



NATIONAL BUDGET FINANCIAL YEAR 2018-19

**MINISTRY OF FINANCE
JANUARY 2019**



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INTRODUCTION

Since this is the first Budget Report of the 3rd democratically elected Government presented to the august House, it is very special and is of great significance. More importantly, His Majesty the Druk Gyalpo's address to the nation during the 111th National Day highlighted that *"As a developing country, we have limited resources. We must manage our available resources wisely, minimize waste and ensure that all our resources are directed at improving the wellbeing of the people and in fulfilling our national vision"*.

At the outset, the Government offers prayers of gratitude and *Tashi Moenlem* to the guardian deities of the glorious Palden Drukpa, His Majesty the King and His Majesty the Drukgyal Zhipa for continuous guidance in ensuring peace, prosperity and unity in the country. Further, the Government offers deepest respect and gratitude to His Holiness the 70th Je Khenpo for being conferred the ***Ngadag Pel gi Khorlo*** by His Majesty the King on behalf of the Bhutanese people in recognition of his lifetime of service to the nation during the 111th National day.

The Government would like to thank the people of Bhutan for bestowing their trust and confidence upon Druk Nyamrup Tshogpa (DNT) to form the Government and serve *Tsa-Wa-Sum* for the next five years.

Within the last two months, the Government comprehensively reviewed the draft 12th Five Year Plan (12FYP) and approved the Plan with an outlay of Nu. 310 billion after aligning most of the pledges. The overarching goal of the 12FYP is to pursue ***"Just, harmonious and a sustainable society through enhanced decentralization"*** and it will serve as the platform to fulfill the wishes and aspirations of the people and ***Narrowing the Gap***. Further, the 12FYP is the last mile or transition plan for Bhutan's graduation from Least Developed Country (LDC) status and the Government is committed to ensure that the graduation is smooth and sustainable. The 12FYP will be presented to the House for endorsement.

In keeping with the DNT's manifesto, the Government has constituted a nine member Fourth Pay Commission (4PC) to review and recommend revision of the pay, allowances and benefits of the public servants. The Government is committed to implement the recommendations of the Commission to motivate and strengthen the public servants which is the engine of public service delivery.

One of the pledges is to remove the 5% sales tax on telecom services. The Government has already reviewed the feasibility and has decided to propose the 5% sales tax waiver as part of a major tax reform such as introduction of Goods and Service Tax (GST). In order to implement other pledges, Committees with members from relevant sectors have been instituted to study and submit recommendations to the Government.

During the recent state visit of the Hon'ble Prime Minister to New Delhi, the Government of India (GoI) has committed a grant of Nu. 45 billion for the 12FYP and a transitional Trade Support Facility of Nu. 4 billion to strengthen bilateral trade and economic linkages. Further, mutually beneficial understanding has been reached between the two Governments on the tariff for the export of surplus power from Mangdechhu Hydroelectric Project (MHP). Since these milestones were initiated by the previous Government, the Government takes this opportunity to thank the previous Government for their hardwork and concerted effort that have contributed to success of the state visit of HPM.

The 14th Round Table Meeting (14RTM) is tentatively scheduled to be held in March 2019 and it will provide opportunity for an active engagement with our traditional donors and new development partners for ensuring successful implementation of the 12FYP. As the transition plan for Bhutan's graduation from LDC status, the RTM is of great importance to the Government for ensuring smooth and sustainable graduation.

All these initiatives and arrangements will facilitate successful implementation of 12FYP that will promote inclusive growth, ensure economic stability and contribute towards *Narrowing the Gap*.

The Budget Appropriation Act for FY 2018-19 was passed by the 11th Session of the 2nd Parliament with current budget for the entire fiscal year and capital budget for only six months (Jul-Dec 2018) mainly to support spill-over and

critical regular activities without new activities. Since current budget remains at the same level, only capital budget appropriation for the next six months (Jan-Jun 2019) is submitted to the House for consideration.

The main objective of the new capital budget is to complete all spill-over activities, continue on-going major capital activities and initiate new activities as per the priorities of the 12FYP that will lay strong foundation for ***Narrowing the Gap*** besides ensuring growth and economic stability.

Amongst others, the highlight of the budget includes provision for starting two flagship programs, namely ***OGOP*** (*One Gewog One Product*) and ***Water*** (*Ensuring Safe Drinking Water 24X7*). Further, the Government is continuing preparatory works for possible introduction of GST in Bhutan.

The Budget for FY 2018-19 has been formulated in close consultation with various budgetary bodies in keeping with the priorities of the 12FYP. Total Budget appropriation is based on the resource envelope or Budget Policy and Fiscal Framework Statement (BPFSS) determined by the Macroeconomic Framework Coordination Committee (MFCC).

The fiscal outcomes of the FY 2016-17, revised budget for FY 2017-18, report on performance of the State Owned Enterprises, status of the Trust Funds, report on Hydropower Development and Foreign Direct Investments were presented to the last session of the 2nd Parliament as part of the Interim Budget Report. Since these reports are still valid, the new Budget Report presents only the update on the Macro-economic Performance and Outlook and the Budget Estimates (Capital) for the period Jan-Jun 2019.

The Budget Report for FY 2018-19 includes the following:

- Chapter I: Macroeconomic Performance and Outlook*
- Chapter II: Budget Estimates of FY 2018-19;*

Upon passing the new Budget Appropriation Bill for FY 2018-19 by the House, it shall supersede the Budget Appropriation Act for FY 2018-19 passed by the 11th Session of the 2nd Parliament.

CHAPTER 1

MACROECONOMIC PERFORMANCE AND OUTLOOK

As per Section 46 of the Public Finance Act 2007 (Amended in 2012), the Minister of Finance is required to submit to the 'Parliament a Budget Policy and Financial Framework Statement outlining the Government's framework for the new budget. The Framework Statement shall include: (b) information on the macro-economic situation and outlook, and forecasts for the medium term of the economic aggregates'.

Accordingly, this chapter provides assessment of the country's overall economic performance over the past years and outlook in the medium term.

1. Real Sector

Growth

Over the past decade, the economy grew at an average growth rate of 7% which was supported by high investments in hydropower sector, increased electricity export earnings, expansion in service industry particularly in tourism sector and the public sector. In terms of sector contribution to overall GDP, industry sector contributed 40%, followed by service sector at 36%, and agriculture sector with 19%. Regional growth for South Asia has also been growing at an average of 7%.

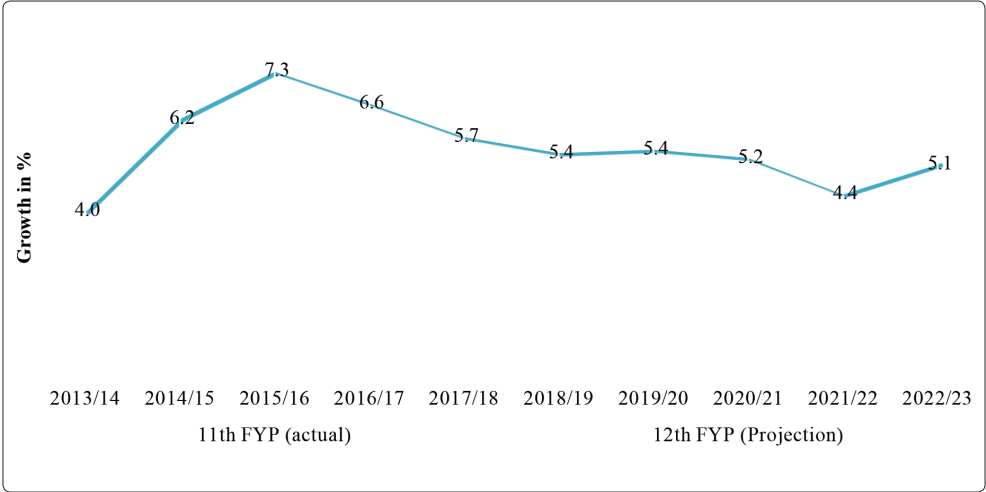
In terms of growth prospect, recent assessment by IMF in its World Economic Outlook (WEO) October 2018 reports a positive global growth outlook of 3.7%, same as 2017 level, despite rising trade tensions and weaker outlook for some key emerging markets and developing economies arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills.

While growth in the region is projected to increase, external challenges and tighter global liquidity could be cause of concern. According to the Asian Development Outlook 2018, growth forecast for India is maintained at 7.4% on an average for 2018 and 2019 with robust domestic demand and growing exports. However, depreciation of rupee against US dollar, volatile external financial markets, rising fuel prices and uncertain political environment are some of the risks that could hamper growth.

These developments could affect Bhutanese economy through the external sector and service sector. Current assessment of the baseline growth forecast indicate modest growth of 5.4% in the medium term and 5.1% on an average for the 12FYP as presented in the figure 1.1. Slowdown in growth is projected mainly on account of shifting of commercial operation date of Puna I and Puna II to the next Plan besides the delay in commissioning of MHP and Nikachu HP.

Higher growth of 6% and above could be achieved in the 12FYP by expediting the commissioning of Puna II and starting the construction of Sunkosh hydropower power project within the plan period besides attracting additional Foreign Direct Investment (FDI), Public Private Partnerships (PPP) and implementing major fiscal reforms such as GST and others.

Figure 1.1: Real GDP growth



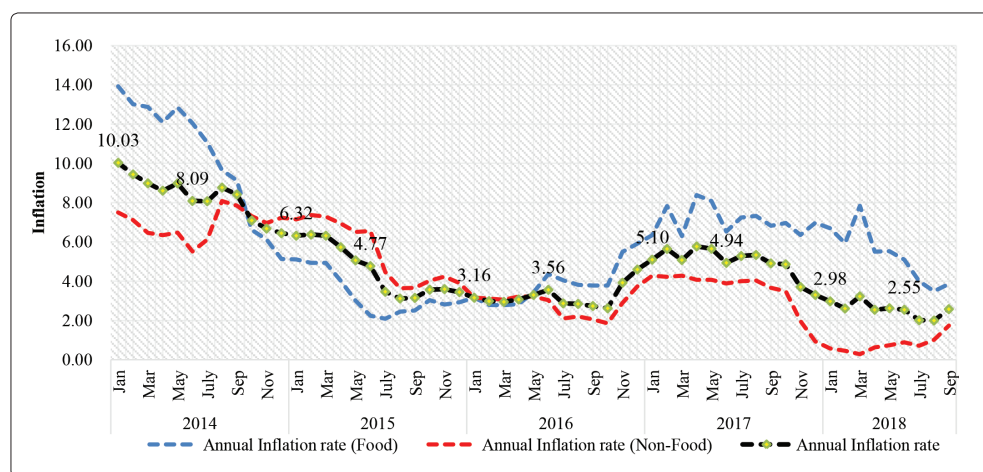
Future growth is anticipated from service sector with an average growth of 8.2% driven by strong domestic demand and growth in financial services while the industry and agriculture sectors are projected to grow at 3% on an average. Manufacturing sector is also projected to contribute to growth based on its actual performance in recent past. In terms of sector share in the 12FYP, service sector is projected to lead with 48%, followed by industry at 41%, and agriculture at 11%.

Inflation

Over the last two years, prices have remained stable as indicated by slower increase in CPI. The overall CPI inflation in FY 2017-18 was 3.6%, lower by 0.7 percentage points compared to the previous fiscal year.

Increase in food prices by 6.5% and non-food prices by 1.8% contributed to the inflation in FY 2017-18. Import inflation remained higher than domestic inflation at 3.9% contributed by higher import food prices than non-food prices in FY 2017-18. In comparison to previous fiscal year, marginal increase was noted for import inflation while the domestic inflation reduced by 2%.

Figure 1.2: CPI inflation



Based on the recent monthly CPI data from the NSB, food prices are expected to remain higher than non-food prices. As the trend in food and commodity prices indicate a gradual rise along with the increase in fuel prices in the global market, CPI inflation in the country is projected to range within 5% to 6% in the medium term.

Employment

Agriculture sector continues to be the major employment provider in the economy employing about 57.2% of the labour force followed by service sector with 34.2% and industry sector employing only 8.7%. Unemployment rate in 2016 was 2.1% which is an improvement of 0.4 percentage points from 2015. However, youth unemployment increased to 13.2% in 2016.

Addressing youth unemployment is going to be one of the major challenges as it is likely to persist in the medium term. However, as service sector continues to expand, there is potential for job opportunities. Therefore, adoption of policies focused in skill development in service industry could be an important source for generating gainful employment for the youth.

2. External sector

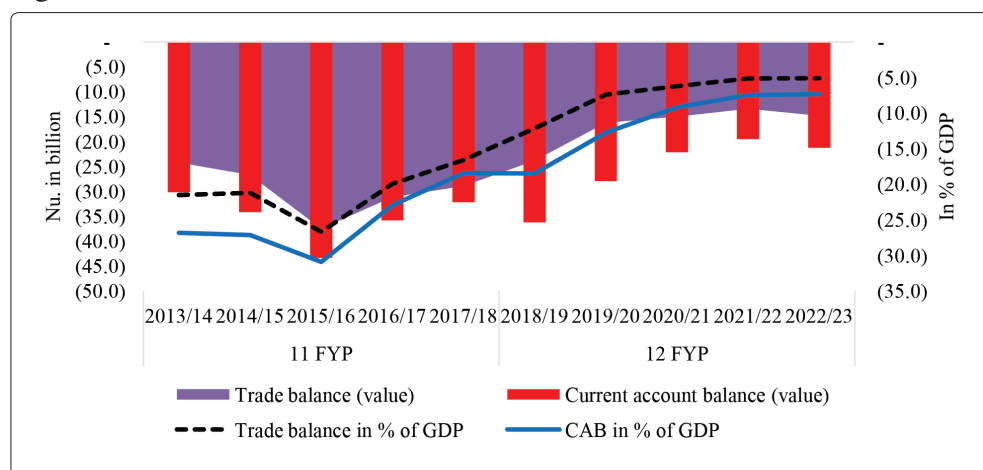
Overall balance of payments in FY 2017-18 was more favorable as both trade balance and current account balance improved compared to the previous fiscal year. The current account deficit decreased from 23% of GDP in FY 2016-17 to 18.3% of GDP in FY 2017-18 as trade deficit improved from Nu. 31.1 billion to Nu. 28.7 billion during the period mainly contributed by higher exports to countries other than India as compared to imports.

The capital and financial account balance increased by 42% due to increase in budgetary grants for investment and the SWAP facility availed from RBI besides the hydropower disbursements of loans and grants. Flows from capital and financial account adequately covered the current account deficit resulting to a positive overall balance of payments of 5% of GDP which contributed to the build-up of international reserves.

External sector performance during the 12FYP is likely to improve as current account deficit is projected to fall to a single digit which will be adequately financed by surplus from capital and financial flows. Therefore, the overall balance of payments is estimated to remain positive at 2.8% of GDP on an average.

Exports are projected to increase by 1.12% with the commissioning of Mangdechhu Hydropower Project while the imports are also projected to increase at an average of 1%. However, imports will increase if new hydropower projects are taken up.

Figure 1.3: Current Account Balance



Reserves

Gross international reserves at the end of October 2018 was US\$ 1,127.35 million, of which Convertible Currency reserves comprised of US\$ 832.55 million and Rupee reserves was INR 21,431.00 million. The total reserves were adequate to cover around 15 months of merchandise imports or 23.6 months of essential imports.

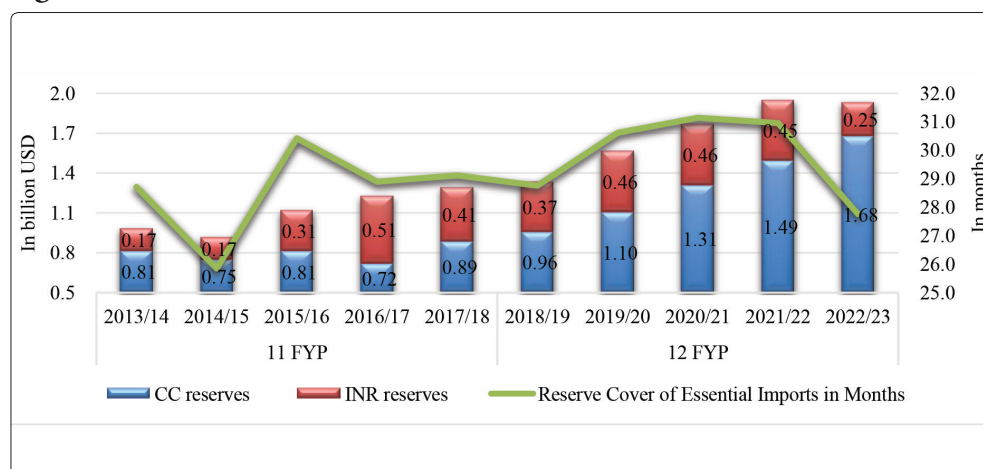
The international reserves, in the medium term, is expected to improve with the improvement in overall balance of payment. Accumulation of reserves is mostly expected from INR inflows with commissioning of MHP.

In the 12FYP, international reserves is estimated to increase at an average of 5.2% contributed by tourism sector inflow, budgetary grants and hydropower disbursements.

Total reserves for FY 2018-19 is estimated at US\$ 1,440.5 million, an increase by 11.2% from the previous year. It comprises of US\$ 946.5 million as CC reserves and INR 35,355.6 million as Rupee reserves.

Import coverage by total reserves is estimated to increase from 15 months to 19 months for the merchandise import in FY 2018-19 and from 29 months to 32 months for essential imports. The coverage ratio of essential imports by total reserves is projected to be on an average 33 months for the entire 12FYP, meeting the constitutional mandate of 12 months of essential imports.

Figure 1.4: International reserves



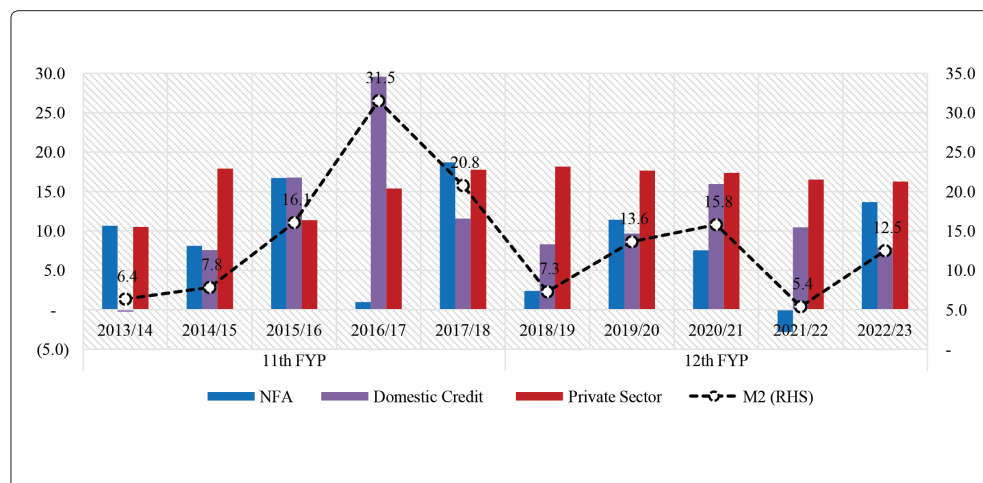
Although Ngultrum, which is pegged to Indian rupee, appreciated by 2.1% in FY 2017-18 compared to previous fiscal year, the ngultrum-dollar exchange rate in FY 2018-19 is estimated to depreciate by 8.9%.

3. Monetary Sector

Growth in monetary sector slowed down in FY 2017-18 as the increase in broad money (M2) was 8.6% compared to previous year's growth of 31.5%. Net foreign assets (NFA) contributed around 60% to M2 while net domestic assets (NDA) share was 40%.

However, M2 growth was contributed by increase in net domestic assets as domestic credit increased by 20% while net foreign assets decreased by 3.6%.

Figure 1.5: Growth in M2 (yoy % change)



Forecast for monetary aggregates for the 12FYP is based on the assumption that M2 would be driven by net foreign assets and domestic credit as indicated by past historical trend.

M2 is projected to increase at an average of 12% while the growth of NFA will depend on the level of ODA grants mobilized. As per the 12FYP outlay, projected grants are lower than ODA grants realized in the 11FYP. As such, NFA is projected to decline.

The domestic credit is projected to increase as private sector credit remains elevated and will capture additional financing requirement to meet the fiscal deficit.

4. Fiscal Sector

As FY 2018-19 is the first year of the 12FYP, the fiscal performance and medium term outlook is presented in the Budget Policy and Fiscal Framework Statement (BPFBS) table below.

The BPFBS presents baseline scenario without any fiscal measures. The fiscal aggregates for FY 2018-19 have been revised based on recent developments in key macroeconomic sectors, particularly the hydropower sector.

Table 1: Budget Policy and Fiscal Framework Statement

Nu. in million

Particulars	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Budget	Projection	Projection
A) Revenue & Grants	42,673.13	55,359.37	39,893.85	60,398.09	61,305.11
1) Domestic Revenue	29,713.60	36,871.32	33,943.97	45,750.24	43,209.44
i) Tax	21,707.00	26,819.71	25,037.46	26,314.70	30,244.14
ii) Non-tax	8,006.60	10,051.61	8,906.51	19,435.55	12,965.31
2) Grants	12,986.75	17,433.08	5,929.89	14,647.85	18,095.67
i) GoI	9,882.57	13,781.13	3,024.11	11,683.85	12,730.28
ii) Others	3,104.18	3,651.95	2,702.16	2,735.14	4,951.13
iii) Internal Grants	-	-	203.617	228.85	414.27
4) Other receipts	(27.23)	1,054.97	20.00		
B) Total Expenditure	48,017.99	56,513.50	45,128.177	66,140.96	68,803.11
1) Current	24,129.59	28,616.64	29,075.17	39,430.03	40,926.88
i) Primary Current	22,130.87	26,527.83	27,507.17	35,726.70	37,121.41
ii) Interest payments	1,998.72	2,088.81	1,568.00	3,703.32	3,805.46
2) Capital	25,837.02	29,990.64	16,053.010	26,710.93	27,876.23
3) Net Lending	(2,003.12)	(2,093.78)			
4) Other Payments	54.50				
C) Fiscal Balance	(5,344.86)	(1,154.13)	(5,234.32)	(5,742.87)	(7,497.99)
<i>In percent of GDP*</i>	<i>(3.42)</i>	<i>(0.66)</i>	<i>(2.69)</i>	<i>(2.68)</i>	<i>(3.16)</i>
D) Primary Balance	(3,346.15)	934.68	(3,666.33)	(2,039.55)	(3,692.53)
<i>In percent of GDP*</i>	<i>(2.14)</i>	<i>0.54</i>	<i>(1.89)</i>	<i>(0.95)</i>	<i>(1.56)</i>
Financing	5,344.86	1,154.13	5,234.32	5,742.87	7,497.99
E) Net Lending			(1,433.16)	(3,491.39)	(3,524.39)
<i>On-lending</i>			95.03		
<i>Recoveries</i>		1,568.85	1,528.19	3,491.39	3,524.39
F) Net Borrowing			3,801.16	2,251.48	3,973.60
Net External Borrowing	524.33	203.21	961.24	734.49	(4,110.94)
<i>Borrowing</i>	3,227.66	3,023.53	3,425.55	4,972.68	451.87
<i>Repayment</i>	2,703.34	2,820.32	2,464.31	4,238.19	4,562.81
Net Domestic Borrowing**	4,820.54	950.92	2,839.92	1,516.98	8,084.54
<i>Borrowing</i>			2,850.53	4,867.65	13,869.90
<i>Repayment</i>			10.62	3,350.67	5,785.36
Nominal GDP (Nu. in million)	156,112.65	174,516.00	194,451.58	214,644.88	237,032.09

Source: MFCC

Resource

Total resource for the 12FYP is estimated at Nu. 280,772.642 million, which is an increase of 31% from the previous Plan. Of the total estimated resource for 12FYP, 85% is domestic revenue and balance is grants from development partners.

For FY 2018-19, the estimated resource is Nu. 39,893.853 million which accounts for 14% of the total estimated resources of 12FYP. The resource is expected to increase in the subsequent fiscal years with confirmation of donor commitment and finalization of donor funded projects.

Domestic revenue

Total revenue for the 12FYP is projected at Nu. 217,728.299 million, an increase of 52% from the previous Plan. Revenue is estimated to grow at an average of 6.7% during the Plan, contributing around 18.4% to the GDP. Growth in domestic revenue is expected from direct tax and non-tax while indirect tax is projected to decline due to non-receipt of GoI excise duty refund with the introduction of GST in India.

Domestic revenue estimate for FY 2018-19 is Nu. 33,943.967 million largely contributed by tax revenue of Nu. 25,037.460 million. Major sources of tax revenue are corporate income tax, royalties, and sales tax which account for more than 75% of tax revenue.

The dividend transfers, surplus transfer, and interest receipts from corporations form major part of the non-tax revenue. A spike in domestic revenue is expected under non-tax revenue as profit transfers of Nu. 8.000 billion from commissioning of Mangdechhu Hydropower Project is accounted for in FY 2019-20.

Revenue impact from new fiscal measures like broadening tax base through introduction of GST, if implemented, is expected to generate additional revenue.

Grants

Total grants estimated for the 12FYP is Nu. 63,044.34 million, which is about 22% of total resources. Grants from GoI accounts for 71% of the total and balance is expected from GCF, JICA and other bilateral and multilateral development partners.

For the FY 2018-19, estimated grants is Nu. 5,929.886 million, of which Nu. 3,024.114 million is from GoI, Nu. 2,702.160 million from other development partners, and Nu. 203.61 million from the trust funds.

Grants disbursement is expected to increase with the incorporation of grants as and when donor commitments are confirmed and the projects are approved.

Public expenditure

The outlay for the 12FYP is estimated at Nu. 310,016.072 million, an increase of 38% from the previous Plan. Current expenditure is estimated at Nu. 193,895.344 million, which is an increase of about 69% as compared to the 11FYP mainly on account of higher interest payments for hydropower loans, current grants, and general provisions. Capital expenditure is estimated at Nu.116,120.728 million which is an increase of about 6% compared to the previous Plan.

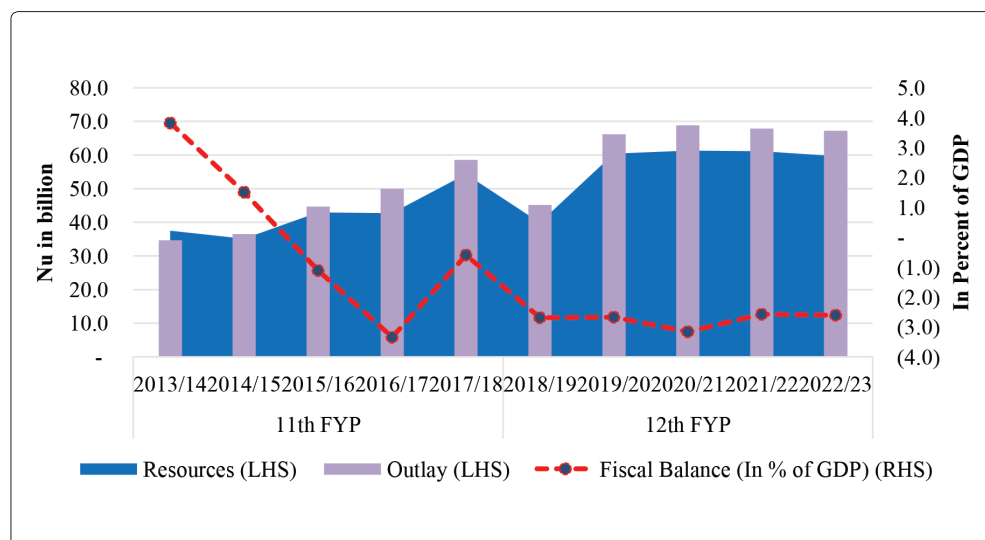
The total budget appropriation for FY 2018-19 is estimated at Nu. 47.698.129 million. During the 12FYP, the estimated domestic revenue will fully cover the current expenditure and finance at least 20% of the capital expenditure.

Fiscal balance

In the 12FYP, fiscal deficit is estimated at an average of 2.4% of GDP which is within the fiscal target of 3% of GDP.

The fiscal balance for FY 2018-19 is a deficit of Nu. 5,234.324 million (2.69% of GDP), which shall be financed through external and domestic borrowings.

Figure 1.6: Fiscal aggregates



Financing

Fiscal deficit shall be financed through external borrowings at highly concessional loans from ADB, World Bank and IFAD, besides the domestic borrowings through issuance of Treasury Bills and bonds. In order to maintain flexibility in the use of the loan proceeds for priority programs and activities, policy based borrowing instrument such as Development Policy Credit (DPC) will be used for budget support.

Estimated fiscal deficit in the 12FYP is Nu. 29,243.429 million which shall be financed through net external borrowing of Nu. 4,074.207 million and net domestic borrowing of Nu. 25,059.431 million.

For FY 2018-19, the fiscal deficit of Nu. 5,234.324 million will be financed through interest free program borrowing of Nu. 2,143.865 million (US\$ 30 million) from the World Bank and the balance through concessional borrowings from the ADB and domestic borrowings.

A consolidated fiscal framework including the borrowings, recoveries and repayments for hydropower projects and other investments is presented as *annexure II*.

Public debt

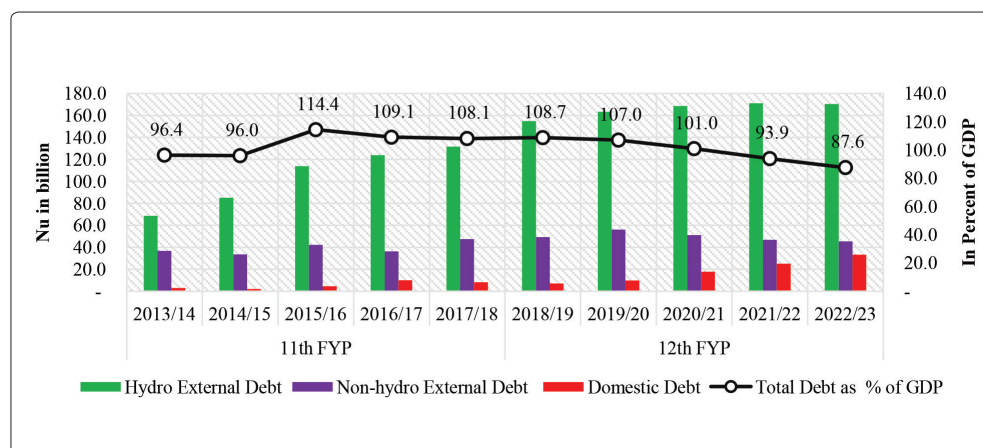
The total public debt as of 30th September 2018 was Nu. 182,674.920 million which comprised of external debt of Nu. 175,127.470 million and domestic debt of Nu.7,547.450 million.

Based on the loan agreement signed for on-going projects and requirement for financing the estimated fiscal deficit, public debt is projected to be Nu. 249,232.38 million by the end of the 12FYP, accounting for 87.6% of GDP. This will be an increase of 33% from the last year of 11FYP.

Major part of the public debt will be external debt disbursed for the development of hydropower projects. Of the total external debt stock, hydropower debt constitutes about 79% while the non-hydropower debt is about 21% of the total. Hydro debt is expected to increase from Nu.131,662.71 million to Nu.170,533.21 million while non-hydro external debt is estimated to decrease from Nu. 47,509.85 million to Nu. 45,333.96 million. Any new projects with loan financing will increase the debt stock.

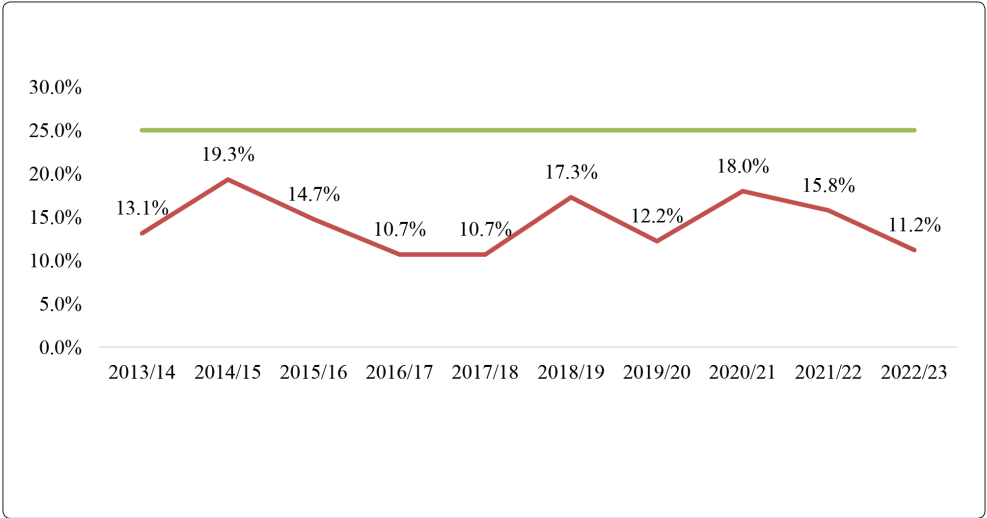
Domestic debt stock of Nu. 7,547.450 million includes Treasury Bills outstanding of Nu. 7,500 million and loan of Nu. 47.450 million.

Figure 1.7: Public debt



The external debt service to exports ratio is expected to remain below the threshold of 25% as depicted in the graph below.

Figure 1.8: External debt service to exports



CHAPTER 2

BUDGET ESTIMATES FOR FY 2018-19

The Interim Budget Report and Budget Appropriation Bill for FY 2018-19 was presented to the 11th Session of the 2nd Parliament in June 2018. The Parliament, while passing the Budget Appropriation Bill for FY 2018-19, approved current budget for the entire fiscal year and the capital budget for only six months (Jul-Dec 2018).

Although Budget Appropriation Act allows the application of current budget for the entire fiscal year, the authorization for the capital budget expired on 31st December 2018. Accordingly, capital budget for the period Jan-Jun 2019 is submitted as Budget Appropriation Bill for consideration.

The new capital budget for Jan-Jun 2019 includes provisions for ongoing activities, new activities and flagship programs based on the priorities of the 12FYP. The capital budget has been prepared in close consultation with budgetary bodies.

2.1 Approved Budget for FY 2018-19

As per the Budget Appropriation Act for FY 2018-19, the total approved budget is Nu. 36,317.937 million, of which Nu. 29,075.167 million is for current expenditure, Nu. 5,386.162 million for capital expenditure, Nu. 1,842.168 million for repayment of loans and Nu. 14.440 million for lending.

The summary of the approved budget is provided in table 2.1 below and the Schedule of Appropriation is provided in *Annexure I*.

Table 2.1: Summary of approved budget FY 2018-19

		Nu. in million
Sl #	Expenditure type	Amount
1	Current	29,075.167
2	Capital	5,386.162
3	Lending	14.440
4	Repayment	1,842.168
	Total	36,317.937

The following table shows the allocation of the budget by category of administrative units.

Table 2.2: Summary of approved budget by category of agency

Nu. in million

Sl #	Category	Approved Budget			
		Current	Capital		Total
			Spill-over/ ongoing	Critical Regular	
1	Ministries	14,618.134	2,490.954	1,051.074	18,160.162
2	Judiciary	290.759	18.500	-	309.259
3	Constitutional Bodies	849.026	61.939	29.236	940.201
4	Autonomous Agencies	3,904.880	519.522	90.538	4,514.940
5	Dzongkhags	8,090.885	226.670	1.000	8,318.555
6	Gewogs	470.164	2.300	-	472.464
7	Thromdes	851.319	11.550	-	862.869
8	MoF		2,739.487		2,739.487
	<i>o/w Lending</i>		<i>14.440</i>		14.440
	<i>o/w Repayment</i>		<i>1,842.168</i>		1,842.168
	<i>o/w Subsidies/ transfers/equities</i>		<i>211.379</i>		211.379
	<i>o/w General Reserve</i>		<i>671.500</i>		671.500
Total		29,075.167	6,070.922	1,171.848	36,317.937

2.2 Budget Appropriation (Capital) for the period Jan –Jun, 2019

The budget appropriation for the period Jan-Jun 2019 is Nu. 11,380.192 million which has been formulated based on the following:

1. Resource envelope as determined by MFCC;
2. Approved 12FYP outlay;
3. Implementation capacity of the budgetary bodies;
4. Maintaining fiscal deficit below 3% of GDP, and
5. Donor commitment.

Of the total allocation, Nu. 10,666.848 million is for capital expenditure and Nu. 713.344 million for loan repayment and lending. Based on the 12FYP priorities, Ministries will receive the highest allocation followed by Local Governments and the Autonomous Bodies.

The table below shows the allocation of the capital budget by category of agency.

Table 2.3: Budget allocation by category of agency (Jan-Jun 2019)

Nu. in million

Sl #	Agency	Capital
1	Ministries	5,324.390
2	Judiciary	33.991
3	Constitutional Bodies	89.384
4	Autonomous Agencies	698.410
5	Dzongkhags	1,431.978
6	Gewogs	942.786
7	Thromdes	564.849
8	MoF	2,294.404
	<i>o/w Lending</i>	80.588
	<i>o/w Repayment</i>	632.756
	<i>o/w Subsidies, transfers and equities</i>	606.560
	<i>o/w General Reserve</i>	974.500
Total		11,380.192

2.3 Budget Appropriation for FY 2018-19

The total budget appropriation for FY 2018-19 is estimated at Nu. 47,698.129 million. This includes budget of Nu. 36,317.937 million passed by the 11th Session of the 2nd Parliament and capital budget of Nu. 11,380.192 million allocated for the period Jan-Jun 2019. The total budget appropriation for FY 2018-19 accounts for about 15.5% of the total outlay of the 12FYP.

The consolidated budget for FY 2018-19 is presented in the table below.

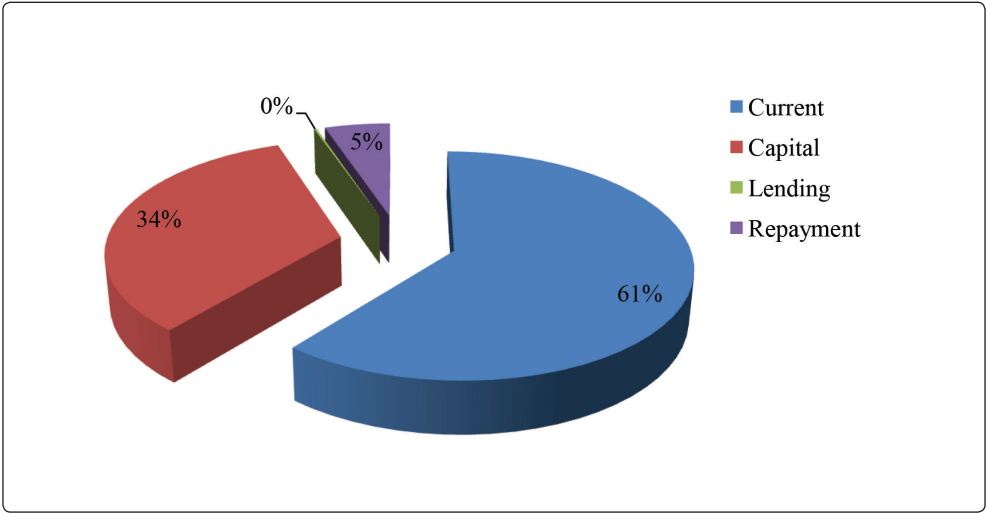
Table 2.4: Summary of total Budget Appropriation for the FY 2018-19

Nu. in million

Sl #	Expenditures Type	Amount
1	Current	29,075.167
2	Capital	16,053.010
3	Lending	95.028
4	Repayment	2,474.924
Total		47,698.129

As FY 2018-19 is the first year of the 12FYP, capital budget is only 34% of the total budget while current budget accounts for 61% of the budget followed by repayment and lending.

Graph 2.1: Total budget appropriation by percentage



For the FY 2018-19, the Ministries will receive 49% of the total allocation (Nu. 23,484.552 million) as most of the on-going/spill-over activities are implemented by the Ministries. The Local Governments will receive about 26% of the total budget followed by Autonomous Agencies, Constitutional Bodies and Judiciary.

The budget allocation by category of agency is given in table 2.5.

Table 2.5: Total budget appropriation by category of agency

Nu. in million

Sl #	Category	Current (A)	Capital		Total Capital (B)	Total (A+B)
		(Jul-Jun)	(Jul-Dec)	(Jan-Jun)	(Jul-Jun)	
1	Ministries	14,618.134	3,542.028	5,324.390	8,866.418	23,484.552
2	Judiciary	290.759	18.500	33.991	52.491	343.250
3	Constitutional Bodies	849.026	91.175	89.384	180.559	1,029.585
4	Autonomous Agencies	3,904.880	610.060	698.410	1,308.470	5,213.350
5	Dzongkhags	8,090.885	227.670	1,431.978	1,659.648	9,750.533
6	Gewogs	470.164	2.300	942.786	945.086	1,415.250
7	Thromdes	851.319	11.550	564.849	576.399	1,427.718
8	MoF		2,739.487	2,294.404	5,033.891	5,033.891
	<i>o/w Lending</i>		14.440	80.588	95.028	95.028
	<i>o/w Repayment</i>		1,842.168	632.756	2,474.924	2,474.924
	<i>o/w Subsidies, transfers and equities</i>		211.379	606.560	817.939	817.939
	<i>o/w General Reserve</i>		671.500	974.500	1,646.000	1,646.000
Total		29,075.167	7,242.770	11,380.192	18,622.962	47,698.129

The budget summary for FY 2018-19 is given in the table below.

Table 2.6: Total Budget summary for FY 2018-19

Nu. in million

Particulars	Approved Budget (Jun 2018)	Budget Estimates (Jan 2019)
TOTAL RESOURCES	38,600.392	39,893.853
I. DOMESTIC REVENUE	35,854.998	33,943.967
i. Tax	26,150.961	25,037.460
ii. Non-Tax	9,704.037	8,906.507
II. OTHER RECEIPTS	10.000	20.000
III. GRANTS	2,735.394	5,929.886
i. Program Grants	150.000	150.000
a) GoI	-	-
b) Others	150.000	150.000
ii. Project-tied Grants	2,585.394	5,779.886
a) GoI	1,072.003	3,024.114
b) Others	1,513.391	2,755.772
I. Total Expenditure	34,461.329	45,128.177
i. Current Expenditure	29,075.167	29,075.167
ii. Capital Expenditure	5,386.162	16,053.010
OVERALL BALANCE	4,139.063	(5,234.324)
FINANCING	(4,139.063)	5,234.324
a. Net Lending	1,554.413	1,433.162
i. Principle recoveries	1,568.853	1,528.190
Less lending	14.440	95.028
b. Net external borrowings	(1,210.837)	961.245
i. Project-tied Borrowings	626.023	1,281.689
ii. Program Borrowings	-	2,143.865
Less repayment	1,836.860	2,464.309
<i>c. Net internal borrowings Surplus/Deficit</i>	<i>4,477.331</i>	<i>(2,850.532)</i>
i. Internal borrowings	-	-
Less repayment	5.308	10.615
GDP	206,234.000	194,451.578
<i>Fiscal balance % of GDP</i>	<i>2.0%</i>	<i>-2.69%</i>

2.4 Resources

The total resource estimated for the FY 2018-19 is Nu. 39,893.853 million, an increase by Nu. 1,293.461 million compared to its initial estimate mainly on account of external grant receipt of Nu. 3,194.492 million.

The domestic revenue is revised to Nu. 33,943.967 million, a decrease by Nu. 1,911.031 million, mainly on account of delay in commissioning of MHP and decrease in electricity production due to poor hydrology.

2.4.1 Domestic revenue

The total domestic revenue for the fiscal year is estimated to be Nu. 33,943.967 million. Of the total domestic revenue, Nu. 25,037.460 million is tax revenue and Nu. 8,906.507 million is non-tax revenue.

The domestic revenue has been revised downward by Nu. 1,911.031 million. This is mainly due to fall in tax revenue by Nu. 1,113.501 million and non-tax revenue by Nu. 797.530 million on account of decrease in electricity production due to poor hydrology and delay in the commissioning of MHP.

2.4.2 External grants

The total estimated grants during the FY is Nu. 5,929.886 million. Of the total, major portion is expected from GoI as bridge financing (Nu. 1,550.900 million) and for spill-over activities (Nu. 1,473.214 million). The balance is expected from the EU, World Bank, ADB, and other UN agencies for on-going projects.

2.5 Expenditure

Total expenditure for FY is estimated at Nu. 45,128.177 million of which Nu. 29,075.167 million is current expenditure and Nu. 16,053.010 million is capital expenditure.

2.5.1 Current expenditure

The current expenditure for the FY 2018-19 is estimated at Nu. 29,075.167 million. Of the total current expenditure, 37% is for salary and wages, 35% for operation and maintenance, 23% for subsidy, grants and transfer and 5% for interest payment.

2.5.2 Capital expenditure

The capital expenditure for the FY is estimated at Nu. 16,053.010 million. Of the total, Nu. 5,386.162 million was for the period Jul-Dec 2018 and Nu. 10,666.848 million is for the period Jan-Jun 2019. Capital budget includes provisions for on-going activities, new activities and flagship programs based on the priorities of the 12FYP.

The table below shows the details of the capital budget for the FY 2018-19.

Table 2.7: Summary of capital Budget by category of agency

Nu. in million

Sl #	Category	Capital (Jul-Dec)	Capital (Jan-Jun)	Total
1	Ministries	4,424.907	6,905.450	11,330.357
2	Judiciary	18.500	33.991	52.491
3	Constitutional Bodies	91.175	89.384	180.559
4	Autonomous Agencies	610.060	698.410	1,308.470
5	Dzongkhags	227.670	1,431.978	1,659.648
6	Gewogs	2.300	942.786	945.086
7	Thromdes	11.550	564.849	576.399
Total		5,386.162	10,666.848	16,053.010

2.5.2.1 Ministries

For the period Jan-Jun 2019, Ministries will receive Nu. 6,905.450 million of the total capital budget of Nu. 10,666.848 million as detailed below:

- i. **Ministry of Home and Cultural Affairs:** Capital budget of Nu. 511.936 million is allocated to MoHCA mainly for on-going construction of Wangdue Phodrang, Pema Gatshel, Drugyel and Gasa Dzongs. The allocation also includes purchase of specialized vehicles for Royal Bhutan Police.

- ii. **Ministry of Finance:** Capital budget of Nu. 1,988.477 million has been kept under MoF. Of the total, Nu. 407.417 million is for ad hoc/special priority and regular activities, Nu. 974.500 million for general reserves and Nu. 606.560 million for subsidies, transfers and equities.
- iii. **Ministry of Foreign Affairs:** Capital budget of Nu. 37.566 million is allocated mainly for on-going construction of staff quarters at RBE, New Delhi and renovation and furnishing of Chancery office in PMB, New York.
- iv. **Ministry of Agriculture and Forests:** Capital budget of Nu. 544.958 million is allocated to MoAF mainly for livestock development, construction and renovation of irrigation channels, conservation and protection of natural resources, RNR marketing and value chain programs.
- v. **Ministry of Economic Affairs:** Capital budget of Nu. 187.947 million is allocated to MoEA mainly for major activities like development of industrial estates and dry ports and initiation of detailed Project Report for hydropower projects.
- vi. **Ministry of Works and Human Settlement:** Capital budget of Nu. 2,367.228 million is allocated to MoWHS mainly for continuation of on-going widening of North-East-West Highway, construction of Dalbari-Dagapela and Khamena-Jenkana roads. Allocation also includes provisions for expansion of urban infrastructure and amenities in the Thromdes.
- vii. **Ministry of Information and Communication:** Capital budget of Nu. 295.267 million is allocated to MoIC mainly for relocation of air force elements and development of domestic airports. Allocation also includes provision to continue construction of film studios and theatres in five Dzongkhags.
- viii. **Ministry of Health:** Capital budget of Nu. 442.910 million is allocated to MoH mainly to continue construction of 150 bedded Gyaltsuen Jetsun Pema Mother and Child Hospital, 40 bedded hospital in Dewathang, procurement of medical equipment & ambulances, and to support on-going human resource development programs.

- ix. **Ministry of Education:** Capital of budget of Nu. 269.794 million is allocated to MoE mainly for completing the spill-over activities such as construction of central schools (Chundu, Chaskhar, Dorokha, Wana-kha), Middle Secondary Schools (Dechentsemo in Punakha, Motithang in Thimphu) and for continuing undergraduate scholarship programs.
- x. **Ministry of Labour and Human Resources:** Capital budget of Nu. 259.367 million is allocated to MoLHR mainly for Employment Facilitation Program, expansion of Technical Training Institutes and construction of Jigme Wangchuck Power Training Institute at Dekiling.

The details of budget allocation under various Ministries are given in the table below;

Table 2.8: Summary of capital budget allocation by ministry

Nu. in million

Sl #	Agency	Capital (Jan-Jun)
1	Ministry of Home & Cultural Affairs	511.936
2	Ministry of Finance	1,988.477
	<i>o/w Subsidies, Transfers and Equities</i>	606.560
	<i>o/w General Reserve</i>	974.500
3	Ministry of Foreign Affairs	37.566
4	Ministry of Agriculture & forests	544.958
5	Ministry of Economic Affairs	187.947
6	Ministry of Works & Human Settlement	2,367.228
7	Ministry of Information & Communications	295.267
8	Ministry of Health	442.910
9	Ministry of Education	269.794
10	Ministry of Labour & Human Resources	259.367
Total		6,905.450

2.5.2.2 Judiciary

Capital budget of Nu. 33.991 million is allocated mainly for construction of Drangpon's residences at Wangdue Phodrang, Dorokha, and Phuentsholing and renovation of courts at Trashigang and Jomotshangkha.

Table 2.9: Budget summary for the Judiciary

Nu. in million

Budget estimates			Total estimates (A+B+C)
Current (Jul-Jun) A	Capital (July-Dec) B	Capital (Jan-Jun) C	
290.759	18.500	33.991	343.250

2.5.2.3 Constitutional bodies

Anti-Corruption Commission

Capital budget of Nu. 28.388 million is allocated mainly for construction of office building at Phuentsholing, implementation of business integrity initiative and to conduct specialized training on investigation, prevention and education.

Table 2.10: Budget summary of Anti-Corruption Commission

Nu. in million

Budget estimates			Total estimate (A+B+C)
Current (Jul-Jun) A	Capital (July-Dec) B	Capital (Jan-Jun) C	
83.483	13.178	28.388	125.049

Election Commission of Bhutan

Capital budget of Nu. 9.103 million is allocated mainly to conduct learning and experience sharing programs post 3rd Parliamentary elections.

Table 2.11: Budget summary of Election Commission of Bhutan

Nu. in million

Budget estimates			Total estimates (A+B+C)
Current (Jul-Jun) A	Capital (July-Dec) B	Capital (Jan-Jun) C	
515.024	15.113	9.103	539.240

Royal Civil Service Commission

Capital budget of Nu. 29.550 million is allocated mainly to implement the cost-sharing HRD programs, enhance Civil Service Information System, implement Civil Service Awards, and conduct the Young Professional Leadership Program (YLP).

Table 2.12: Budget Summary of Royal Civil Service Commission

Nu. in million

Budget estimates			Total estimates (A+B+C)
Current (Jul-Jun) A	Capital (July-Dec) B	Capital (Jan-Jun) C	
68.538	46.108	29.550	144.196

Royal Audit Authority

Capital budget of Nu. 22.343 million is allocated mainly to support integration of audit follow-up systems and for capacity building of RAA officials.

Table 2.13: Budget Summary of Royal Audit Authority

Nu. in million

Budget estimates			Total estimates (A+B+C)
Current (Jul-Jun) A	Capital (July-Dec) B	Capital (Jan-Jun) C	
181.981	16.776	22.343	221.100

2.5.2.4 Autonomous Agencies

Total capital budget of Nu. 698.410 million is allocated to 34 Autonomous Agencies as shown in the table below.

Table 2.14: Budget summary of Autonomous Agencies

Nu. in million

Sl #	Agency	Budget estimates
		Capital (Jan-Jun)
1	His Majesty's Secretariat	1.500
2	His Majesty's Secretariat (4th King)	0.180
3	National Assembly of Bhutan	42.922
4	National Council of Bhutan	3.490
5	Council for Religious Affairs	73.928
6	Cabinet Secretariat	3.700
7	Office of the Attorney General	2.250
8	Bhutan Olympic Committee	67.000
9	Dzongkha Development Commission	7.503
10	National Land Commission	20.000
11	Centre for Bhutan Studies and GNH Research	53.891
12	Gross National Happiness Commission	1.800
13	National Environment Commission	10.900
14	Royal Institute of Management	9.826
15	Royal University of Bhutan	69.400
16	National Statistics Bureau	0.655
17	Bhutan Narcotics Control Authority	4.797
18	Bhutan Information Communication Media Authority	83.575
19	Drug Regulatory Authority	2.317
20	Tourism Council of Bhutan	29.105
21	National Commission for Women & Children	5.854
22	Royal Education Council	18.975
23	Bhutan Council for School Examination & Assessment	3.000
24	Royal Privy Council	6.350
25	Bhutan Standard Bureau	3.640
26	Khesar Gyalpo University of Medical Sciences of Bhutan	30.363
27	Jigme Singye Wangchuck School of Law	1.266
28	Bhutan National Legal Institute	3.746
29	Civil Society Organizations Authority	0.050

Sl #	Agency	Budget estimates
		Capital (Jan-Jun)
30	Jigme Dorji Wangchuck National Referral Hospital	101.744
31	Construction Development Authority	2.700
32	Bhutan Health Trust Fund	-
33	National Center for Hydrology And Meteorology	31.033
34	Bhutan Medical & Health Council	0.950
	Total Autonomous Bodies	698.410

Some of the major activities under various Autonomous Agencies are given in the following table.

Table 2.15: Major capital activities under Autonomous Agencies

Nu. in million

Sl #	Agency	Name of activity	Amount
1	CRA	Expansion of Tango Buddhist College	11.502
2	BoC	Construction of multi-sports hall, S/Jongkhar	7.000
3	BoC	Installation of artificial turf, Lhuentse	30.000
4	BoC	Preparation & participation in the 13 th South Asian Games, Nepal	8.000
5	BICMA	Construction of office building	22.423
6	BICMA	Rural Communication Programme	55.000
7	CBS	Construction of Library of Mind, Body & Sound	53.890
8	RUB	Construction of 96 bedded hostel and staff quarter at Gyelpozhing College of Information & Technology	13.863
9	RUB	Renovation of the Dining hall, Sherubtse College	5.000
10	NCHMS	Procurement of spare parts for hydromet equipment	7.340
11	NEC	Bhutan's 3 rd National Communication to UNFCCC (UN Framework Convention on Climate Change	5.900
12	KGUMSB	Construction of KGUMSB's Secretariat building	20.000
13	JDWNRH	Construction of biomedical, maintenance and procurement office building	6.000
14	JDWNRH	Up-gradation of MRI	21.780
15	JDWNRH	Procurement of hospital equipment	20.000
16	JDWNRH	Furnishing of Community Health Department at Gyaltsuen Jetsun Pema Mother-Child Hospital	20.764

2.4.5.5 Local Governments (Dzongkhags, Gewogs & Thromdes)

Capital budget of Nu. 2,939.613 million is allocated for the Local Governments for period Jan-Jun 2019. Of the total, Nu. 1,431.978 million is for the Dzongkhags, Nu. 942.786 million for the Gewogs and Nu. 564.849 million for the Thromdes as presented below:

Table 2.16: Budget summary for Local Governments

Nu. in million

Sl #	Category	Capital (Jan-Jun)
1	Dzongkhags	1,431.978
2	Gewogs	942.786
3	Thromdes	564.849
Total		2,939.613

The major share of the capital budget for the Dzongkhags and Gewogs is allocated for construction and maintenance of farm roads (Nu. 331.950 million), rural water supply schemes (Nu. 141.137 million) and irrigation channels (Nu. 80.872 million).

List of major activities is presented below:

Table 2.17: Major capital activities in Dzongkhags and Gewogs

Nu. in million

Sl #	Dzongkhag	Activity	Amount	Funding
1	Chukha	Construction of additional facilities at Kamji Central School (Spill Over)	10.500	RGoB
2	Haa	Procurement of Choecha at Lhakhang Karpo	10.000	RGoB
3	Gasa	Construction of Drasha (Spill Over)	10.000	RGoB
4	LauriGewog	Construction of bailey bridge	8.800	RGoB
5	Lhuentse	Phaling Thromde road widening and permanent works	7.646	RGoB
6	Mongar	Construction of 200 bedded hostel for boys/ girls and 12 unit classroom at Kidheykhar MSS	7.630	RGoB
7	Chhukha	Construction of additional facilities at Pakshikha Central School (Spill Over)	7.500	RGoB
8	Trashigang	Construction of Lhakhang and Drasha at Sakteng (Spillover)	7.000	RGoB
9	Bumthang	Maintenance of Jakar Dzong	5.000	RGoB

Under the Thromdes of Thimphu, Phuentsholing, Gelephu, and Samdrup Jongkhar, capital budget of Nu. 564.849 million is allocated mainly for development of urban roads, water supply, sewerage systems, and other essential public amenities.

List of major activities under the Thromdes is presented below:

Table 2.18: Major capital activities in the Thromdes

Nu. in million

Sl #	Thromde	Activity	Amount	Funding
1	Thimphu	Road formation cutting from Lungtenzam-pa to Gyelyong Tshogkhang gate	57.000	RGoB
2	Thimphu	Acquisition of land for inter-district bus terminal at Semtokha	57.000	RGoB
3	Samdrup Jongkhar	Rehabilitation of water supply at Samdrup Jongkhar Thromde	56.000	ADB
4	Gelephu	Construction of common service ducts	40.000	RGoB
5	Gelephu	Construction of road, footpath, and drain at Industrial Services Center	37.000	RGoB
6	Gelephu	Construction of footpath at LAP- I	17.000	RGoB
7	Gelephu	Construction of Bridge at LAP-II	15.000	RGoB
8	Phuentsholing	Construction of roads at Rinchending LAP	20.310	RGoB

2.5.3 Subsidies, Equities and Transfers

Total allocation of Nu. 606.560 million is earmarked as subsidies, equities and transfers to be provided to State-Owned Enterprises. Of the total, Nu. 36.290 million is provided as subsidies, Nu. 448.651 million as equities and Nu.121.619 million as transfers.

The detail of subsidies, equities and transfers is shown in table 2.19.

Table 2.19: Summary of Subsidies, Equities and Transfers

Nu. in million

Sl#	Name of Agency	Capital (Jan-Jun)
Subsidy		
1	Bhutan Broadcasting Service Corporation	22.634
2	Subsidy to NHDCL for loan availed from NPPF to construct housing complex in Phuentsholing	13.656
A	Total	36.290
Equity		
1	To enhance paid-up capital of BDBL	72.625
2	Revolving Fund I & II	376.026
B	Total	448.651
Transfer		
1	Druk Gyalpo Relief Fund	10.000
2	Bhutan Economic Stabilization Fund	67.500
3	Endowment for Crop and Livestock Conservation	10.000
4	Support to Alternative Dispute Resolution Centre (ARDC)	0.414
5	Others	33.705
C	Total	121.619
D	Grand Total (A+B+C)	606.560

2.5.4 General Reserves

Under the General Reserves, Nu. 974.500 million has been provisioned to meet unforeseen expenditure during the year. The transfer to the agencies from the General Reserves shall be made on actual basis subject to fulfilment of established criteria and formalities.

The details of the General Reserves are presented in the table given below:

Table 2.20: Summary of General Reserves

Nu. in million

Sl. #	Purpose	Capital (Jan-Jun)
1	Rehabilitation program	50.000
2	Monsoon works/other renovations	100.000
3	Disaster Relief Fund	87.500
4	New appointments / establishments	15.000
6	Acquisition of properties- Land	200.000
7	Ad-hoc works	350.000
8	Flagship program (Water & OGOP)	172.000
Total		974.500

2.5.5 Flagship Program

During the 12FYP, flagship programs are high priority multi sector interventions to address national issues. The programs will undertake end-to-end interventions and multiple agencies or Dzongkhags will work together under one program to address the issue.

For the FY 2018-19, Budget has been provisioned to start the implementation of OGOP (One Gewog One Product) and Water (for ensuring 24X7 supply of safe drinking water) under the flagship programs.

2.6 Financing

The fiscal deficit for the FY 2018-19 is estimated at Nu. 5,234.324 million which will be financed through borrowings from external and domestic sources.

The Government will continue to mobilize concessional loans from multilateral development banks and bilateral development partners besides resorting to domestic borrowings for financing the fiscal deficit.

2.6.1 External borrowing

During the FY, Nu. 3,425.554 million is estimated to be borrowed from external sources. This consists of interest free program borrowing of Nu. 2,143.865 million (US\$ 30 million) as development policy credit (DPC) from the World Bank and Nu. 1,281.689 million as project-tied borrowing from World Bank, ADB, IFAD and JICA.

In keeping with the public debt policy, efforts will be made to meet financing requirements from highly concessional windows which are available from bilateral and multilateral development partners.

The detail of external borrowings is presented in the table below.

Table 2.21: External borrowings

Nu. in million			
Lender	Program borrowing	Project-tied borrowing	Total
ADB	-	468.044	468.044
World Bank	2,143.865	626.900	2,770.765
IFAD	-	157.865	157.865
JICA	-	28.880	28.880
Total	2,143.865	1,281.689	3,425.554

2.6.2 Internal borrowing

In the 12FYP, the Government will consider issuing Government Bonds with varying maturities as alternative source of financing fiscal deficit while also continuing with the issuance of T-Bills for rolling over the outstanding T-bills and for cash management purposes, including pre-financing the donor funded projects. This will not only facilitate raising funds from domestic market at highly competitive rates but also promote development of capital market in the country.

For the FY, the domestic borrowing is estimated at Nu. 2,850.532 million for financing the residual fiscal deficit. In addition, T-bills will be issued for redeeming and rolling over of the outstanding T-bills.

2.6.3 Net lending

The Government avails concessional financing from external sources and on-lends to the SOEs for meeting their financing requirements.

During the FY, based on the loan agreements signed, the on-lending is estimated to be Nu. 95.027 million. Of the total, Nu. 28.880 million will be borrowed from JICA and Nu. 66.147 million from ADB which will be on-lent to BPC for RE works and to DHI for Phuentsholing Township Development project respectively.

Total recoveries during the FY, from the past on-lending to various SOEs, is estimated at Nu. 1,528.190 million. Since recoveries is more than on-lending, the net lending is negative Nu.1,433.162 million which is expected to improve the fiscal space. However, as all the recoveries are on account of external loan, it is used for repayment, except for domestic recovery which will be available for expenditure.

The detail of the lending and recoveries is presented below:

Table 2.22: On lending and recoveries

Nu. in million

	Particulars	Lender	Amount
I	On-lending		
1	Rural Electrification (RE - II)	JICA	28.880
2	Phuentsholing Township Development Project	ADB	66.147
	Total on-lending (A)		95.027
II	Recoveries – External		
1	THPA	GoI	671.296
2	BDFC Loan BHU-934/0088-89/512/659/DPC2	ADB/IFAD/IDA	29.513
3	BPC - RE I/II/III (1375/1712/2009/0119/JICA-P1/RE-IV)	ADB/JICA/Austria	186.243
4	Green Power Development Project (2463/2464-BHU OCR/ADF)	ADB	133.463
5	Basochhu Hydropower Projects (Upper & Lower Stage)	Austria	145.325
6	Dagachhu Hydropower Project	Austria	328.540
III	Recoveries – Domestic		
1	Purchase of aircraft for Drukair	RGoB	33.811
	Total recoveries (external + domestic) (B)		1,528.190
	Net lending (A-B)		(1,433.162)

2.7 Public debt stock

2.7.1 External debt stock

Based on the planned disbursements for the on-going projects and new projects, the external debt stock is estimated to be Nu. 204,009.306 million by the end of FY 2018-19. External debt constitutes about 96.7% of the total public debt and accounts for 105.1% of the GDP. The external debt stock is projected to grow by 13.9% on account of expected disbursement for ongoing hydropower projects (Puna I, Puna II, Nikachhu and Kholongchhu).

Of the total external debt stock, 76% (Nu. 154,820.044 million) is on account of the hydropower projects and 24% (Nu. 49,189.263 million) is non-hydro debt.

Since hydropower projects are considered self-liquidating and the non-hydro debt is borrowed from multilateral and bilateral development partners at highly concessional rate, the level of debt stock does not pose any risk of debt default.

2.7.2 Domestic debt stock

By the end of FY 2018-19, the domestic debt stock is estimated to be Nu. 10,999.557 million, mainly on account of loan availed from NPPF for construction of staff quarters at Phuentsholing hospital and for redeeming and rolling over of outstanding T-bills, besides meeting cash flow shortfall.

2.7.3 Debt servicing

During the FY 2018-19, the total debt service estimated through the budget is Nu. 4,042.921 million of which Nu. 2,474.924 million is for principal repayment and Nu. 1,567.997 for interest payment. Principal repayment and interest payment on account of external debt is Nu. 2,464.310 million and Nu. 1,314.437 million respectively.

Of the external repayment, GoI hydropower loans accounts for 33.1% of the total principal repayment (Nu. 671.296 million). Similarly, interest payment for GoI hydropower loans accounts for 40% of the total interest payment (Nu. 621.857 million). The total debt service ratio for the FY 2018-19 is estimated to be 5.7%.

The statement of debt service for the FY2018-19 is shown in the table below.

Table 2.23: Statement of debt service (through budget) for the FY2018-19

Nu. in million

Sl #	Lender	Principal	Interest	Total
1	ADB	681.973	268.277	950.250
2	IDA	300.639	230.071	530.710
3	IFAD	83.988	22.203	106.191
4	GoA	636.028	168.337	804.365
5	JICA	90.385	3.692	94.077
6	GoI	671.296	621.857	1,293.153
	External	2,464.309	1,314.437	3,778.746
7	Staff quarters of P/ling hospital	10.615	3.560	14.175
8	Interest on ways & means advances and T-bills	-	250.000	250.000
	Domestic	10.615	253.560	264.175
		2,474.924	1,567.997	4,042.921

2.8 Budget Appropriation Bill for FY 2018-19

Budget Appropriation Bill of Nu. 11,380.192 million is submitted to the House for consideration for meeting the capital expenditure, repayment and on-lending for the period Jan-Jun 2019.

For the purpose of consolidation, the budget of Nu. 36,317.937 million passed by the 11th Session of the 2nd Parliament is included in the new Budget Appropriation Bill for FY 2018-19. As such, the total Budget Appropriation for FY 2018-19 is for Nu. 47,698.129 million.

CONCLUSION

The FY 2018-19 is a special year as two Budget Reports are presented in the same fiscal year by two different Governments. Despite the unique situation, the Government is committed to serve the *Tsa-wa-sum* with utmost dedication and humility and ensure undisrupted public service delivery.

Further, for the next six months of the fiscal year, the Government will ensure that the approved budget is optimally used to lay the foundation towards fulfilling the wishes and aspirations of the people in reducing the income inequality and *Narrowing the Gap*. The Government is committed to implement all the pledges in due course of time and the annual budget will be the instrument to deliver them.

The Government would like to express its gratitude to the previous Governments for sustaining the rapid development gains achieved under the visionary leadership of our monarchs and taking the country forward for an imminent graduation from LDC status. The Government will ensure that the graduation is smooth and sustainable.

The Government is confident that the Hon'ble Members will find the budget acceptable and pass the Budget Appropriation Bill for FY 2018-19 expeditiously. For consolidation, the current budget and the capital budget passed by the 11th Session of the 2nd Parliament is also included in the new Budget Appropriation Bill. As such, upon passing, the new Budget Appropriation Bill for FY 2018-19 shall supersede the existing Budget Appropriation Act.

The Government, on behalf of the people, would like to pay tribute to His Majesty the King and His Majesty the Drukgyal Zhipa for their continued guidance and concern for the welfare of the Bhutanese people. The Government would also like to express its deepest respect and gratitude to His Holiness the 70th Je Khenpo for his lifetime of service in promoting spiritual wellbeing of the Bhutanese people and the sentient beings.

May the guardian deities of the glorious Palden Drukpa forever protect the nation and people for peace, prosperity and happiness.

ANNEXURES

Annexure I : Schedule of Appropriations

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
1	His Majesty's Secretariat	36.439		36.439	1.500	37.939
2	His Majesty's Secretariat (4th King)	23.991		23.991	0.180	24.171
3	National Assembly of Bhutan	134.540	0.555	135.095	42.922	178.017
4	National Council of Bhutan	78.435	12.640	91.075	3.490	94.565
5	Council for Religious Affairs	644.263	18.459	662.722	73.928	736.650
6	Judiciary	290.759	18.500	309.259	33.991	343.250
7	Royal Civil Service Commission	68.538	46.108	114.646	29.550	144.196
8	Anti-Corruption Commission	83.483	13.178	96.661	28.388	125.049
9	Election Commission of Bhutan	515.024	15.113	530.137	9.103	539.240
10	Royal Audit Authority	181.981	16.776	198.757	22.343	221.100
11	Cabinet Secretariat	40.221		40.221	3.700	43.921
12	Office of the Attorney General	33.873		33.873	2.250	36.123
13	Bhutan Olympic Committee	98.947	22.948	121.895	67.000	188.895
14	Dzongkha Development Commission	19.491		19.491	7.503	26.994
15	National Land Commission	160.869		160.869	20.000	180.869
16	Centre for Bhutan Studies And Gnh Research	36.307	53.892	90.199	53.891	144.090
17	Gross National Happiness Commission	40.706	41.433	82.139	1.800	83.939
18	National Environment Commission	33.473	8.290	41.763	10.900	52.663
19	Royal Institute of Management	47.024	10.714	57.738	9.826	67.564
20	Royal University of Bhutan	721.133	153.762	874.895	69.400	944.295
21	National Statistics Bureau	37.262		37.262	0.655	37.917
22	Bhutan Narcotics Control Authority	26.978		26.978	4.797	31.775
23	Bhutan Information Communication Media Authority	17.231	44.852	62.083	83.575	145.658
24	Drug Regulatory Authority	17.623	0.175	17.798	2.317	20.115
25	Tourism Council of Bhutan	65.540	1.720	67.260	29.105	96.365

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
26	National Commission for Women & Children	16.592	6.293	22.885	5.854	28.739
27	Royal Education Council	33.525		33.525	18.975	52.500
28	Bhutan Council for School Examination & Assessment	122.715		122.715	3.000	125.715
29	Royal Privy Council	16.834	3.355	20.189	6.350	26.539
30	Bhutan Standard Bureau	24.781	0.300	25.081	3.640	28.721
31	Khesar Gyalpo University of Medical Sciences of Bhutan	111.591	17.813	129.404	30.363	159.767
32	Jigme Singye Wangchuck School of Law	49.320	121.253	170.573	1.266	171.839
33	Bhutan National Legal Institute	15.080	1.817	16.897	3.746	20.643
34	Civil Society Organizations Authority	3.329		3.329	0.050	3.379
35	Jigme Dorji Wangchuck National Referral Hospital	1,073.937	58.775	1,132.712	101.744	1,234.456
36	Construction Development Authority	14.634		14.634	2.700	17.334
37	Bhutan Health Trust Fund	6.714		6.714	-	6.714
38	National Center for Hydrology And Meteorology	92.277	30.364	122.641	31.033	153.674
39	Bhutan Medical & Health Council	9.205	0.650	9.855	0.950	10.805
40	Ministry of Home & Cultural Affairs	1,892.058	288.598	2,180.656	511.936	2,692.592
41	Ministry of Finance	6,853.762	3,153.906	10,007.668	2,701.821	12,709.489
	<i>O/w On-Lending</i>		14.440	14.440	80.588	95.028
	<i>O/w General Reserve</i>	1,340.301	671.500	2,011.801	974.500	2,986.301
	<i>O/w Subsidies, Transfers And Equities</i>	3,149.837	212.079	3,361.916	606.560	3,968.476
	<i>O/w Debt Servicing</i>	1,567.997	1,842.168	3,410.165	632.756	4,042.921
42	Ministry of Foreign Affairs	710.899	1.250	712.149	37.566	749.715
43	Ministry of Agriculture & forests	2,047.678	460.061	2,507.739	544.958	3,052.697
44	Ministry of Economic Affairs	258.578	155.835	414.413	187.947	602.360
45	Ministry of Works & Human Settlement	661.949	1,393.896	2,055.845	2,367.228	4,423.073
46	Ministry of Information & Communications	340.554	85.549	426.103	295.267	721.370
47	Ministry of Health	1,060.699	303.729	1,364.428	442.910	1,807.338
48	Ministry of Education	538.474	292.818	831.292	269.794	1,101.086
49	Ministry of Labour & Human Resources	253.483	145.873	399.356	259.367	658.723

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
50	Dzongkhag Administration, Chhukha	572.615	26.000	598.615	82.069	680.684
51	Sampheling Gewog, Chhukha	2.096		2.096	6.790	8.886
52	Bongo Gewog, Chhukha	2.332	1.500	3.832	10.420	14.252
53	Chapchha Gewog, Chhukha	2.230		2.230	3.952	6.182
54	Dungna Gewog, Chhukha	2.507		2.507	2.407	4.914
55	Geling Gewog, Chhukha	2.139		2.139	3.770	5.909
56	Darla Gewog, Chhukha	2.276		2.276	10.328	12.604
57	Getana Gewog, Chhukha	2.517		2.517	9.222	11.739
58	Bjachho Gewog, Chhukha	2.129		2.129	3.680	5.809
59	Lokchina Gewog, Chhukha	2.373		2.373	6.060	8.433
60	Metakha Gewog, Chhukha	2.315		2.315	1.922	4.237
61	Phuentsholing Gewog, Chhukha	2.205		2.205	7.103	9.308
62	Dzongkhag Administration, Haa	209.157		209.157	77.184	286.341
63	Bji Gewog, Haa	3.392		3.392	2.600	5.992
64	Katsho Gewog, Haa	2.018		2.018	1.969	3.987
65	Sangbey Gewog, Haa	2.457		2.457	11.563	14.020
66	Sama Gewog, Haa	2.108		2.108	3.390	5.498
67	Iusu Gewog, Haa	2.048		2.048	3.182	5.230
68	Gakidling Gewog, Haa	2.512		2.512	9.822	12.334
69	Dzongkhag Administration, Paro	500.562	1.000	501.562	73.394	574.956
70	Dobshari Gewog, Paro	2.138		2.138	3.330	5.468
71	Dogar Gewog, Paro	2.362		2.362	2.440	4.802
72	Doteng Gewog, Paro	2.171		2.171	2.212	4.383
73	Hungrel Gewog, Paro	2.151		2.151	1.811	3.962
74	Lango Gewog, Paro	2.241		2.241	3.245	5.486
75	Lungnyi Gewog, Paro	2.240		2.240	2.920	5.160
76	Naja Gewog, Paro	2.720		2.720	4.820	7.540
77	Shaba Gewog, Paro	2.217		2.217	2.275	4.492
78	Tsento Gewog, Paro	2.236		2.236	3.880	6.116
79	Wangchang Gewog, Paro	2.172		2.172	4.980	7.152
80	Dzongkhag Administration, Samtse	685.331	0.600	685.931	82.515	768.446
81	Norgaygang (Bara) Gewog, Samtse	2.553		2.553	10.045	12.598
82	Pemaling (Biru) Gewog, Samtse	2.192		2.192	7.210	9.402
83	Sangngacholing (Chargharey) Gewog, Samtse	2.196		2.196	6.970	9.166

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
84	Norbugang (Chengmari) Gewog, Samtse	2.307		2.307	8.450	10.757
85	Denchukha Gewog, Samtse	2.403		2.403	6.421	8.824
86	Dophuchen (Dorokha) Gewog, Samtse	2.502		2.502	10.216	12.718
87	Dumteod Gewog, Samtse	2.276		2.276	3.935	6.211
88	Yoedseltse Gewog, Samtse	2.279		2.279	5.914	8.193
89	Namgaycheoling Gewog, Samtse	2.263		2.263	7.020	9.283
90	Tendu Gewog, Samtse	2.424		2.424	9.399	11.823
91	Ugyentse Gewog, Samtse	2.270		2.270	3.498	5.768
92	Phuentshopelri (Pugli) Gewog, Samtse	2.317		2.317	8.236	10.553
93	Samtse Gewog, Samtse	2.246		2.246	7.603	9.849
94	Tashicholing (Sibsu) Gewog, Samtse	2.330		2.330	5.576	7.906
95	Tading Gewog, Samtse	2.273		2.273	9.409	11.682
96	Dzongkhag Administration, Tsirang	368.541	0.750	369.291	85.440	454.731
97	Patshaling (Beten) Gewog, Tsirang	2.148		2.148	2.610	4.758
98	Dunglagang Gewog, Tsirang	2.237		2.237	2.250	4.487
99	Barshong Gewog, Tsirang	2.325		2.325	5.930	8.255
100	Goseling Gewog, Tsirang	2.208		2.208	2.330	4.538
101	Rangthangling Gewog, Tsirang	2.160		2.160	4.553	6.713
102	Kilkhorthang Gewog, Tsirang	2.159		2.159	5.157	7.316
103	Mendrelgang Gewog, Tsirang	2.200		2.200	2.377	4.577
104	Sergithang (Pataley) Gewog, Tsirang	2.445		2.445	2.694	5.139
105	Phuentenchhu Gewog, Tsirang	2.339		2.339	7.239	9.578
106	Shemjong Gewog, Tsirang	2.280		2.280	1.319	3.599
107	Tsholingkhar Gewog, Tsirang	2.170		2.170	2.515	4.685
108	Tsirangteod Gewog, Tsirang	2.303		2.303	6.448	8.751
109	Dzongkhag Administration, Dagana	379.453	10.172	389.625	78.560	468.185
110	Dorona Gewog, Dagana	2.720		2.720	8.790	11.510
111	Drujeygang Gewog, Dagana	2.150		2.150	3.510	5.660
112	Gesarling Gewog, Dagana	2.141		2.141	3.140	5.281
113	Goshi Gewog, Dagana	2.120		2.120	3.610	5.730
114	Kana Gewog, Dagana	2.278		2.278	3.471	5.749
115	Khebisa Gewog, Dagana	2.200		2.200	2.906	5.106
116	Lajab Gewog, Dagana	2.319		2.319	2.320	4.639

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
117	Trashiding Gewog, Dagana	2.131		2.131	5.621	7.752
118	Tsendagang Gewog, Dagana	2.128		2.128	5.398	7.526
119	Tsangkha Gewog, Dagana	2.164		2.164	3.052	5.216
120	Tseza Gewog, Dagana	2.283		2.283	3.164	5.447
121	Karmaling (Deorali) Gewog, Dagana	2.595		2.595	5.013	7.608
122	Lhamoizingkha Gewog, Dagana	2.568		2.568	2.926	5.494
123	Nichula Gewog, Dagana	2.585		2.585	4.105	6.690
124	Dzongkhag Administration, Punakha	436.659	0.800	437.459	80.994	518.453
125	Chhubu Gewog, Punakha	2.282		2.282	7.650	9.932
126	Goenshari Gewog, Punakha	2.294		2.294	1.991	4.285
127	Guma Gewog, Punakha	2.126		2.126	4.080	6.206
128	Kabjisa Gewog, Punakha	2.272		2.272	3.878	6.150
129	Limbukha Gewog, Punakha	2.284		2.284	1.650	3.934
130	Shengana Gewog, Punakha	2.400		2.400	2.286	4.686
131	Talo Gewog, Punakha	2.248		2.248	2.570	4.818
132	Teowang Gewog, Punakha	2.466		2.466	3.287	5.753
133	Dzoma Gewog, Punakha	2.194		2.194	2.668	4.862
134	Baap Gewog, Punakha	3.156		3.156	3.370	6.526
135	Toebesa Gewog, Punakha	2.269		2.269	2.978	5.247
136	Dzongkhag Administration, WangduePhodrang	459.430	3.150	462.580	76.544	539.124
137	Bjena Gewog, WangduePhodrang	2.224		2.224	3.000	5.224
138	Dangchhu Gewog, WangduePhodrang	2.411		2.411	2.883	5.294
139	Daga Gewog, WangduePhodrang	2.317		2.317	3.251	5.568
140	Gangteod Gewog, WangduePhodrang	2.402		2.402	2.510	4.912
141	Gasetshogongm Gewog, WangduePhodrang	2.242		2.242	2.881	5.123
142	Gasetshowogm Gewog, WangduePhodrang	2.254		2.254	2.064	4.318
143	Kazhi Gewog, WangduePhodrang	2.264		2.264	3.657	5.921
144	Nahi Gewog, WangduePhodrang	2.292		2.292	2.134	4.426
145	Nyisho Gewog, WangduePhodrang	2.373		2.373	3.386	5.759

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
146	Phangyuel Gewog, WangduePhodrang	2.236		2.236	2.084	4.320
147	Phobji Gewog, WangduePhodrang	2.406		2.406	3.453	5.859
148	Rubesa Gewog, WangduePhodrang	2.339		2.339	2.985	5.324
149	Sephu Gewog, WangduePhodrang	2.551		2.551	5.182	7.733
150	Athang Gewog, WangduePhodrang	2.373		2.373	11.861	14.234
151	Thedtsho Gewog, WangduePhodrang	2.171		2.171	2.500	4.671
152	Dzongkhag Administration, Bumthang	275.274	1.181	276.455	79.961	356.416
153	Chhoeckhor Gewog, Bumthang	2.072		2.072	7.192	9.264
154	Chhumey Gewog, Bumthang	2.195		2.195	4.774	6.969
155	Tang Gewog, Bumthang	2.184		2.184	4.175	6.359
156	Ura Gewog, Bumthang	2.334		2.334	3.695	6.029
157	Dzongkhag Administration, Sarpang	427.705	16.074	443.779	83.181	526.960
158	Samteyling Gewog, Sarpang	2.221		2.221	2.825	5.046
159	Chhuzargang Gewog, Sar- pang	2.309		2.309	3.648	5.957
160	Dekidling Gewog, Sarpang	2.155		2.155	5.101	7.256
161	Chhuzom Gewog, Sarpang	2.594		2.594	6.474	9.068
162	Tareything Gewog, Sarpang	2.364		2.364	0.955	3.319
163	Gelephu Gewog, Sarpang	2.281		2.281	3.932	6.213
164	Gakidling Gewog, Sarpang	2.145		2.145	4.449	6.594
165	Jigmedchheoling Gewog, Sarpang	2.492		2.492	8.615	11.107
166	Umling Gewog, Sarpang	2.371		2.371	2.538	4.909
167	Singye Gewog, Sarpang	2.170		2.170	2.016	4.186
168	Shompangkha Gewog, Sarpang	2.165		2.165	2.221	4.386
169	Sershong Gewog, Sarpang	2.351		2.351	2.922	5.273
170	Dzongkhag Administration, Zhemgang	377.401	2.343	379.744	77.905	457.649
171	Bardo Gewog, Zhemgang	2.243		2.243	7.732	9.975
172	Bjoka Gewog, Zhemgang	2.261		2.261	7.640	9.901
173	Nangkori Gewog, Zhemgang	2.121		2.121	8.410	10.531
174	Ngangla Gewog, Zhemgang	2.204		2.204	5.620	7.824
175	Phangkhar Gewog, Zhemgang	2.207		2.207	7.009	9.216

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
176	Shingkhaw Gewog, Zhemgang	2.220		2.220	4.683	6.903
177	Trong Gewog, Zhemgang	2.008		2.008	6.136	8.144
178	Goshing Gewog, Zhemgang	2.275		2.275	4.370	6.645
179	Dzongkhag Administration, Trongsa	274.255	7.753	282.008	87.827	369.835
180	Drakteng Gewog, Trongsa	2.269		2.269	3.668	5.937
181	Korphu Gewog, Trongsa	2.453		2.453	2.610	5.063
182	Langthel Gewog, Trongsa	2.372		2.372	4.933	7.305
183	Nubi Gewog, Trongsa	2.512		2.512	5.050	7.562
184	Tangsibji Gewog, Trongsa	2.147		2.147	3.449	5.596
185	Dzongkhag Administration, Lhuentse	268.567	16.652	285.219	52.083	337.302
186	Gangzur Gewog, Lhuentse	2.256		2.256	7.128	9.384
187	Jarey Gewog, Lhuentse	2.528		2.528	3.542	6.070
188	Khoma Gewog, Lhuentse	2.278		2.278	5.270	7.548
189	Kurteod Gewog, Lhuentse	2.378		2.378	4.655	7.033
190	Minjay Gewog, Lhuentse	2.315		2.315	3.918	6.233
191	Menbi Gewog, Lhuentse	2.315		2.315	4.705	7.020
192	Metsho Gewog, Lhuentse	2.405		2.405	3.731	6.136
193	Tsenkhar Gewog, Lhuentse	2.357		2.357	4.841	7.198
194	Dzongkhag Administration, Mongar	534.917	29.749	564.666	55.769	620.435
195	Balam Gewog, Mongar	2.278		2.278	3.217	5.495
196	Chhali Gewog, Mongar	2.125		2.125	3.785	5.910
197	Chaskhar Gewog, Mongar	2.195		2.195	5.098	7.293
198	Drametse Gewog, Mongar	2.269		2.269	5.278	7.547
199	Drepung Gewog, Mongar	2.191		2.191	3.020	5.211
200	Gongdue Gewog, Mongar	2.298		2.298	6.385	8.683
201	Jurmey Gewog, Mongar	2.303		2.303	4.734	7.037
202	Kengkhar Gewog, Mongar	2.420		2.420	5.778	8.198
203	Mongar Gewog, Mongar	2.214		2.214	6.161	8.375
204	Ngatshang Gewog, Mongar	2.231		2.231	3.710	5.941
205	Saleng Gewog, Mongar	2.271		2.271	5.619	7.890
206	Sherimuhung Gewog, Mongar	2.196		2.196	4.899	7.095
207	Silambi Gewog, Mongar	2.223		2.223	3.964	6.187
208	Thangrong Gewog, Mongar	2.848		2.848	4.423	7.271
209	Tsakaling Gewog, Mongar	2.143		2.143	3.618	5.761
210	Tsamang Gewog, Mongar	2.237		2.237	3.440	5.677
211	Narang Gewog, Mongar	2.214		2.214	3.322	5.536

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
212	Dzongkhag Administration, PemaGatshel	407.263	21.991	429.254	45.012	474.266
213	Chongshing Gewog, PemaGatshel	2.278		2.278	2.078	4.356
214	Chhimung Gewog, Pema Gatshel	2.293		2.293	4.098	6.391
215	Dungmin Gewog, Pema Gatshel	2.378		2.378	5.005	7.383
216	Khar Gewog, Pema Gatshel	2.206		2.206	3.203	5.409
217	Shumar Gewog, Pema Gatshel	2.137		2.137	5.510	7.647
218	Yurung Gewog, Pema Gatshel	2.272		2.272	2.216	4.488
219	Zobel Gewog, Pema Gatshel	2.141		2.141	2.676	4.817
220	Dechhenling Gewog, Pema Gatshel	2.426		2.426	4.971	7.397
221	Norbugang Gewog, Pema Gatshel	2.248		2.248	3.602	5.850
222	Nanong Gewog, Pema Gatshel	2.081		2.081	3.978	6.059
223	Choekhorling Gewog, Pema Gatshel	2.246		2.246	4.400	6.646
224	Dzongkhag Administration, Samdrup Jongkhar	415.477	12.797	428.274	29.292	457.566
225	Phuentshothang Gewog, Samdrup Jongkhar	2.442		2.442	6.502	8.944
226	Pemathang Gewog, Samdrup Jongkhar	2.252		2.252	3.877	6.129
227	Gomdar Gewog, Samdrup Jongkhar	2.162		2.162	9.752	11.914
228	Wangphu Gewog, Samdrup Jongkhar	2.204		2.204	8.990	11.194
229	Langchenphu Gewog, Sam- drup Jongkhar	2.375		2.375	3.062	5.437
230	Lauri Gewog, Samdrup Jongkhar	2.180		2.180	15.789	17.969
231	Martshala Gewog, Samdrup Jongkhar	2.386		2.386	10.009	12.395
232	Dewathang Gewog, Samdrup Jongkhar	2.201		2.201	5.169	7.370
233	Orong Gewog, Samdrup Jongkhar	2.319		2.319	4.298	6.617
234	Samrang Gewog, Samdrup Jongkhar	1.963		1.963	1.196	3.159
235	Serthi Gewog, Samdrup Jongkhar	2.237		2.237	9.424	11.661

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
236	Dzongkhag Administration, Trashigang	773.062	52.057	825.119	33.326	858.445
237	Bartsham Gewog, Trashigang	2.183		2.183	2.877	5.060
238	Bidung Gewog, Trashigang	2.206		2.206	3.394	5.600
239	Kanglung Gewog, Trashigang	2.250		2.250	6.299	8.549
240	Kangpara Gewog, Trashigang	2.384		2.384	4.703	7.087
241	Khaling Gewog, Trashigang	2.441		2.441	5.181	7.622
242	Lumang Gewog, Trashigang	2.560		2.560	7.900	10.460
243	Merak Gewog, Trashigang	2.287		2.287	5.277	7.564
244	Yangnyer Gewog, Trashigang	2.215		2.215	4.580	6.795
245	Phongmey Gewog, Trashigang	2.242		2.242	4.595	6.837
246	Radhi Gewog, Trashigang	2.185		2.185	5.060	7.245
247	Sakteng Gewog, Trashigang	2.335		2.335	5.221	7.556
248	Samkhar Gewog, Trashigang	2.357		2.357	4.249	6.606
249	Shongphu Gewog, Trashigang	2.180		2.180	5.555	7.735
250	Thrimshing Gewog, Trashigang	2.356		2.356	4.020	6.376
251	Udzorong Gewog, Trashigang	2.292		2.292	5.714	8.006
252	Dzongkhag Administration, Thimphu	279.455	3.251	282.706	83.688	366.394
253	Soe Gewog, Thimphu	2.530		2.530	3.328	5.858
254	Chang Gewog, Thimphu	2.144		2.144	3.360	5.504
255	Dagala Gewog, Thimphu	2.160		2.160	2.495	4.655
256	Gayney Gewog, Thimphu	3.336		3.336	1.810	5.146
257	Kawang Gewog, Thimphu	2.158		2.158	3.449	5.607
258	Lingzhi Gewog, Thimphu	2.404	0.800	3.204	3.568	6.772
259	Mewang Gewog, Thimphu	2.111		2.111	5.580	7.691
260	Naro Gewog, Thimphu	2.197		2.197	1.777	3.974
261	Dzongkhag Administration, Gasa	116.434	10.000	126.434	62.367	188.801
262	Geonkhamed Gewog, Gasa	2.152		2.152	2.064	4.216
263	Geonkhateod Gewog, Gasa	2.320		2.320	1.840	4.160
264	Laya Gewog, Gasa	2.178		2.178	3.779	5.957
265	Lunana Gewog, Gasa	2.574		2.574	7.305	9.879
266	Dzongkhag Administration, Trash Yangtse	329.327	11.350	340.677	104.867	445.544
267	Bumdeling Gewog, Trash Yangtse	2.085		2.085	4.805	6.890
268	Jamkhar Gewog, Trash Yangtse	2.211		2.211	2.144	4.355

Sl.#	Agency	Budget estimates				
		Current (Jul-Jun)	Capital (July-Dec)	Total (A)	Capital (Jan-Jun) (B)	Total (A+B)
269	Khamdang Gewog, Trashi Yangtse	2.186		2.186	3.902	6.088
270	Ramjar Gewog, Trashi Yangtse	2.138		2.138	2.056	4.194
271	Teodtsho Gewog, Trashi Yangtse	2.302		2.302	2.955	5.257
272	Tongmizhangtsha Gewog, Trashi Yangtse	2.282		2.282	2.552	4.834
273	Yalang Gewog, Trashi Yangtse	2.240		2.240	2.687	4.927
274	Yangtse Gewog, Trashi Yangtse	2.038		2.038	3.135	5.173
275	Thimphu Thromde	546.110	8.900	555.010	141.949	696.959
276	Phuentsholing Thromde	115.679		115.679	107.620	223.299
277	Gelegphu Thromde	107.373		107.373	171.350	278.723
278	Samdrup Jongkhar Thromde	82.157	2.650	84.807	143.930	228.737
	TOTAL	29,075.167	7,242.770	36,317.937	11,380.192	47,698.129

Annexure II : Budget Policy Fiscal Framework (Consolidated)

Particulars	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Budget	Projection	Projection
A Revenue & Grants	42,673.13	55,359.37	39,893.85	60,398.09	61,305.11
1 Domestic Revenue	29,713.60	36,871.32	33,943.97	45,750.24	43,209.44
i Tax	21,707.00	26,819.71	25,037.46	26,314.70	30,244.14
ii Non-tax	8,006.60	10,051.61	8,906.51	19,435.55	12,965.31
2 Grants	12,986.75	17,433.08	5,929.89	14,647.85	18,095.67
i GoI	9,882.57	13,781.13	3,024.11	11,683.85	12,730.28
ii Others	3,104.18	3,651.95	2,702.16	2,735.14	4,951.13
iii Internal Grants	-	-	203.617	228.85	414.27
4 Other receipts	(27.23)	1,054.97	20.00		
B Total Expenditure	48,017.99	56,513.50	45,128.177	66,140.96	68,803.11
1 Current	24,129.59	28,616.64	29,075.17	39,430.03	40,926.88
i Primary Current	22,130.87	26,527.83	27,507.17	35,726.70	37,121.41
ii Interest payments	1,998.72	2,088.81	1,568.00	3,703.32	3,805.46
2 Capital	25,837.02	29,990.64	16,053.010	26,710.93	27,876.23
3 Net Lending	(2,003.12)	(2,093.78)	-	-	-
4 Other Payments	54.50	-	-	-	-
C Fiscal Balance	(5,344.86)	(1,154.13)	(5,234.32)	(5,742.87)	(7,497.99)
<i>In percent of GDP*</i>	(3.42)	(0.66)	(2.69)	(2.68)	(3.16)
D Primary Balance	(3,346.15)	934.68	(3,666.33)	(2,039.55)	(3,692.53)
<i>In percent of GDP*</i>	(2.14)	0.54	(1.89)	(0.95)	(1.56)
Financing	5,344.86	1,154.13	5,234.32	5,742.87	7,497.99
E Net Lending			13,194.84	306.56	203.87
<i>On-lending</i>			14,723.03	3,797.96	3,728.26
<i>Recoveries</i>		1,568.85	1,528.19	3,491.39	3,524.39
F Net Borrowing			18,429.16	6,049.44	7,701.86
Net External Borrowing	524.33	203.21	15,684.27	4,532.45	(382.68)
<i>Borrowing</i>	3,227.66	3,023.53	18,148.58	8,770.64	4,180.13
<i>Repayment</i>	2,703.34	2,820.32	2,464.31	4,238.19	4,562.81
Net Domestic Borrowing**	4,820.54	950.92	2,744.89	1,516.98	8,084.54
<i>Borrowing</i>			2,755.50	4,820.14	13,798.63
<i>Repayment</i>			10.62	3,303.16	5,714.09
Nominal GDP (Nu. in million) as on Dec2017	156,112.65	174,516.00	194,451.58	214,644.88	237,032.09