

BUDGET HIGHLIGHTS 2076-77

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| Budget Presented By: | Dr. Yuvraj Khatiwada | |
| Budget Presented On: | 29th of May, 2019, Wednesday | |
| Budget Size: | NRs 15 Kharba 32 arba | (NRs 1532.96 billion) |
| Revenue: | NRs 9 Kharba 81 arba | (NRs 981.14 billion) |
| Recurring Expenditure | NRs 9 Kharba 57 arba | (NRs 957.10 billion) |
| Capital Expenditure | NRs 4 Kharba 08 arba | (NRs 408.01 billion) |
| Foreign Grant: | NRs 57 arba 99 crore | (NRs 57.99 billion) |
| Foreign Loan: | NRs 2 Kharba 98 arba | (NRs 298 billion) |
| Internal Debt: | NRs 1 Kharba 95 arba | (NRs 195 billion) |
| Debt Financing: | NRs 1 Kharba 67 arba | (NRs 167.85 billion) |

Economic Growth Rate

- 2075/76 – 7.0%
- 2076/77 – 8.5%

Inflation Rate

- 2075/76 – 4.5%
- 2076/77 – 6.0%

Objectives of the Budget

- Qualitative reform in lifestyle by immediate fulfillment of fundamental rights of citizens.
- Rapid economic development with social justice by maximum utilization and judicial distribution of available resources, opportunities and capabilities.
- Develop the milestone of prosperous socialism oriented economy by upgrading to medium income earning country within 2030 AD by developing economical, biological and social infrastructure.

Major policies for upcoming fiscal year:

Education Sector

NRs 1.63 kharba for education

- Compulsory education up to fundamental level and free education up to secondary level.
- Budget allocated for construction of school buildings and expansion of class rooms.
- Encouragement of volunteer teachers.
- 70 districts targeted for full literacy.
- Establishment of Madan Bhandari Science and Technology University has been proposed.

Health Sector

NRs. 68 Arba for Health Sector

- Primary health service will be provided free of cost and emergency health service will be ensured.
- All Nepalese to be brought inside health insurance net
- Health insurance project will be implemented in all districts with insured amount of Rs. 1 Lakh.
- NRs 2.20 arba for people under poverty line
- Smoking will be prohibited on all public places and public transportations.
- NRs 5.57 arba for construction of emergency medical facilities in all VDCs
- All provinces to have regional hospitals
- NRs 1 arba allocated to upgrade various hospitals
- NRs 40 crore allocated to make Bir Hospital of International standard

Drinking Water and Sanitation Sector

NRs 43.46 arba for drinking water

- NRs 7.39 arba additional fund allocated for Melamchi Drinking water for infrastructure development
- Arrangement has been made for availing drinking water facility to 92% population
- Labor and Employment Sector:-
- NRs. 5.10 arba has been allocated for “Pradhanmantri Rojgar Karyakram”.

Social Security Sector

NRs 64.5 arba for social security

- Elderly allowance for people above 70 years of age increased from NRs 2000 to NRs 3000
- Elder citizen meeting center will be established.
- Differently abled, single women allowance has been increased by NRs. 1000 per month to NRs 2000 per month
- Labor employment agreement is done with the country importing Human Resource and the initial cost will be bore by the employers
- People below poverty line and above the age of 70 will be given insurance worth NRs 1 lakh
- 3.5 lakhs children below poverty line will be benefited with various government incentives

Youth and Women Sector

- Youth scientific conference will be conducted in the coming year
- Women entrepreneurship will be encouraged

Agriculture & Animal Husbandry Sector

NRs 34.80 arba for agriculture

- NRs 8.10 arba has been allocated for Prime Minister Agriculture Project.
- NRs. 9 arba has been allocated as grant for chemical fertilizers.
- Agriculture research centers and colleges will be supported

Irrigation Sector

NRs 23.63 arba for irrigation

- Weather radar will be brought into operation with Rs 60 crore allocated for 2 more radars

Forestry and environment

NRs 15.49 arba for forestry and environment

- Declare this FY as afforestation year
- Fruit-bearing trees and herbs will be sown in open forest areas
- Each province will have a research and development station for exploring herbs and plants
- 116 ponds will be constructed
- Land Management Sector
- Necessary arrangement will be made for availing unutilized land for long term utilization in agriculture and use of factories by establishing land bank.
- Digitization of all land ownership papers and blueprints will be completed within 2 years.
- Illegally held government land will be returned to government within this fiscal year.

Co – operative Sector

- Tax relief for SMEs and agriculture based businesses
- Cooperatives to be supervised for risk management
- Cooperative information system to be established

Tourism Sector

NRs 22.68 arba allocated for tourism

- Visit Nepal 2020 to be celebrated and promoted by worldwide promotion
- One tourism door policy will be implemented
- Adventure tourism will be promoted
- Internal tourism to be promoted

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Industrial Sector

NRs 2.87 arba allocated for industry

- Local products will be promoted and prioritized
- Sick industries will be revived by the help of private sector
- Made in Nepal products will be made mandatory for gift-giving purpose
- Domestic textiles industries registered in Value Added Tax will be provided 50% exemption on electricity bill and grant equal to 5 % of interest on bank loan availed Udayapur cement and Hetauda cement factories will be upgraded
- Challenge fund will be established for providing seed capital to establish business based on new ideas.
- Major export items will be prioritized
- Mining sector will be explored

Commerce and supplies Sector

NRs 11.74 arba allocated for commerce and supplies

- In order to control increasing trade deficit 'Safeguard, Anti-dumping and Countervailing laws' will be implemented effectively.
- Tea branding will be done with auction houses
- Dry port in Chobhar and Rasuwagadhi to be established (construction already started)
- Dry port of Bhairahawa to be upgraded
- Supervision will be strengthened to control fake standard FMCG products
- Promoting trade with China
- Carteling and syndicate will be eradicated

Infrastructure: Energy

NRs 89.83 arba for energy

- Two big hydro power in all provinces
- More than 1 KW electricity is projected to be produced in next fiscal year
- Upper Tamakoswhi and Rasuwagadhi hydro project to speed up
- 1000 MW project to be added in the national grid.
- 3500 MW production to be expediate including Upper Tamakoshi, Arun and Trishuli
- PPP (Public Private Partnership) module will be explored in HEP production
- Local government to get budget to produce electricity from waste and garbage
- Hydroelectricity projects that have received licenses but not in operation will be reconsidered

Infrastructure: Transportation Management and Highway Sector

NRs 1.53 kharba for transportation management

- Facility of electronic card will be made for payment of transportation fares of public vehicles.
- GPS tracking system will be implemented in public vehicles.
- Budget has been allocated to replace dangerous structures to cross rivers.
- NRs 19.18 arba for express highway (East West Highway). The highway will connect Rasuwagadhi to Galchi to Thori to the North.

- NRs 96 crore for upgrading BP highway
- NRs 1.81 arba allocated for Kathmandu ring road
- NRS 6.27 arba for Nagdunga surung marga (underpass)
- Suryabinayak and Jadibuti highway to be upgraded
- Underpass in Baneshwar will be constructed
- 200 bridges to be constructed for which Rs 7 arba is allocated
- Re 1 duty added in diesel and petrol
- All the roads to be made at least 2 lane
- Railways infrastructure will be explored
- East-west and north-west railway to be developed
- NRs 7.7 arba to be allocated in order to explore PPP model for monorail and metro in the valley
- Engineering staff college to be established
- Syndicates to be abolished
- Adequate charging facility for electric vehicles with the initiation of NEA

Housing and Urban development Sector

NRs 43.73 arba for housing and urban development

- Smart cities to be established in various parts of the country
- Rs 4 arba allocated for construction of 300 houses under Safe Housing Project
- Assembly hall with capacity of 3000 people will be constructed in Kathmandu and 5000 capacity in next 3 years
- Assembly hall with 2000 people in each provinces
- Open areas of government will be used to construct park and green area
- Telephone and electricity lines will be kept underground
- Earthquake Reconstruction Sector
- NRs 1 arba for Sundhara reconstruction within 2 years
- NRs 58.95 arba for rehabilitation and construction work
- NRs 1.41 kharba allocated to reconstruct damages of earthquake
- Terai-madesh Sambriddhi program to be continued

Air infrastructure Sector

NRs 15.85 arba for air infrastructure

- TIA to be upgraded into a boutique airport and will be operational 24 hours
- First phase of Gautam Buddha Airport will be completed
- NRs 8 arba allocated for Pokhara airport

Sports

NRs 3.99 arba for youth and sports

- NRs 10 crore allocated for Mulpani cricket stadium, to be completed within 2 years
- International sports stadium to be constructed in Kathmandu

Information and Communication Sector

- Establishment of secured printing press will be initiated for printing of bank notes, excise sticker, postal sticker, land ownership certificate and other important printings.
- Radio Nepal and NTV will be integrated
- Cyber security law will be made more strict
- Nepal's own satellite will be established
- Postal services will be upgraded
- Digital Nepal framework to be promoted and will be brought into operation
- In coming 5 years all government transactions will be digitized

BFIs, Private Sector and Capital Market Sector

- Merger of big BFIS and insurance companies to be promoted
- Gold and silver of general public can be deposited in BFIs
- National payment gateway to be promoted
- Reinsurance policy to be changed
- Electricity and drinking water payments to be made fully digital
- PAN system to be implemented in share market
- SEBON and NEPSE will be upgraded
- NRN will be encouraged to participate in capital market
- Trustee Act will be prepared

Private Sector Investment

- Private sector investment processes to be eased
- One window policy for all information for private sector investment
- Company act, banking act and technology transfer act will be amended and implemented
- Hedging funds will be explored

Governance

- Corruption will be controlled
- Hello Sarkar will be upgraded and brought in all 7 provinces

Law and order

- Supreme court and high court infrastructure will be upgraded
- Free legal services will be provided to people who cannot afford it themselves, violated women and children.

National Security Sector

- Prisons to be upgraded
- Prison labor to be used in productive sector
- National identity card system to be developed and completed within 2 years

Emergency fund - NRs 5 arba

Economic plan

- Government staff salary for gazette officers and non-gazette officer to be increased by 18% and 20% respectively and all other incentives and facilities are kept unchanged
- Natural resource exploitation to be stopped
- Tender need to be given after proper supervision

Revenue sources

- VAT rate remains constant
- Slight change in import duties
- One person one PAN is promoted
- Capital Gain Tax (CGT) in share market is decreased to 5%
- Single person earning NRs 4 lakh and Couple earning NRs 4.5 lakh is exempted from income tax
- CGT in Real Estate is decreased to 5% (sub metropolitan) and 10% in (metropolitan)

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