

**Royal Government of Bhutan
National Land Commission**



**Rules and Regulations
for Lease of
Government Reserved Forest Land
&
Government Land**



རྒྱལ་ཡོད་ས་ཁུངས་འཛུགས་འཕུལ་གཞི་ཁྲིམས་ལུགས་ལྟར་དུ།
འཕུལ་གཞི་ཁྲིམས་ལུགས་ལྟར་དུ།

ROYAL GOVERNMENT OF BHUTAN
NATIONAL LAND COMMISSION SECRETARIAT
THIMPHU



NLCS/PPD(06)/09/ 318

6 February 2009.

To:

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Sir,

The 10th National Land Commission meeting reviewed some of the issues under Rules & Regulations based on Land Act 2007 which was circulated in December 2007 with the objective of bringing more clarity and convenience in the implementation of land related issues. As per the decision of the Commission meeting on 2nd February 2009, the following changes are incorporated in the Rules & Regulations 2007 of the Land Act. The Dzongkha version of the changes will be circulated at the earliest possible.

1. Chapter 4 - Section 55 to 59

(EXCHANGE OF REGISTERED LAND WITH THE GOVERNMENT RESERVED FOREST LAND)

The above sections in the rules shall be replaced by the new version on 'exchange of registered land with government reserved forest land' in annexure "A" of this revised rule.

2. Chapter 12 – LAND CONVERSION

Conversion of chuzhing deemed as technically unsuitable for use as chuzhing (Sections 331 to 341)

O/C



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ROYAL GOVERNMENT OF BHUTAN
NATIONAL LAND COMMISSION SECRETARIAT
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The aforesaid sections on land conversion shall be replaced by the revised version in annexure " B " of the revised rule.

3. Chapter 13 - LEASE

The whole chapter on lease shall be replaced by the revised rules in annexure " C ". However, the rights on *tsamdrog* by the registered owners shall prevail till cash compensation is provided to them by the government and the existing thrams deleted from records. The implementation through lease shall then be carried out by the Ministry of Agriculture.

As for *sokshings*, the previous registered owners may apply for lease if they qualify as per land act 2007 and its rules & regulations. It may also be noted that those who did not have registered *sokshing* but posses registered land may also apply for lease of *sokshing* in the light of the new land act.

These changes may be noted for implementation with immediate effect and shall supersede the pertinent sections of the already issued rules & regulations of Land Act 2007.

Yours sincerely,

(Sangye Khandu)
SECRETARY

CC:

1. The Chairman, National Land Commission for kind information.
2. The members of the National Land Commission for kind information.

Exchange of GRF land with rural registered land

1. Pursuant to section 117 of the Act exchange of registered land with the GRF land in the rural areas shall be made possible in accordance with this rule.
2. As provided under sections 136 and 137 of the Act, land registered in the name of Government Institutions and Gerab Dratshang and those lands allotted and recorded as kidu or rehabilitation shall also be entitled for exchange with GRF land in rural areas.
3. The land requested in exchange and the land proposed for exchange shall be located within the same village/Gewog on a one to one basis and as per the land suitability.
4. Exchange of rural registered land with GRF land shall be considered under the following circumstances.
 - a) Scattered land inside government reserved forests.
 - b) Land destroyed by natural calamities.
 - c) Secluded areas with crops exposed to damages by wild animals.
 - d) Private registered land falling within critical watershed areas.
5. Pursuant to section 6(k) of the Act, the National Land Commission shall be the apex body to approve the exchange of rural registered land with Government Reserved Forest land.

Institutional arrangement for exchange of rural registered land with GRF land

6. Pursuant to section 173 of the Act the local authority responsible to assess the exchange of registered land with GRF land shall comprise of the following members:
 - i. Dzongdag, Dzongkhag administration as the Chairman of the Local Authority.
 - ii. Divisional Forest Officer (Territorial)/Park Manager of the area concerned
 - iii. Dzongkhag Agriculture Officer
 - iv. Dzongkhag Environment Officer
 - v. Dzongkahg Land Record officer
 - vi. Gup of the Gewog where the registered land proposed for exchange is situated

Procedure on exchange of registered land in rural areas

7. Pursuant to sections 172 to 174 of the Act, any land proposed for exchange shall be carried out in accordance with the following provisions.

8. Any person proposing exchange of land shall submit the application for exchange of land to the Dzongkhag or Drungkhag where the proposed land is located in the format prescribed under [Annex LE 1](#).
9. The Local Authority provided under Section 6 of this rule shall conduct a preliminary assessment of the land proposed for exchange and the land requested to be exchanged pursuant to the format prescribed under [Annex LE 2](#).
10. Upon assessment, if the Local Authority recommends the land proposed for exchange based on the criteria outlined in the format for field assessment, the Local Authority shall submit it to the National Land Commission. If not recommended, the Local Authority shall upon giving reasons intimate the Gewog Administration.

Exchange of land after endorsement by NLC

11. Based on the endorsement of the National Land Commission, the Secretariat shall register the exchanged land in the Thram and delete the previously registered land from the Thram. The Secretariat shall accordingly inform the Department of Forest, MoA to take over such land as GRF land. The DoF shall maintain a record of the land given in exchange and intimate the NLCS accordingly.
12. In doing so the Dzongkhag Land Record Officer shall be responsible to demarcate the land given in exchange.
13. The trees on land given for exchange shall be disposed off by the Department of Forests in accordance with the Forest and Nature Conservation Act and ensure to hand over the land without any encumbrance within 60 days after the registration of the land in the thram. If the trees are not removed within 60 days of registration they shall belong to the land owner.

Annexure “ B ”

Conversion of Chhuzhing deemed as technically unsuitable for use as Chhuzhing

1. Conversion of Chhuzhing deemed as technically unsuitable for use as Chhuzhing shall not apply to;
 - a) Chhuzhing situated within the Thromde, industrial and protected agriculture areas declared in accordance with section 302 of the Act. Change of land categories in the declared areas shall be in accordance with section 304 of the Act.
 - b) Chhuzhing for residential land under the circumstances provided by 167 to 171 of the Act.
2. Only Chhuzhing deemed as technically unsuitable for use as Chhuzhing shall be applied for conversion to any other land categories pursuant to section 166 of the Act.
3. The final authority on conversion of Chhuzhing shall rest with the Ministry of Agriculture.

Institutional Arrangement

4. The Local Authority shall comprise of the following members.
 - a) Dzongdag, Dzongkhag Administration as the Chairman.
 - b) Dzongkhag Land Record Officer.
 - c) Dzongkhag Agriculture Officer as the member Secretary.
 - d) Gup of the Gewog concerned.
 - e) Agriculture Extension staff of the Gewog.
 - f) Tshogpa of the area.
5. The Field Investigation Team (FIT) at the Ministry shall comprise of the following members.
 - a) Land Management Officer, DoA, Co-ordinator
 - b) Irrigation Engineer, ED, DoA
 - c) Technical staff from the National Soil Services Centre.
 - d) DAO of the concerned Dzongkhag Administration
 - e) Geog Extension Officer of the concerned Geog
 - f) Gup of the concerned Geog

Any other specific expertise required will be included in FIT from relevant technical field as and when necessary.

6. At the Ministry there shall be a National Chhuzhing Conversion Committee with the following members.
 - a) Secretary, Ministry of Agriculture (Chairman)

- b) Director, DoA, member
 - c) Chief Planning Officer, PPD, member
 - d) Chief Engineer, DoA, member
 - e) Land Management Officer, DoA, member-Secretary.
 - f) Members of FIT as and when required
7. The Land Management Section of the Ministry of Agriculture shall function as the Secretariat to the Chhuzhing Conversion Committee and liaise with the Local Authority and the Ministry of Agriculture on the matters of Chhuzhing conversion.

Timing for submission of applications

8. The Dzongkhag shall forward the applications for conversion thrice a year to the Ministry of Agriculture during the months of February, June and October, while the Dzongkhag shall continue to receive the applications throughout the year.
9. Within 120 days of receipt of the applications for conversion, the Ministry shall in keeping with Section 166 of the Act intimate the final decision to the landowner.

Procedure

10. The applicant shall after filling up the form prescribed in [Annexure LC-1](#) submit it to the Gup of the respective Gewog. The Gup shall submit it to the Local Authority constituted under section 4 of this rule.
11. The Local Authority shall verify the authenticity of the information submitted by the applicant through field verification and either reject in which case the applicant shall be informed accordingly or submit the application with its recommendation to the Ministry of Agriculture as prescribed in [Annexure LC 2](#).
12. The field investigation team at the Ministry constituted under section 5 of this rule shall conduct a field investigation in accordance with the format prescribed under [Annexure LC- 3](#).
13. The investigation report shall be submitted to the National Land Conversion Committee constituted under section 6 of this rule.
14. If the conversion proposal is approved, the National Chhuzhing Conversion Committee shall endorse the field investigation report and the National Land Commission Secretariat shall carry out post approval activities outlined under section 16 of this rule.
15. If the conversion is not approved, the Ministry shall intimate the Dzongkhag for further information to the land owner with reasons.

Activity after approval for conversion

16. The MoA shall forward the approved list on land conversion to the National Land Commission Secretariat. The Secretariat shall effect the necessary change in the Thram within 15 days on intimation of the approval and inform the Dzongkhag Land Record office to update the thram records at the Dzongkhag and Gewog.

REVISED RULES & REGULATIONS ON LEASE OF GRF LAND

Lease of Government Reserved Forest (GRF) Land

General requirement on lease of GRF land

1. Pursuant to Section 184 of the Land Act 2007(hereinafter referred to as Act), GRF land may be leased for sustainable use and management to a juristic person specified in section 11(a) of this rule.
2. Applicant for lease of GRF land in general shall adhere to the technical guideline on management of GRF land prepared by the Ministry of Agriculture (MoA) in accordance with the regulations on management of GRF land.
3. Lease shall not be provided from GRF land designated as community forestry pursuant to the Forest and Nature Conservation Act. However, the government reserves the right to de-list from the Community Forestry for the purposes of national interests by providing appropriate compensation.
4. Pursuant to section 78 of the Act, land provided by the Government to any Civil Society Organization before the enactment of the Act shall be retained on lease. The Ministry shall notify the concerned organization and regularize such land as leasehold.
5. Lease for Tsamdro/pasture development shall be permitted from reverted Tsamdro in rural areas as provided in section 236 of the Act. In addition, any other GRF land may be leased for Tsamdro/pasture development in accordance with section 306 of the Act. The procedures to lease shall be as provided under this rule.
6. Lease for Sokshing shall be permitted from the reverted sokshing pursuant to section 256 of the Act. In addition, as per section 306 of the Act, sokshing may be leased from any other GRF land. The procedure to lease shall be as provided under this rule.
7. Pursuant to section 210 of the Act, lease may be permitted from GRF land for commercial agriculture farming in accordance with this rule.
8. Lease of GRF land for tsamdro/pasture development, sokshing and commercial agriculture farms shall entail a management plan drawn up in consultation with the MoA. For commercial agriculture farm, the applicant shall submit a project proposal to the MoA along with the application for lease.
9. Pursuant to section 306 of the Act, GRF land may be leased for any economic activity such as mining, industrial activity and development activity as provided in this rule.

10. Pursuant to section 185 of the Act, the MoA or any authorized agency shall be responsible to process lease of GRF land where relevant through the Local Authority and submit to the National Land Commission for endorsement.
11. Pursuant to sections 306 to 310 of the Act, lease of GRF land shall comply with the following notwithstanding any terms and conditions entered into by the lessor and lessee to the contrary:
 - a) GRF land shall be leased to only citizens of Bhutan above the age of 18 years including Communities, the Institution of Monarchy, Government Institutions, Gerab Dratshang, Civil Society Organizations, Co-operatives, Corporations and Religious Institutions of Bhutan, Foreign Direct Investment (FDI) companies & Private Companies.
 - b) There shall be no ceiling for GRF land on lease so long as the requirement of land for an economic activity is deemed appropriate by the National Land Commission.
 - c) Under no circumstances shall GRF land on lease be converted to private ownership.
 - d) Except for lease of GRF land to the highlanders for tsamdro/pasture development and sokshing, the lease period shall be fixed by the Commission depending on the nature of the proposed activity but shall not exceed 30 years. However, the lease period for tsamdro/pasture development to the Highlanders shall not be less than 30 years as provided under sections 244 and 259 of the Act. The proponent shall specify the proposed lease period in his application.
 - e) The lessee shall pay a lease fee for land leased as determined by Ministry of Agriculture with approval of the National Land Commission and specify in the lease deed. However, the lease fee mentioned in the lease deed shall be revised after every five years.
12. In the event, the Government based on the geo-scientific studies, finds minerals of strategic value on a GRF land already on lease, the relevant or the concerned agencies shall submit a report on the feasibility of exploiting mineral deposits to the National Land Commission. Upon determination of the economic viability and other impacts, the National Land Commission may issue the consent to terminate the leasehold by providing appropriate compensation to the lease holder. Such a GRF land shall then be leased for the proposed activity.
13. In the event the Ministry of Agriculture finds that a GRF land already on lease is detrimental to the national interests, the lease shall be terminated with the consent of the National Land Commission by providing appropriate compensation to the lease holder.
14. The environmental clearance for land shall be cleared by the Dzongkhag Environment Officer. However, environmental clearance for projects shall be as per the Environmental Assessment Act.

Specific requirements on lease of Tsamdro/pasture development

15. The lease of GRF land for Tsamdro/pasture development shall comply with the following requirements in addition to those provided in sections 1 to 14 of this rule.

- c) GRF land shall be given on lease based on the Tsamdro/Pasture management plan developed by the MoA fulfilling the requirements under section 247 of the Act on grazing and improved pasture management.
- d) For those Tsamdro reverted as GRF land preference shall be given to the previous right holders pursuant to section 241 of the Act.
- e) For highlanders, lease of Tsamdro/pasture development shall be provided irrespective of whether they own livestock or not. However, their lease right shall be exercised based on the management plan.
- f) Pursuant to section 239 of the Act, for those individuals or community who are non-resident of a Dzongkhag, lease of Tsamdro from the particular Dzongkhag shall be only for a period not exceeding 10 years from the 1st of January 2008. The lease shall be terminated upon expiry of such a lease period.
- g) From the 1st of January 2018, lease of GRF land for Tsamdro/pasture development shall be given only to those who are residents of the Dzongkhag.
- h) Except for Highlanders, Tsamdro/pasture land on lease shall not be sub-leased to any third party. In the event a highlander decides to sub-lease his lease right, it shall be subject to the management plan as developed by the sub-lessee in consultation with the MoA.
- i) In the event of violation of use of tsamdro contrary to the Tsamdro management plan, the terms set forth in the lease deed and construction of any permanent structure may result in termination of the lease by the Ministry of Agriculture without any compensation.

Specific requirements on lease of sokshing

16. Pursuant to sections 256 to 265 of the Act, the lease of GRF land for sokshing shall comply with the following requirements in addition to those provided in sections 1 to 14 of this rule.

- j) GRF land shall be given on lease based on the sokshing management plan fulfilling the requirements under section 262 of the Act for leaf litter production and collection.
- k) Lease for sokshing shall be given to those individuals or communities who have registered land in their names.
- l) For lease of those GRF land previously registered as sokshing, preference shall be given to the previous rights owners provided they own registered agriculture land.
- m) A lease right on Sokshing shall not be sub-leased. However, the lease right may be inherited within the stipulated lease term.

- n) Any GRF land categorized as sokshing pursuant to the Land Act 1979 shall not be leased as sokshing if there are no trees on such a land.
- o) A sokshing shall be used by the Lessee only for purpose of collection and production of leaf litter.

Specific requirements on lease of GRF land for commercial agriculture farm and development activity

17. In addition to the requirements under sections 1 to 14 of these rules, lease of GRF land for commercial agriculture farm and development activity shall comply with the following requirements.

Commercial Agriculture farm

- a) For lease of land as commercial agriculture farm the proponent shall;
 - I. Prepare a project proposal with the technical assistance and endorsement by the relevant department of Ministry of Agriculture (MoA).
 - II. Formulate the project proposal in consultation with the relevant department of Ministry of Agriculture.
 - III. Submit the application for lease of the GRF land to the MoA.

Development Activity

- b) Any development activities carried out by any government ministries and government agencies in the interest of the general public such as:
 - 1. Govt. Out Reach Clinics (ORCs)
 - 2. NWF dwelling sites
 - 3. Camp sites for geo-scientific investigation/survey/research
 - 4. RNR research activities (eg. trial fields for High altitude rice/medicinal and aromatic plants, etc.)
 - 5. Civil Society Organizations
 - 6. Any other development activities initiated by government that are for short and medium term period
- c) For lease of land for any development activity the proponent shall prepare a summary of the development activity to be undertaken with the following documents;
 - I. Specific development activity to be undertaken.
 - II. The summary of the development activity shall be submitted by the representative of the government ministry/agency along with the application for lease of the GRF land to the Dzongkhag Land Lease Committee at the time of applying for lease.

Institutional arrangement on lease of GRF land for Tsamdro/pasture development, sokshing, commercial agriculture farms and development activity

18. Pursuant to section 185 of the Act, there shall be a local authority as Dzongkhag Land Lease Committee (DLLC) at the Dzongkhag, relevant Ministries at the centre to process applications for lease of GRF land and the National Land Commission as the apex body.
19. The Dzongkhag Land Lease Committee (DLLC) at the Dzongkhag shall have the following members and function as the local authority on lease of GRF land at the local level:
 - p) Dzongdag as the Chairman (Dzongrab in absence of Dzongdag)
 - q) Dzongkhag Livestock Officer
 - r) Divisional Forest Officer (Territorial)/Park Manager of the area concerned
 - s) Dzongkhag Agriculture Officer
 - t) Dzongkhag Environment Officer
 - u) Gup of the Gewog where the proposal for lease of land is situated.
 - v) Dzongkhag Land Record Officer as member Secretary
 - w) Any additional resource person as and when deemed necessary by the Committee.
20. The concerned Ministries shall have their own Committees constituted.
21. The National Land Commission shall be the apex body to exercise the final decision to endorse any proposal on lease of GRF land.

Office procedure of the land lease committees

22. The members of a committee shall be ex-officio members.
23. At a meeting of the committee, the presence of simple majority of the above members shall constitute a quorum.

Procedure on lease of GRF land for Tsamdro/pasture land and sokshing

24. The proponent shall apply to the DLLC in the form prescribed under [Annexure – GP 1](#) for Tsamdro/pasture development and [Annexure – SK 1](#) for Sokshing.
25. The DLLC specified under section 19 of this rule shall conduct a preliminary assessment as per the form prescribed under [Annexure GP - 2](#) for Tsamdro/pasture development and [Annexure SK- 2](#) for Sokshing, *within 2 months* of receipt of the application.

- x) In the event the proposal to lease is recommended by the DLLC, the Dzongkhag shall submit the preliminary assessment report to the Ministry of Agriculture in the form prescribed under [Annexure GP-3](#) for Tsamdro/pasture development and [Annexure SK 3](#) for sokshing.
 - y) If not recommended by the DLLC, the Dzongkhag shall inform the applicant through the Gup in accordance with the form prescribed under [Annexure GP-6](#) for Tsamdro/pasture development and [Annexure SK 6](#) for Sokshing with reasons for not recommending.
26. As per provisions in section 25(a) of this rule, MoA shall verify the suitability of proposed lease based on the preliminary assessment report and in consonance with the relevant laws regulating the management of GRF land *within 1 month* of the receipt of the preliminary assessment report from DLLC.
- z) If MoA decides that the proposed lease is suitable and in consonance with the applicable laws on management of GRF land, it shall forward and seek the approval of the National Land Commission in the form prescribed under [Annexure GP – 4](#) for Tsamdro/pasture development and [Annexure SK 4](#) for Sokshing.
 - aa) If the proposal is not approved, MoA shall inform the Dzongkhag Administration in accordance with the form prescribed under [Annexure GP-5](#) for Tsamdro/pasture development and [Annexure SK 5](#) for Sokshing.
27. As per the provisions in section 26(a), if the National Land Commission confers endorsement to the lease proposal the lease shall be processed in accordance with the procedure outlined under section 33 of this rule.

Procedure on lease of GRF land for commercial agriculture farming and Development Activity

28. In addition to the requirements under sections 1 to 14 of these rules, lease of GRF land for commercial agriculture farm and development activity shall comply with the following requirements.

Commercial Agriculture farm

- For lease of land as commercial agriculture farm the proponent shall;
- bb) Prepare a project proposal with the technical assistance and endorsement by the relevant department of Ministry of Agriculture.
 - cc) Formulate the project proposal in consultation with the relevant department of Ministry of Agriculture.
 - c) Submit the application for lease of the GRF land to the MoA.

Development Activity

29. For lease of land for any development activity the proponent shall prepare a summary of the activity to be undertaken with the following documents;
- dd) Specific development activity to be undertaken.
 - ee) The summary of the development activity shall be submitted by the representative of government ministry/agency along with the application for lease of the GRF land to the Dzongkhag Land Lease Committee.
30. The Ministry shall carry out a preliminary assessment on the suitability of proposed lease for commercial agriculture farm *within one month* of the receipt of the application.
- ff)* If the Ministry decides that the proposed lease for commercial agriculture farming is suitable, it shall inform the Local Authority to verify and submit a detailed report to the Commission.
 - gg)* If the proposal is not approved, the Ministry shall inform the proponent and the local authority accordingly.
31. The Local Authority specified under section 19 of this rule shall conduct the verification tasks for commercial agriculture farm/development activity within one month of receipt of the application and submit to the Ministry of Agriculture/NLC for decision.
- hh) If the Ministry approves, it shall seek the approval of the National Land Commission in a form prescribed for commercial agriculture farm or development activity.
 - ii) If the proposal is not approved, the Ministry shall inform the proponent and Dzongkhag Administration accordingly.
32. As per the provisions in section 31(a) of this rule, if the National Land Commission confers endorsement to the lease proposal, the Ministry shall process the lease in accordance with the procedure outlined under section 33 of this rule.

Procedure after endorsement by the National Land Commission for lease of Tsamdro/pasture development, sokshing, commercial agriculture farms and development activity

33. Upon endorsement by the National Land Commission, the Ministry shall carry out the following activities.
- a) The MoA shall execute a lease agreement with the proponent/lessee.
 - b) Upon executing the lease agreement, the MoA shall, with the assistance of the Dzongkhag Land Record Officer, demarcate the boundaries of land to be leased

as specified in the location map and the acreage approved by the National Land Commission.

- c) The proponent shall be required to submit a Management plan within 4 months of the receipt of endorsement from the National Land Commission.
- d) Once the lease agreement is executed, the lease is deemed to be valid for the intended purpose consistent with the terms and conditions provided in the lease agreement and this rule.
- e) The MoA shall maintain a record of GRF land leased and submit a copy to the National Land Commission and the Dzongkhag concerned.

Annulment of lease of Tsamdro/pasture development

34. As provided under sections 250 to 252 of the Act the lease rights on tsamdro shall be terminated under the following circumstances without prejudice to any other provision on termination of lease in this rule.

- jj) In the event a highlander abandons his place of domicile the Local authority shall within a period not less than **3 months** from the time of his change of domicile issue a notice of likely annulment of his lease right. A highlander is deemed to have changed his domicile if he removes his census records to any other place from the place where his census is recorded at the time of the lease. In the event his census records are not reinstated within the specified period the highlander shall be deemed to have abandoned his lease right and the Ministry shall annul the lease.
- kk) Except for Tsamdro right of the highlanders, in the event a Tsamdro lease right holder does not own any livestock and continues to do so for a period of 180 days, the Local Authority shall upon serving notice to the lease holder intimate the Ministry. The Ministry shall annul the lease after two months of prior notice.
- ll) If the Tsamdro is not managed as per the management plan.
- mm) Except for Tsamdro right of the highlanders, in the event a tsamdro lease right is subleased, the lease right shall be terminated by the Ministry upon intimation by the Local Authority by serving 2 months prior notice.
- nn) If the lessee on his own applies for termination of lease.
- f) Any other provisions of annulment as specified in the lease agreement entered into between the proponent and the concerned Ministries.

Expiry of the lease period

- oo) Tsamdro lease, if not renewed as provided in sections 38 to 40 of this rule, shall be deemed to be terminated upon expiry of the lease period.

Annulment of Sokshing lease

35. As provided under Section 265 of the Act the lease right on Sokshing shall be terminated under the following circumstances by the Ministry after serving 2 months prior notice without prejudice to any other provision on termination of lease in this rule;

- a) If the sokshing is sub-leased.
- b) If the sokshing is not managed as per the management plan.
- c) If the lessee no longer owns agriculture land for which he was given the sokshing on lease.
- d) If the lessee on his own applies for termination of lease.
- e) Any other provisions of annulment as specified in the lease agreement entered into between the proponent and the concerned Ministries.

Expiry of the lease period

- f) Sokshing lease if not renewed as provided under sections 38 to 40 of this rule shall be deemed to be terminated upon expiry of the lease period.

Annulment of lease of commercial agriculture farms

36. Lease of GRF land for commercial agriculture farms shall be terminated under the following circumstances after serving 2 months prior notice without prejudice to any other provision on termination of lease in this rule.

- a) If the land on lease is not managed in accordance with the management plan and project approval.
- b) If the lessee on his own applies for termination of lease.
- c) Lease if not renewed as provided under sections 38 to 40 of this rule.
- d) Any other provisions of annulment as specified in the lease agreement entered into between the proponent and the concerned Ministries.

Annulment of lease of GRF land for development activity

37. Lease of GRF land for development activity shall be terminated under the following circumstances after serving 2 months prior notice without prejudice to any other provision on termination of lease in this rule.

- a) If the land on lease is not used for the intended development activity for which the lease is approved.
- b) If the lessee on his own applies for termination of lease.
- c) Lease if not renewed as provided under sections 38 to 40 of this rule.

- d) Any other provisions of annulment as specified in the lease agreement entered into between the proponent and the Ministry.

Renewal of lease

38. If the lessee intends to renew his lease he shall submit an application for renewal of lease at least 3 months before the expiry of the lease period to the Local Authority. The DLLC shall assess whether the current lease is carried out satisfactorily based on the monitoring report prescribed in the Management Plan and rules developed by the Ministry of Agriculture.
39. If the proposal on lease is recommended by DLLC it shall be submitted to the MoA. The relevant Ministry shall verify and if approved submit it to the National Land Commission for endorsement of renewal of lease.
40. Upon endorsement by the National Land Commission the lessee shall, subject to fulfilling all other regulatory requirements as may be in force, enter into a new lease agreement with the lessor at least one month prior to the expiry of the previous lease period.

Fines

41. Pursuant to section 315 of the Act, the Ministry of Agriculture shall through relevant agencies impose fines developed by the Ministry and endorsed by the Land Commission for any infractions of lease rights of GRF land for Tsamdro/pasture development, Sokshing, Commercial agriculture farm and developmental activities including circumstances under sections 245, 248,249, 252, 253, 260, 261,263 and 264 of the Act. The fines may be revised from time to time.
42. Imposition of fines shall be subject to the issuance of official receipts for the fine imposed.

Fees

43. Pursuant to section 315 of the Act, the Ministry of Agriculture may, where relevant, levy fees developed by the Ministry and endorsed by the Land Commission for any lease activity as determined by the Ministry from time to time.

Monitoring

44. Monitoring of GRF land leased for tsamdro, sokshing, commercial agriculture farms and development activities shall be carried out by the relevant agencies authorized according to the monitoring guidelines developed by the MoA.

45. A monitoring report shall be submitted to the Ministry on a bi-annual basis by the relevant agencies.
46. In the event the report contains observations that are not in line with the lease agreement and Management Plan, the MoA shall verify through field assessment and issue a notice to the lessee for any rectifications and compliance required by the lessee.

Lease of GRF land for Mining Activity

47. The Department of Geology and Mines (DGM) under the Ministry of Economic Affairs (MoEA) shall have the authority either on its own or through an authorized agency to carry out geo-scientific studies in any area of GRF land within the country under intimation to the National Land Commission and the Ministry of Agriculture.
48. Any expression of interest for lease of mine in GRF land shall be submitted to the DGM of the MoEA as per the Mines and Minerals Management Act (MMMA) 1995. Based on the expression of interest the DGM shall identify the proposed mining site after carrying out the preliminary geological investigation and mine pre-feasibility study fulfilling the requirements under MMM Act 1995. Where necessary DGM may fix tentative demarcation pillars during pre-feasibility study for the proposed mining area.
49. If the proposal is found feasible for intended mining operation the DGM on behalf of the proponent/on its own shall apply to the DLLC fulfilling the requirements prescribed in [Annexure MA-1](#). If not found feasible the DGM shall accordingly inform the proponent.
50. If found feasible, the DLLC shall conduct field verification as per the form prescribed under [Annexure MA-2](#) within 2 months of receipt of the application.
 - pp) In the event the proposal to lease is recommended, the DLLC shall submit the proposal to the *National Land Commission* in the form prescribed under [Annexure MA-3](#) along with a copy of the pre-feasibility report of the DGM.
 - qq) If not recommended by the DLLC, the Dzongkhag administration shall inform the DGM accordingly with reasons for not recommending.
51. If the lease proposal is recommended as per section 50 (a) , the Commission shall review the suitability of proposed lease based on the preliminary assessment report and its consonance with the relevant laws regulating the management of GRF land within 1 month of the receipt of the preliminary assessment report from the DLLC.
52. In the event the Commission rejects the proposal the Dzongkhag concerned and DGM shall be accordingly informed stating the reasons for rejection.

53. If the National Land Commission approves the lease, the DGM shall be issued with a certificate of clearance of the GRF land in the format provided under [Annexure MA-4](#) for the proposed mining activity.
54. Once a certificate of clearance is issued, the DGM shall lease the proposed GRF land for mining activity through appropriate arrangements consistent with the Land Act 2007, this rule, MMMA 1995 and MMR 2002.
55. Management of the lease land for mining including monitoring, fixing and collection of lease rent, royalties, fixing of lease period and annulment of lease shall be the responsibility of the DGM.
56. The DGM shall maintain a record of the GRF land on lease and submit a copy to the Ministry of Agriculture and the National Land Commission Secretariat.

Lease of GRF land for Business Infrastructure (Industrial estate)

57. The Ministry of Economic Affairs (MoEA) shall have the authority either on its own or through an authorized agency to assess any area within the country including GRF land for development of industrial estates upon prior consent of the National Land Commission.
58. At the time of assessment, the MoEA shall conduct a feasibility study taking into consideration the socio-economic aspects and environmental impact. Based on the feasibility study, the MoEA may propose the designation of certain areas of GRF land as industrial estate to the National Land Commission. The Commission may, by assessing the compatibility with the overall GRF land management plans, accord consent to the designation of GRF land as industrial estate with certain terms of reference.
59. For such designated areas (Industrial Estates), the MoEA may sub-lease the GRF land consistent with the provisions on lease of GRF land under the Land Act 2007 and this rule. The GRF land can be leased wholly or in part according to the area requirement of the Business activity proposal. However, designation of industrial estate shall not substitute the environmental clearance requirement for establishment of individual industries within the estate.
60. The management of leased land for business activities including monitoring, fixing and collection of lease rent, fixing of lease period and annulment of lease shall be the responsibility of MoEA. The MoEA shall maintain a record of the GRF land on lease and submit a copy to the Ministry of Agriculture and the National Land Commission Secretariat.

Lease of GRF land for business activity outside the Industrial Estates

61. The following activities shall be categorized as Business activities:
 - a) Private Schools
 - b) Telecom/Mobile/Electric Towers, power substations/transformers
 - c) Installation of crushing machines for road construction
 - d) Housing activities/Real Estate Developments (Housing colonies, recreational parks, etc.)
 - e) Information Technology Parks
 - f) Service industries (eg. Hotels, vehicle workshops, sawmills, market sheds, etc.)
 - g) Activities of both government and private corporations
 - h) Any other business activities outside industrial estates

62. For any Business/service activities, the proponent shall prepare a summary of the activity to be undertaken with the following documents;
 - rr) Specific business activity to be undertaken.
 - ss) Endorsement by the relevant Government agency to carry out the business activity.
 - tt) The summary of the business activity shall be submitted by the applicant to the DLLC in the form prescribed under [Annexure IE-1](#) along with recommendation letter for the establishment of particular business.

63. The DLLC shall conduct assessment as per the form prescribed under [Annexure IE-2](#) for the proposed business activity within two months of the receipt of the application.

64. In the event the proposal to lease is recommended by the DLLC, the Dzongkhag Administration shall submit the assessment report to the National Land Commission in the form prescribed in [Annexure IE-3](#) for Business Activities.

65. If not recommended, the Dzongkhag Administration shall inform the applicant accordingly along with the reasons for not recommending.

66. The National Land Commission shall approve if the proposal is acceptable.

67. In the event the Commission rejects the proposal, the Dzongkhag concerned shall be accordingly informed by the Commission Secretariat stating the reasons for rejection.

68. As per the provisions in section 66 of this rule, the MoEA shall be issued with a certificate of clearance of the GRF land proposed to be leased for business activity by the Commission [in Annexure IE-4](#) with intimation to the Ministry of Agriculture.

69. Once a certificate of clearance is issued, the MoEA shall lease the proposed GRF land for business activity through appropriate arrangements as prescribed by MoEA including execution of lease deed, fixing and collection of lease rent, monitoring and compliance to the requirements of this rule and any other applicable laws.

70. The MoEA shall maintain a record of the GRF land on lease and submit a copy to the Ministry of Agriculture and the National Land Commission Secretariat.

Lease of GRF Land for Hydropower and other Renewable Energy Projects (HPREP)

71. The Ministry of Economic Affairs (MoEA) shall be the designated Agency to process applications relating to HPREP.

72. The HPREP shall have the authority either on its own or through authorized Agencies to assess any area within the country including GRF land for development of hydropower and other renewable projects and its allied Infra-structures.

73. The HPREP may process for leasing of areas including GRF land for development of projects to the DLLC. The DLLC shall submit its recommendation to the National Land Commission after completing the required formalities.

74. The lease period shall be fixed by NLC in consultation with HPREP and shall be in accordance with the concession period as stipulated in the Hydro power development policy and other relevant Renewable Energy Policies.

75. Depending on the type of hydropower projects (Run-off the river or Storage), there can be substantial submergence of vegetation/GRF land at the upstream side. HPREP shall provide the details of submergence to NLC, NEC and other relevant Agencies. Such areas or other land to be submerged due to reservoir or back flow of water shall also be leased to HPREP.

76. The underground cavern or the under ground tunnel system of the hydropower project shall not be required to be leased. However, such underground areas shall also be intimated to the NLC for approval.

Conversion of Chhuzhing for Hydropower

All applications for conversion of Chhuzhing for hydropower purposes shall be submitted to the Ministry of Agriculture (MoA).

77. Chhuzhing located in any area designated for HPREP shall be applied for conversion to other land categories to facilitate construction of project facilities and allied infra structure.

78. Chhuzhing required on lease by HPREP for temporary establishments and installations and expansion of existing power infrastructures shall be applied for conversion to other land categories. This shall be resorted to only after finding out that there is no other alternative location available.

79. The RGoB shall acquire private land for projects as per land act 2007 and the cost shall be charged to the project through an annual lease rent. All land required for the project shall be leased to HPREP for the concession period of the project. If the land is acquired for temporary establishments and installations, the land shall be leased only for the period required.
80. All other issues related to land for HPREP shall be exercised in accordance with the Electricity Act 2001. In the event of any conflict between the EA 2001 and the Land Act 2007 on land issues, the provisions of the Land Act shall prevail.

GOVERNMENT LAND LEASE

Lease of Government land

81. As per section 186 of Land Act 2007, the Local Authority for urban center shall be responsible for leasing Government land on due approval of the National Land Commission.
82. Pursuant to sections 187(b) & 188 of the Land Act, the records of leased government land shall be maintained by the Local Authority (urban) and shall submit the lease records to the National Land Commission Secretariat.

RULES & PROCEDURES

83. The leased land shall be solely used for the purpose applied for.
84. The Lessee must obtain the approval of the Local Authority for constructions of any structures over the plot. However, no permanent structures/ constructions shall be allowed on the leased plot for temporary and short terms.
85. The Lessee shall pay all normal charges, fees, taxes etc. to the Local Authority that may be applicable from time to time. The lessee shall not pay separate land taxes as it is included in the lease fee.
86. The Lessee shall not sell, gift, mortgage or otherwise transfer the lease of the aforesaid plot to anyone or convert the leasehold to freehold.
87. Failure to comply with any provision of this rule shall result in the termination of the lease with one month's notice and repossession of the land by the Lessor. If the Lessee fails to remove any structures standing on the leased land, the Lessee shall be liable for the cost of removing such structures.
88. The Lessor shall ensure that adequate provisions are made in the lease agreement to safeguard the interest of govt. in the event of any default by the Lessee.
89. The proponent (Lessee) shall apply to the appropriate Local Authority (urban centre)/Lessor specifying the purpose and duration of govt. land for lease along with project proposal if necessary.
90. The Local Authority shall receive the application, scrutinize the compatibility of land use and approve or reject proposals pertaining to the following temporary lease with information to NLC & MoWHS :
 - I. Exhibition/ Entertainment/sports /religious activities/seasonal markets (temporary)
 - II. Labour camps/stores for construction activities (short term)

91. For activities that are not listed in the **section 90** of this rule, the Local Authority shall receive the application, scrutinize the compatibility of land use and reject or forward the proposals to NLC for decision within 1 month after receipt of the application.
 92. The lease allotment shall be permitted strictly in line with the approved Structure plan.
 93. The period for leasing of government land shall be as follows:
 - I. Temporary lease shall be processed for a maximum of 6 months.
 - II. Short term lease shall be processed for a maximum of 3 years and not renewable.
 - III. Long term lease shall be processed for maximum of 30 years.
 94. Once the lease is approved by NLC, the Local Authority and the applicant shall enter into a lease deed and a copy shall be submitted to NLC.
 95. The lease rates as applicable in the declared urban centers are attached as “annexure (1)- ‘ULR’”. These rates shall be revised partly or fully as deemed necessary by the competent authority from time to time.
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ANNEXURE(1) – ULR

LEASE RATE IN NU.PER SQ.FT PER ANNUM

SL.No	DZONGKHAG	TOWN	R	C	S	I
1.	Thimphu	Thimphu	5	20	1	4
		Khasadrapchu	1	3	0.5	1
2.	Gasa	Gasa	0.5	1	0.5	1
3.	Wangdue	Bajo/Wangdi	2	3	0.5	1
		Nobding	0.5	1	0.5	1
		Rurichu	0.5	1	0.5	1
4.	Punakha	Khuruthang	2	3	0.5	1
5.	Haa	Haa	2	3	0.5	1
6.	Paro	Tshongdue	2	4	0.5	1
		Bonday	2	3	0.5	1
7.	Tsirang	Damphu	2	3	0.5	1
8.	Chukha	Tsimalakha	2	3	0.5	1
		Gedu	2	3	0.5	1
		Darla	0.5	1	0.5	1
		Phuntsholing	5	42	1	5
9.	Dagana	Dagana	1	2	0.5	1
		Dagapela	0.5	1	0.5	1
		Drujaygang				
		Sunkosh Lhamoy- Zingkha				
10.	Samtse	Samtse	2	5	1	3
		Gomtu	2	3	1	1
		Sipsu	1	2	0.5	1
11.	Sarpang	Sarpang	2	3	0.5	1
		Gelephu	2	42	1	3
						1
12.	Trongsa	Trongsa	2	3	0.5	1
13.	Bumthang	Dekiling	2	3	0.5	1

SL.No	DZONGKHAG	TOWN	R	C	S	I
14.	Zhemgang	Zhemgang	2	3	0.5	1
		Tingtibi	0.5	1	0.5	1
		Panbang	0.5	1	0.5	1
15.	Mongar	Mongar	2	3	0.5	1
		Gyelpoishing	1	2	0.5	1
		Dremtse	0.5	1	0.5	1
16.	Lhuntse	Phaling	0.5	1	0.5	1
		Autsho	1	2	0.5	1
17.	Trashiyangtse	Tashiyangtse	2	3	0.5	1
		Duksum	0.5	1		
18.	Trashigang	Trashigang	2	3	0.5	1
		Kanglung	2	3	0.5	1
		Rangjung	1	2	0.5	1
		Khaling	0.5	1	0.5	1
		Wamrong	0.5	1	0.5	1
19.	Pemagatshel	Denchi	0.5	1	0.5	1
		Nganglam	1	2	0.5	1
20.	S/Jongkhar	S/Jongkhar	2	42	1	3
		Deothang	1	2	0.5	1
		Jomotshangkha (Daifam)	0.5	1	0.5	1
		Samdrupcholing (Bhangtar)	0.5	1	0.5	1

Note: Lease rate for sports facilities and recreational parks shall be a token fee of Nu. 0.10 per sq. ft per annum.

R – Residential (shall include areas given for accommodation of construction workers and store for building construction).

C – Commercial (Business oriented activities)

S – Social (Government offices, Schools, Hospitals, Civil Societies Organizations).

I – INDUSTRIAL: warehouse/open dump yard.

ANNEXURE (2) - 'TS&CA LR'

1. Lease Rates for Tsandro/pasture development

Parameters for factoring	Factors applied (Nu. per acre/year)		
	Alpine zone	Temperate Zone	Sub Tropical zone
<u>1.a) Lease rate for <i>individual lease</i></u>	40	50	70
<u>1. b) Lease rate for <i>Community lease</i></u>	30	40	60

2. Sokshing Lease Rate

A nominal *amount of Nu. 10 per acre/year*. The lease amount shall be computed based on the area.

3. Commercial Agriculture Farm Lease Rate

Nu. 640/- per acre per annum

ANNEXURE (3) - 'MLR'

Lease Rate for Mining Activities - Nu.640/- per acre per annum

Sl. No.	Types of minerals	Location(s)-Dzongkhag(s)
1	Gypsum	Pemagatshel
2	Coal	Samdrup Jongkhar
3	Dolomite	Samtse
4	Limestone	Samtse, Chhukha and Sarpang
5	Marble	Paro and Thimphu
6	Quartzite	Samtse and Chhukha
7	Talc	Samtse
8	Slate	Wangdue Phodrang
9	Granite	Wangdue Phodrang
10	Iron ore	Dagana (Lhamozingkha)
11	Shale (coloured slate)	Dagana (Lhamozingkha)
12	Stone quarry	Throughout the country

Existing rate for mining – Nu.720 per hectare (2.47 acres)/ *approx. Nu.291.5 per acre per annum (1993)*

5% increase compounded from 1993 to 2009 January on Nu.720 per hectare (2.47 acres) or approx. Nu.291.5 per acre per annum which results to ***Nu.640 per acre per annum***

Annexure (4) - 'DALR'

Government Reserved Forest Land

Lease Rate for Development Activities (Government and non profit CSOs excluding govt. corporations) - *Nu.100/acre/annum*

Sl. No.	Development Activities	Remarks
1	Govt. Out Reach Clinics (ORCs)	
2	NWF dwelling sites	
3	Camp sites for geo-scientific investigation/survey/research	
4	RNR research activities (eg. trial fields for High altitude rice/medicinal and aromatic plants, etc.)	
5	Civil Society Organizations	
6	Any other government development initiatives/activities	

ANNEXURE (5) – ‘BALR’

Government Reserved Forest Land

Lease Rate for Business Activities outside industrial estate in ***Nu.Per Sq.ft per annum***

SL. No.	DZONGKHAG	Proposed rate (in Nu.)
1	Thimphu	0.20
2	Chukha	0.20
3	Samtse	0.15
4	Sarpang	0.10
5	S/Jongkhar	0.10
6	Paro	0.10
7	Wangdue	0.10
8	Punakha	0.10
9	Tsirang	0.10
10	Trongsa	0.10
11	Mongar	0.10
12	Trashigang	0.10
13	P/Gatshel	0.10
14	Haa	0.05
15	Dagana	0.05
16	Zhemgang	0.05
17	Bumthang	0.10
18	Lhuntsi	0.05
19	Gasa	0.05
20	Trashi Yangtse	0.05

Note: There are no uniform existing rates for business activities outside industrial estate.