.77**	

NOTE: Figures relate to calendar year (January to December)
SOURCE: UN COMTRADE PUBLICATION

FIGURE - 1



BILATERAL TRADE WITH INDIA

Merchandise Trade

7. As per Department of Commerce, Ministry of Commerce and Industry, Govt. of India data sources, Bhutan accounted for 0.29% share of India's total exports; 0.09% share of India's total imports and 0.16% of India's total trade in FY 2024-25. During **FY 2024–25**, bilateral merchandise trade between India and Bhutan amounted to **US$ 1,905.54 million**, comprising **India's exports to Bhutan of US$ 1,263.83 million** and **imports from Bhutan of US$ 641.71 million**. Compared to **FY 2023–24**, India's exports to Bhutan **increased by 31.14%**, while imports from Bhutan **rose sharply by 89.23%**. Consequently, the total bilateral merchandise trade **expanded by 46.26%** over the previous financial year. India recorded a **trade surplus of US$ 622.12 million** with Bhutan during FY 2024–25.

8. Indo–Bhutan bilateral merchandise trade increased steadily from **US$ 1,134.02 million** in **FY 2020–21** to **US$ 1,614.70 million** in **FY 2022–23**, before declining to **US$ 1,302.84 million** in **FY 2023–24**. Thereafter, bilateral trade recovered significantly to **US$ 1,905.54 million** in **FY 2024–25**. During **FY 2020–21 to FY 2024–25**, total bilateral trade registered a **compound annual growth rate (CAGR) of 13.85%**. The highest annual growth in bilateral trade was recorded in **FY 2024–25 (46.26%)**, followed by **FY 2021–22 (26.18%)**. Bilateral trade grew by **12.85%** in **FY 2022–23**, declined by **19.31%** in **FY 2023–24**, and rebounded strongly in FY 2024–25.

9. The available data indicates that **India maintained a merchandise trade surplus with Bhutan throughout FY 2020–21 to FY 2024–25**. The trade surplus increased from **US$ 268.02 million** in **FY 2020–21** to **US$ 624.62 million** in **FY 2023–24**, before moderating slightly to **US$ 622.12 million** in **FY 2024–25**. India's exports to Bhutan increased by **26.36%** in **FY 2021–22**, **21.82%** in **FY 2022–23**, declined by **10.69%** in **FY 2023–24**, and recovered by **31.14%** in **FY 2024–25**, registering a **CAGR of 15.87%** during the review period. Imports from Bhutan increased by **25.88%** in **FY 2021–22**, declined marginally by **1.73%** in **FY 2022–23** and sharply by **36.69%** in **FY 2023–24**, before rebounding by **89.23%** in **FY 2024–25**, recording a **CAGR of 10.33%** over the period.

A snapshot of India's merchandise trade statistics w.r.t. Bhutan is presented in Table 3 & Figure 2.

TABLE - 3

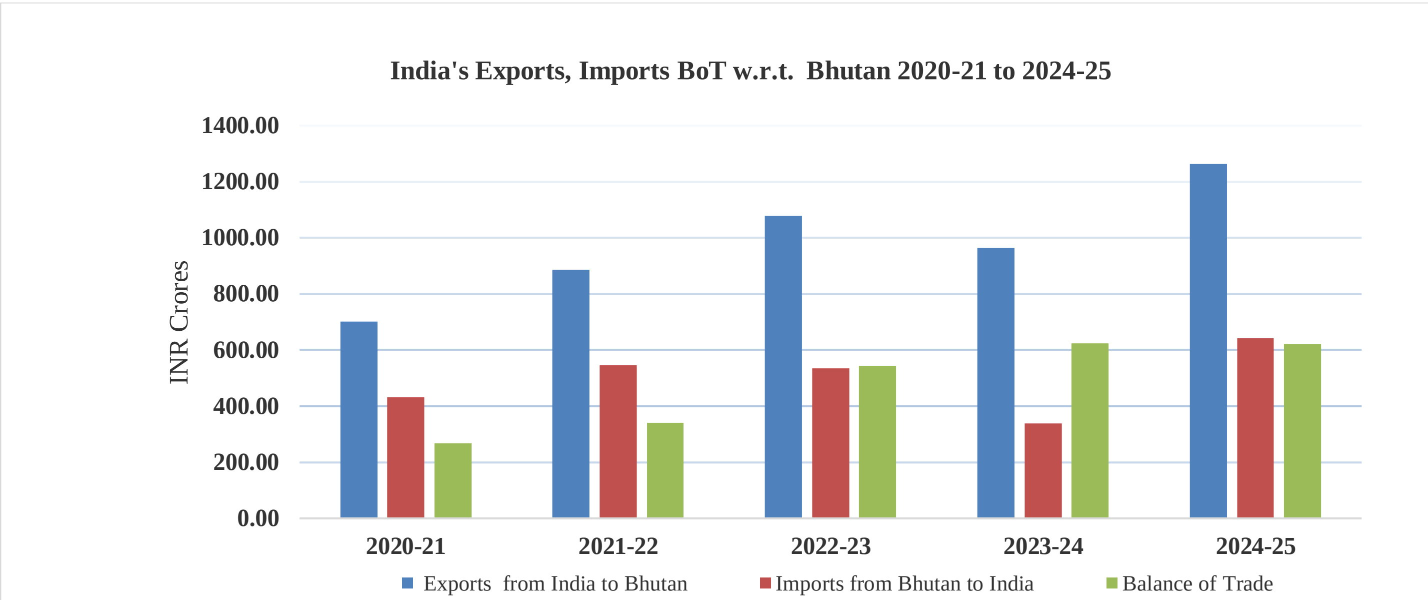
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. BHUTAN FY 2020-21 to 2024-25

(Value in USD Million)

Year	Exports from India to Bhutan	Percentage Growth in Exports	Imports from Bhutan to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2020-21	701.02		433.00		1134.02		268.02
2021-22	885.81	26.36	545.04	25.88	1430.85	26.18	340.77
2022-23	1079.09	21.82	535.61	-1.73	1614.70	12.85	543.48
2023-24	963.73	-10.69	339.11	-36.69	1302.84	-19.31	624.62
2024-25	1263.83	31.14	641.71	89.23	1905.54	46.26	622.12
Annual Compound Growth Rate		**15.87**		**10.33**		**13.85**	

NOTE: Figures relate to Financial Year (April to March)
SOURCE: DGCI&S, M/o C&I

FIGURE - 2



10. Additionally, from Tables 4 & 5 presented below, the following are stated:

a. During **FY 2024–25**, **Petroleum Products** remained India's largest export commodity to Bhutan, with exports valued at **US$ 220.96 million**, accounting for **17.48%** of India's total exports to Bhutan. It was followed by **Aircraft, Spacecraft and Parts** (**US$ 79.32 million; 6.28%**), **Electric Machinery and Equipment** (**US$ 78.12 million; 6.18%**), **Iron and Steel** (**US$ 77.70 million; 6.15%**), and **Products of Iron and Steel** (**US$ 50.14 million; 3.97%**). These five commodities together constituted nearly **40%** of India's total merchandise exports to Bhutan during FY 2024–25.

b. During **FY 2024–25**, **Iron and Steel** continued to be India's largest import commodity from Bhutan, with imports valued at **US$ 198.66 million**, accounting for **30.96%** of India's total imports from Bhutan. The next major imported commodities were **Aircraft, Spacecraft and Parts** (**US$ 147.20 million; 22.94%**), **Processed Minerals** (**US$ 61.06 million; 9.52%**), **Alcoholic Beverages** (**US$ 20.09 million; 3.13%**), and **Cement, Clinker and Asbestos Cement** (**US$ 18.88 million; 2.94%**). Together, these five commodities accounted for about **69.5%** of India's total merchandise imports from Bhutan during FY 2024–25.

TABLE -4

INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO BHUTAN 2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	**PETROLEUM PRODUCTS**	**97.81**	**127.04**	**187.73**	**180.13**	**220.96**	**29.88**	**47.77**	**-4.05**	**22.67**
	Share in total export	13.95	14.34	17.40	18.69	17.48				
2	**AIRCRAFT, SPACECRAFT AND PARTS**		**0.15**	**0.05**	**0.29**	**79.32**		**-66.67**	**480.00**	**27251.42**
	Share in total export	0.00	0.02	0.00	0.03	6.28				
3	**ELECTRIC MACHINERY AND EQUIPME**	**44.63**	**46.24**	**67.93**	**41.09**	**78.12**	**3.61**	**46.91**	**-39.51**	**90.12**
	Share in total export	6.37	5.22	6.30	4.26	6.18				
4	**IRON AND STEEL**	**39.62**	**41.34**	**85.98**	**70.08**	**77.70**	**4.34**	**107.98**	**-18.49**	**10.88**
	Share in total export	5.65	4.67	7.97	7.27	6.15				
5	**PRODUCTS OF IRON AND STEEL**	**21.13**	**25.02**	**34.64**	**34.29**	**50.14**	**18.41**	**38.45**	**-1.01**	**46.22**
	Share in total export	3.01	2.82	3.21	3.56	3.97				
6	**MOTOR VEHICLE/CARS**	**32.26**	**59.81**	**42.00**	**9.65**	**43.11**	**85.40**	**-29.78**	**-77.02**	**346.74**
	Share in total export	4.60	6.75	3.89	1.00	3.41				
7	**COAL, COKE AND BRIQUITTES ETC**	**27.16**	**46.98**	**50.25**	**36.27**	**36.98**	**72.97**	**6.96**	**-27.82**	**1.96**
	Share in total export	3.87	5.30	4.66	3.76	2.93				
8	**OTHER WOOD AND WOOD PRODUCTS**			**43.37**	**30.17**	**31.60**			**-30.44**	**4.75**
	Share in total export	0.00	0.00	4.02	3.13	2.50				
9	**INDL. MACHNRY FOR DAIRY ETC**	**12.79**	**12.12**	**12.03**	**15.13**	**29.08**	**-5.24**	**-0.74**	**25.77**	**92.19**
	Share in total export	1.82	1.37	1.11	1.57	2.30				
10	**DAIRY PRODUCTS**	**23.02**	**20.83**	**21.69**	**22.07**	**24.49**	**-9.51**	**4.13**	**1.75**	**10.96**
	Share in total export	3.28	2.35	2.01	2.29	1.94				
	Total export to BHUTAN	**701.02**	**885.81**	**1079.09**	**963.73**	**1263.83**	**26.36**	**21.82**	**-10.69**	**31.14**

NOTE: **Figures relate to each Financial Year (April to March)**
SOURCE: DGCI&S, M/o C&I

TABLE -5

INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM BHUTAN 2020-2021 TO 2024-2025 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2020-21	2021-22	2022-23	2023-24	2024-25	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23	24-25 over 2023-24
1	**IRON AND STEEL**	**125.74**	**255.80**	**213.01**	**191.42**	**198.66**	**103.44**	**-16.73**	**-10.14**	**3.78**
	Share in total imports	29.04	46.93	39.77	56.45	30.96				
2	**AIRCRAFT, SPACECRAFT AND PARTS**		**16.73**	**79.89**	**23.85**	**147.20**		**377.53**	**-70.15**	**517.20**
	Share in total imports	0.00	3.07	14.92	7.03	22.94				
3	**PROCESSED MINERALS**	**15.95**	**48.43**	**56.15**	**59.05**	**61.06**	**203.64**	**15.94**	**5.16**	**3.40**
	Share in total imports.	3.68	8.89	10.48	17.41	9.52				
4	**ALCOHOLIC BEVERAGES**	**1.42**	**0.45**	**2.86**	**7.11**	**20.09**	**-68.31**	**535.56**	**148.60**	**182.60**
	Share in total import	0.33	0.08	0.53	2.10	3.13				
5	**CMNT, CLINKR AND ASBSTOS CMNT**	**15.90**	**14.23**	**14.35**	**15.96**	**18.88**	**-10.50**	**0.84**	**11.22**	**18.28**
	Share in total import	3.67	2.61	2.68	4.71	2.94				
6	**GRANIT, NATRL STONE AND PRODCT**	**0.02**	**0.11**	**3.24**	**11.81**	**17.00**	**450.00**	**2845.45**	**264.51**	**43.98**
	Share in total import	0.00	0.02	0.60	3.48	2.65				
7	**INORGANIC CHEMICALS**	**5.11**	**6.10**	**7.76**	**8.09**	**13.10**	**19.37**	**27.21**	**4.25**	**61.91**
	Share in total import	1.18	1.12	1.45	2.39	2.04				
8	**SPICES**	**3.08**	**7.57**	**3.34**	**1.19**	**7.69**	**145.78**	**-55.88**	**-64.37**	**546.45**
	Share in total import	0.71	1.39	0.62	0.35	1.20				
9	**PLYWOOD AND ALLIED PRODUCTS**	**1.23**	**1.84**	**2.25**	**2.11**	**6.16**	**49.59**	**22.28**	**-6.22**	**191.71**
	Share in total import	0.28	0.34	0.42	0.62	0.96				
10	**MISC PROCESSED ITEMS**	**4.56**	**5.63**	**6.32**	**5.38**	**4.57**	**23.46**	**12.26**	**-14.87**	**-15.13**
	Share in total import	1.05	1.03	1.18	1.59	0.71				
	Total import from BHUTAN	**433.00**	**545.04**	**535.61**	**339.11**	**641.71**	**25.88**	**-1.73**	**-36.69**	**89.23**

NOTE: Figures relate to each Financial Year (April to March)
SOURCE: DGCI&S, M/o C&I