



**NPF**

NATIONAL POLICY FORUM

# BUDGET SPEECH

## F.Y. 2081/82

---

The sitting Minister of Finance Hon. Barshaman Pun presented Budget Speech before a joint session held at the House of Representatives on Jestha 15, 2081.



[www.nationalpolicyforum.com](http://www.nationalpolicyforum.com)



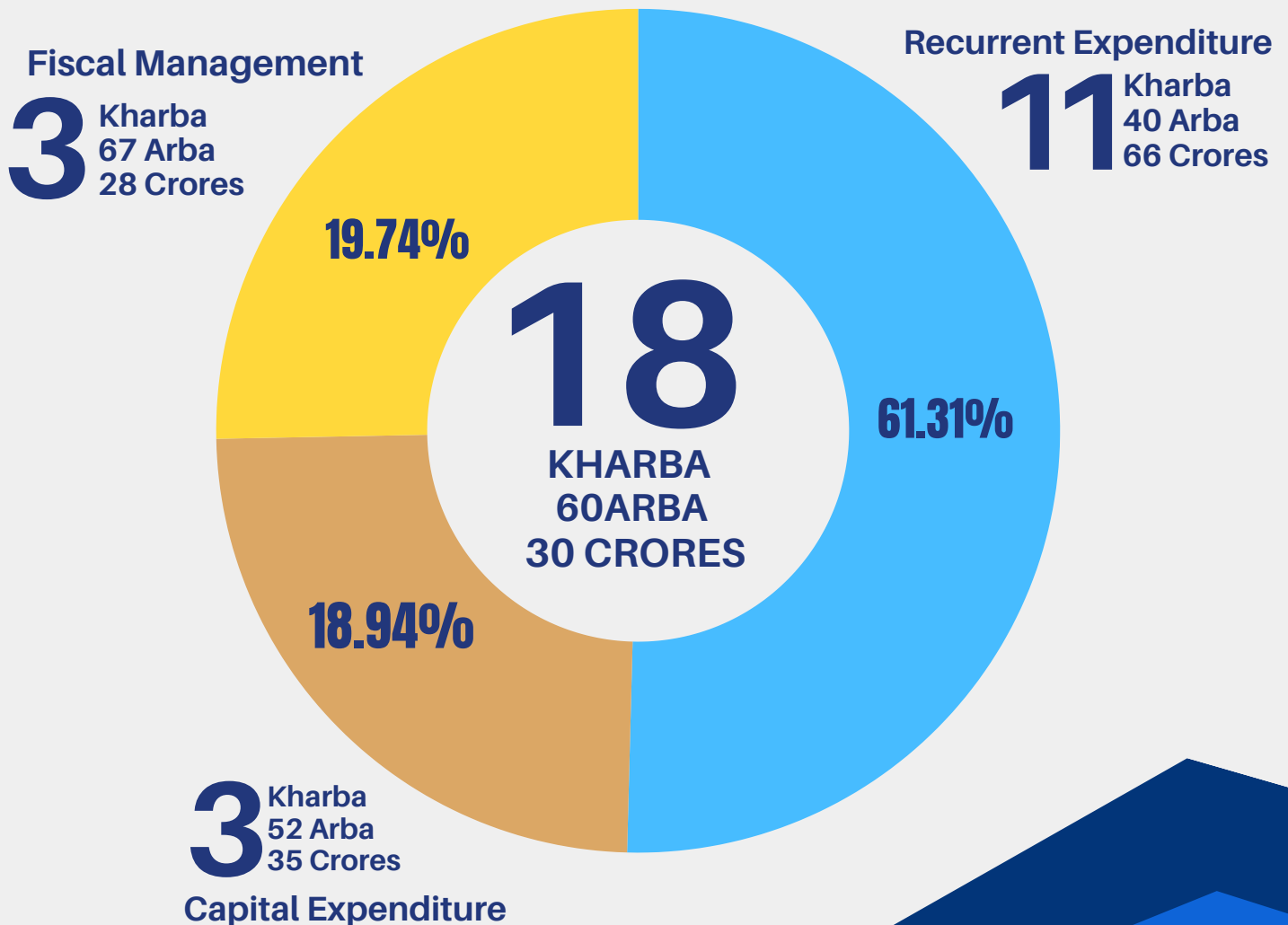
[nnpolicyforum@gmail.com](mailto:nnpolicyforum@gmail.com)



# TOTAL BUDGET



# GOVERNMENT EXPENDITURES



# NOTES

## **RECURRENT EXPENDITURE INCLUDES:**

- Expenditure on wages, salaries and supplements
- Purchases of goods and services and consumption of fixed capital (expenditure)

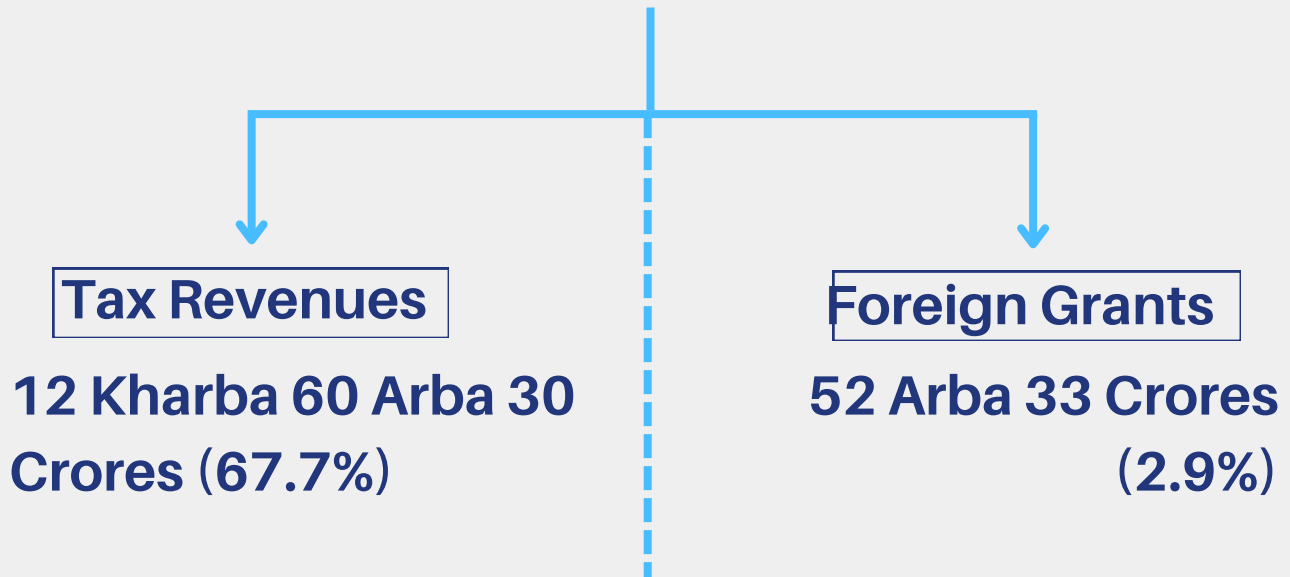
## **CAPITAL EXPENDITURE INCLUDES:**

- Development of machinery, equipment, building, health facilities, education etc.
- Expenditure incurred in acquiring fixed assets like land
- Investment by the government that gives profits or dividends in the future

## **FISCAL MANAGEMENT INCLUDES:**

- Debt servicing: Principal and interest payments on domestic and foreign loans
- Issuing and managing government bonds and securities

# POTENTIAL SOURCES



## FOR THE DEFICIT

Rs. 5 Kharba 47 Arba 67 Crores (29.4% of the expenditure)

# PLANNED LOANS

DOMESTIC  
BURROWINGS  
330 ARBA



FOREIGN  
LOANS  
218 ARBA

# NOTES

## BUDGET DEFICIT:

The proposed budget faces a deficit as the planned expenses exceed estimated revenues. To make the projected expenditure of NPR 18 Kharba 60 Arba 30 Crores, the government expects to collect NPR 12 Kharba 60 Arba 30 Crores in tax revenues (67.7%) and 52 Arba 33 Crores in foreign grants (2.9%).

To overcome the remaining deficit of 5 Kharba 47 Arba (29.4%), the government plans to manage through **foreign loans and domestic borrowings**. The debt to GDP ratio for this year's budget is approximately 10% which used to be settled at 5% or lower in previous years. The budget gap of 547 Arba to fulfill through loans is colossal and comes down to **fiscal sustainability** in the long-run. These deficits add to public debt and higher levels of debts leading to higher interest rates which will consequently affect the government's ability to make investments and enhance public services.

# KEY ASSUMPTIONS AND TARGETS



## FY 2080/81 TARGETS

<b>GDP GROWTH</b>	<b>6%</b>	<b>ESTIMATED 3.9%</b> *At the end of FY
<b>INFLATION</b>	<b>6.5%</b>	<b>ACTUAL 4.6%</b> *April, 2024

## NOTE

Despite the government setting approachable targets for economic growth, the desired results have not been met in the past years. This is mainly due to slow growth in the business sector, especially in the manufacturing industry.

# KEY FIGURES



AVERAGE LIFE EXPECTANCY

76.3 Yrs.   44.3%



DEBT TO GDP RATIO  
\*As of Jan 2024



POVERTY

20.3%   \$1,456

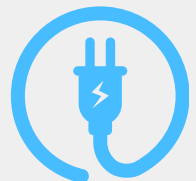


PER CAPITA INCOME



LITERACY RATE

76.2%   3,600 MW



ELECTRICITY PRODUCTION



ACCESS TO ELECTIRICITY

98%   0.602



HDI



ACCESS TO ROADS

All Districts

# KEY FIGURES



IMPORTS

Decreased by **2.8%** ↓



EXPORTS

Decreased by **3.7%** ↓



BALANCE OF  
BUDGET

Surplus by **3** Kharba ↑  
NPR 65 Arba



FOREIGN  
EXCHANGE  
RESERVES

Sufficient to cover  
**12.5** months of  
goods and  
services imports. ↑



REMITTANCES

**19.8%** ↑

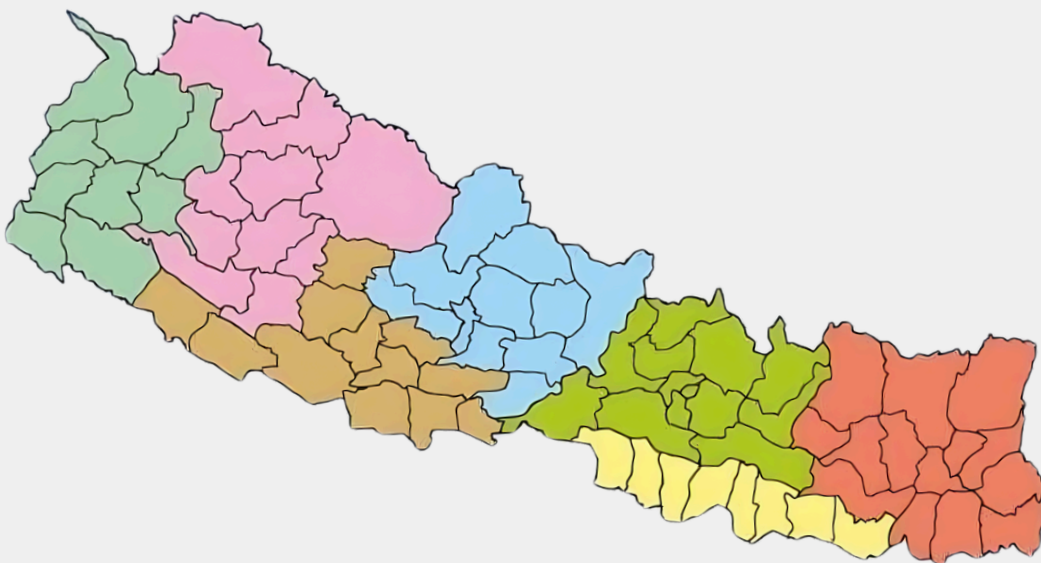


# FEDERALISM AND FISCAL TRANSFER

**Revenues generated at the province and local levels:** NPR 1 Kharba 59 Arba ~ 15,900 Crores

**Fiscal transfer to the province and local levels:** NPR 5 Kharba 67 Arba ~ 56,700 Crores

**Net Fiscal transfer =** NPR 4 Kharba 8 Arba ~ 40,800 Crores



# PRIORITY AREAS FOR GROWTH



(1) Economic reforms and promotion of the private sector



(2) Agriculture, energy, information technology, tourism, industrial development and infrastructure construction



(3) Development of social sectors including education, health



(4) Inclusion and Social Security



(5) Promotion of good governance and improvement in public service delivery

# TRANSFORMATIVE AREAS IDENTIFIED BY THE BUDGET



1. Transformation of agricultural sector



2. Energy sector development



3. Information Technology (IT) Development



4. Tourism Promotion



5. Entrepreneurship and Industrial  
Development

# MINISTRY WISE BUDGET ALOCATION

NAME	BUDGET (in NPR)
Ministry of Industry, Commerce and Supplies	9 Arba 27 Crores
Ministry of Energy Water Resources and Irrigation	50 Arba 74 Crores
Ministry of Forests and Environment	15 Arba 70 Crores (1570 Crores)
Ministry of Land Management, Cooperatives and Poverty Alleviation	6 Arba 82 Crores (682 Cr)
Ministry of Labour, Employment and Social Security	8 Arba 10 Crores (810 Cr)
Ministry of Education, Science and Technology	2 Kharba 3 Arba 66 Crores (20,366 Cr)
Ministry of Health and Population	86 Arba 24 crores (8,624 Cr)
Ministry of Water Supply and Sanitation	23 Arba 63 Crores (2,363 Cr)
Ministry of Youth and Sports	3 Arba 50 Crores (350 Cr)
Ministry of Communication and Information Technology	7 Arba 35 Crores (735 Cr)
Ministry of Women, Children and Senior Citizens	1 Arba 60 Crores (160 Cr)
Ministry of Physical Infrastructure and Transport	1 Kharba 50 Arba 53 Crores (15,053 Cr)
Ministry of Culture, Tourism and Civil Aviation	11 Arba 91 Crores (1191 Cr)
Ministry of Urban Development	92 Arba 63 Crores (9263 Cr)
Ministry of Agriculture and Livestock Development	57 Arba 29 Crores (5729 Cr)
Ministry of Defence	59 Arba 87 Crores (5987 Cr)
Ministry of Home Affairs	1 Kharba 99 Arba 24 Crores (19,924 Cr)
Ministry of Foreign Affairs	6 Arba 77 Crores (677 Cr)
Ministry of Water Resources and Irrigation	36 Arba 81 Crores (3681 Cr)
Ministry of Law, Justice and Parliamentary Affairs	54 Crores 53 Lakhs (54.53 Cr)



## EDUCATION

1. A unified University Act to be formulated to ensure uniformity in establishment, operation, and management of universities.
2. The quotas provided to educational institutions based on manpower projections will be reviewed in order to ensure an adequate supply of manpower across sectors.
3. A budget of **NPR 1 Arba 59 Cr** has been allocated for technical education.

4. School infrastructures will be utilized to train and employ students who have passed grade 12 in skills and employment.

5. **Industry-academia interface** programs will be organized to link vocational skills with real world demands.

**TOTAL NPR. 20,366 Cr**





1. **NPR 2 Arba 98 Cr** for the Prime Minister Agriculture Modernization Project.
2. **NPR 1 Arba 44 Cr** for the promotion of Fruits production.
3. **NPR 1 Arba 12 Cr** allocated as seed money for 300 highway-centered production groups with assurance of markets.
4. **NPR 27 Arba 95 Cr** allocated as a subsidy to ensure fertilizers for the farmers.
5. **NPR 38 Cr** allocated for breed improvement of cows and buffaloes.

6. **NPR 40 Cr** allocated for vaccine production and distribution free of cost to eradicate PPR and Classical Swine Fever within 3 years.
7. **NPR 2 Arba 25 Cr** allocated to promote sugarcane production and encourage farmers.
8. **NPR 1 Arba 65 Cr** allocated to subsidize the production of small farmers and insurance premiums on livestock.
9. **NPR 3 Arba 52 Cr** allocated towards agriculture research and development.
10. Legal arrangements will be made for commercial production of marijuana for medicinal usage.

**TOTAL NPR. 5,729 Cr**







1. **900 MW** of electricity will be added to the national grid by next year, increasing the total national production to **4,500 MW**.
2. Arrangements will be made to export electricity to Bangladesh by next year.
3. 77.5 MW Ghunsa and 70.3 MW Simbuwa hydropower projects to be built with investments from migrant workers.

4. 100 MW of solar power will be added to the facilitation with the private sector for the diversification of resources.

5. 1063 MW Upper Arun, 106 MW Jagadullah, 100 MW Tamakoshi V, and 210 MW Chainpur-Seti will be initiated.

**TOTAL NPR. 5,074 Cr**





## INFORMATION TECHNOLOGY (IT)

1. The 10-Year IT Plan aims to export 30 kharba in IT services and create 5 Lakhs direct along with 10 Lakhs indirect jobs.
2. Establish a robust legal framework to adopt, promote, develop and regulate Artificial Intelligence (AI).
3. **NPR 59 Cr** allocated for the modification and institutionalization of Digital Nepal Framework.
4. Operate IT Parks with high-speed internet, energy and security.

5. **NPR 17 Cr** allocated for the establishment of a knowledge park in Lalitpur.
6. Encourage public agencies to adopt software developed within Nepal.
7. Exempting the IT sector from dividend tax if earnings are capitalized, promoting reinvestment in the industry.
8. Planning the establishment of a government data center.

**TOTAL NPR. 774 Cr**



1. The government aims to attract **16 Lakhs** tourists next year.
2. Nijgadh International Airport to be constructed via Public Private Partnership (PPP).
3. **NPR 36 Cr** allocated for the expansion of Bharatpur Airport.
4. A one-door process will be created for all necessary services for tourists. Mountaineering permits will be automated.

**TOTAL NPR. 1,191 Cr**



# ENTREPRENEURSHIP & INDUSTRIES

1. Innovation hubs will be established across the seven provinces, each focusing on a specific sector:

- Koshi as an industrial hub
- Madhesh as an agricultural hub
- Bagmati as an information technology hub
- Gandaki as a tourism hub
- Lumbini as a small and medium-scale industrial hub
- Karnali as a pilgrimage hub

2. To foster new ventures, business incubation centres will be established in each province.
3. Legal arrangements will be made for the production, branding and marketing of local 'Rakshi'

**TOTAL NPR. 774 Cr**



## NEW PUBLIC FUNDS

For victims of revolution of 1996-2006

Peace Fund

**NPR. 100 Crores**

For entrepreneurship, business and innovation

Nepal Start-up Fund

**NPR. 100 Crores**

For research and development in various sectors

Research and Development  
Fund

**NPR. 100 Crores and 1% of  
annual capital budget**

For the purpose of using remittance in productive sectors

Soverign Wealth Fund

**NPR. 1,100 Crores allocated  
for concessional loans**



# TAX AMENDMENTS

## FOR ELECTRIC VEHICLES:

Capacity (in KW)	2023-24		2024-25	
	Customs	Excise	Customs	Excise
0-50	10	-	15 ↑	5 ↑
51-100	15	10	20 ↑	15 ↑
101-200	20	20	30 ↑	20 ↑
201-300	40	45	60 ↑	35 ↑
300 above	60	60	80 ↑	50 ↑

1. Green tax will be levied at the rate of **Rs.1 per litre** on petrol and diesel.
2. A green tax equal to **0.5%** will be levied on furnace oil and base oil, and **1%** on lubricant oil.
3. VAT registration threshold increased to **30 lakhs** from **20 lakhs** for businesses transacting in goods and services.

# TAX AMENDMENTS

4. Duty exemptions proposed for sustainable farming, animal husbandry, and livestock farming on 50 ropani in hilly/mountain regions and 10 bighas in Terai region.
5. Vegetables and fruits are now exempt from VAT.
6. Policy measures to increase import tax and excise duty on some readymade goods to protect domestic industries.

# OTHER MAJOR HIGHLIGHTS

1. Janakpur, the marriage place of Ram Janaki, will be promoted as a **wedding hub** and Lumbini, the birthplace of Gautama Buddha, will be promoted as a **birthing hub**.
2. A **commercial farm** for keeping wild animals including musk deer to be established in the Himalayan areas of Myagdi, Mustang, Manang, Gorkha and Dhading districts.
3. The “**One Ward One Park**” initiative will be launched.
4. No increment in government employees' salaries.
5. At least **1 Lakh returnees** to be self-employed by conducting a returnee entrepreneurship program.



**EDUCATE · AWARE · ELEVATE**

 [www.nationalpolicyforum.com](http://www.nationalpolicyforum.com)

 [nnpolicyforum@gmail.com](mailto:nnpolicyforum@gmail.com)

 +9779767276347

---