



NATIONAL BUDGET
FINANCIAL YEAR 2006-07

MINISTRY OF FINANCE
June 2006

BUDGET REPORT FOR THE FINANCIAL YEAR 2006-2007

Table of Contents

INTRODUCTION	2
REVIEW OF ECONOMIC PERFORMANCE	2
REVIEW OF FINANCIAL YEAR 2005-2006 BUDGET	4
BUDGET ESTIMATES FOR FINANCIAL YEAR 2006-2007	7
EXPENDITURE BUDGET OUTLAY	8
DZONGKHAG AND GEWOG EXPENDITURE BUDGET	9
SECTOR ALLOCATIONS	11
<i>Health</i>	11
<i>Education</i>	12
Human Resources Development	13
<i>Agriculture</i>	13
<i>Industrial and Private Sector Development</i>	13
Vocational Training and Employment	14
Direct Assistance to the Private Sector	14
<i>Roads</i>	15
<i>Urban Development, Housing and Public Amenities</i>	16
<i>Communications & Transport</i>	16
<i>Energy</i>	17
<i>Cultural Services</i>	18
<i>General Public Service</i>	18
<i>Public Debt Service</i>	18
RESOURCES	19
<i>Domestic Revenue</i>	19
<i>External Resources</i>	21
EXTERNAL ASSISTANCE	21
DEBT	22
EXTERNAL DEBT	22
INTERNAL DEBT	24
TRUST FUNDS	24
FINANCIAL SECTOR	25
PUBLIC ENTERPRISES/CORPORATIONS	26
FUTURE OUTLOOK	27
CONCLUSION	28
ANNEXURES	29
TABLE 1: SELECTED MONETARY AND FINANCIAL INDICATORS	29
TABLE 2: FINANCIAL INSTITUTIONS DEPOSITS AND LENDING RATES.....	30
TABLE 3: COMPARATIVE SOCIAL AND ECONOMIC INDICATORS	31

BUDGET REPORT FOR THE FINANCIAL YEAR 2006-2007

Introduction

Honourable Speaker, Honourable Members,

I have the privilege of presenting the Government's annual budget to the National Assembly. The new financial years' budget has been prepared against the backdrop of the impending introduction of the new system of governance under the wise and farsighted leadership of His Majesty the King, and the beginning of the 10th Five-year Development Plan of our country. The new budget contains a number of elements which are in preparation for these future events. It also encompasses a large number of activities which are, as reported in the previous sessions, due to the need to complete the plan activities. Given the late start of the 9th Plan activities owing to non-finalisation of external assistance, many activities remain to be completed. It is however fortunate that the 9th Plan period has been extended by one year, till June 2008. His Majesty the King was pleased to command that the 10th Plan should be passed by the new Government in 2008 as it will be their responsibility to implement the Plan successfully.

I will present firstly the review of our economic performance, then the review of the 2005-06 budget estimates and then the budget estimates for the new financial year 2006-07, followed by other relevant reports.

Review of Economic Performance

Bhutan has experienced an average Gross Domestic Product (GDP) growth of over 7 % in the first three years of the 9th Plan. Estimates from the National Statistical Bureau (NSB) indicate that GDP will have grown by 6.1 % by the end of 2005. This expected lower growth in GDP is largely due to the decline in the rate of construction and transport sectors, which combined form the major contributors to the GDP. Nevertheless, growth in GDP continued to be driven by the construction and electricity sectors, and on account of strong growth in demand for public infrastructure and increased access to credit which has boosted investments in private construction. As with the past year, the tertiary sector

is expected to have grown faster during 2005, accounting for 37.6 % of GDP, leaving the secondary sector's share at 34.3 % of GDP, and the primary sector's share slightly lower at 25.1 %, reflecting the gradual transformation of our economy.

Annual **inflation** increased slightly from 3.9 % in the last quarter of the previous year to 4.9 % as at the end of December, 2005. Developments in prices were influenced by price movements in India, and in particular higher food and fuel prices. Nonetheless, inflation remains moderate, and is still among the lowest in the region.

In the area of **exchange rates**, between December 2004 and December 2005, the Ngultrum depreciated by 3.6 % against the US dollar. However, Bhutan's exports largely being to India under an exchange rate parity system, this has not had adverse impacts on the competitiveness of Bhutan's exports.

In terms of **employment**, the 2005 Population & Housing Census showed unemployment to be 3.1 % in 2005. While this is an increase from 2.5 % in the past year, it is still low by international levels. This is mainly the result of increased private sector activities, fuelled by the strong level of investments, assisted by the policies of the Government. In particular, tourism has rebounded sharply from the post 9/11 and SARS epidemic levels, resulting in a positive impact on employment.

With respect to the **Balance of Payments**, the Ministry is pleased to highlight that in spite of a persistent trade deficit, inflows of aid are helping to keep the current account positive. Our **foreign reserves** grew by 30.4 % and stood at around US \$ 511.7 million at the end of 2005, of which US \$ 407 m was in convertible currency. Despite the increase in overall import levels, the net growth in foreign reserves has remained positive, and by December 2005, it was sufficient to cover over 15 months of imports. Relative to the level reported last year, the import coverage reflects substantial release of foreign exchange for industries, including the arrangement to retain foreign exchange earnings from exports of manufactured goods and cash crops.

On the **Monetary and Credit** developments front, reflecting the growth in private sector credit and developments in the Balance of Payments, money supply grew by 12 % during the year ending 2005. The most significant development was the growth in Net Foreign Assets by 37 % during the period, of which convertible currency assets grew by 60 %.

Credit to the private sector increased by 30 %, and most of the banks' credits were to the trade and construction sectors.

I would like to inform the honourable members that the International Monetary Fund fielded a mission in March 2006 to assess Bhutan's macroeconomic developments and prospects. The Ministry of Finance is pleased to report that overall, the findings of the Fund's latest mission were that the country's medium-term macroeconomic prospects remained favourable.

The World Bank has also conducted an assessment of our policies and institutions, as well as of our performance. These are done for determining resource allocations which is based on a country's performance. According to these assessments, the honourable members will be pleased to know that our rating for the policies and institutions was 3.8 in 2005, placing us among the top three in the region. With regard to our performance rating, we have a score of 5.2, which is the highest in the region where the average is 3.1.

Review of Financial Year 2005-2006 Budget

As of end-March 2006, the total budget for the financial year 2005-2006 was estimated at Nu. 16,151 m, or an increase of around 9.9 % over the original estimates. Capital expenditure budget is estimated to be higher by around 15% and current expenditures by around 4.5 %. An abstract of the revised estimates is given below.

REVISED BUDGET SUMMARY

Financial Year 2005-2006

(Nu. in millions)

	Original Budget	Revised Budget
<u>TOTAL RESOURCES</u>	12,959.899	13,534.099
<i>I. Domestic Revenue</i>	7,388.219	6,805.920
<i>i) Tax</i>	4,445.633	3,766.199
<i>ii) Non-Tax</i>	2,942.586	3,039.721
<i>II. Other Receipts</i>	93.550	342.566
<i>III. Grants</i>	5,478.130	6,385.613
<i>i) Program Grants</i>	1,894.000	1,894.000
<i>a) GoI</i>	1,750.000	1,750.000
<i>b) Others</i>	144.000	144.000
<i>ii) Project-tied Grants</i>	3,584.130	4,491.613
<i>a) GoI</i>	1,980.086	2,085.208
<i>b) Others</i>	1,604.044	2,406.405
<u>TOTAL OUTLAY</u>	14,700.561	16,151.073
<i>I. Total Expenditure</i>	14,651.781	16,102.293
<i>i) Current Expenditure</i>	6,887.834	7,198.097
<i>ii) Capital Expenditure</i>	7,763.947	8,904.196
<i>II. Net Lending</i>	48.780	48.780
<u>OVERALL BALANCE</u>	-1,740.662	-2,616.974
<u>Financing</u>	1,740.662	2,616.974
<i>i) Project-tied borrowings</i>	1,244.189	1,333.133
Less Repayment	410.880	410.880
<i>ii) Other Domestic Borrowings</i>		1,753.023
Less Repayment		2,073.023
<i>iii) Resource Gap (Change in Cash Balances)</i>	907.353	2,014.721

On the **current expenditure** side, the increase was on account of the expenditures on draft constitution meetings, establishment costs of new offices, namely the offices of the Anti-corruption Commission and of the Election Commission, participation in the 23rd International University Games, preparation for participation in 10th Asian Games, preparation for Civil Service Position Classification System, and for the meetings to formulate recommendations for Good Governance, amongst others. The increase was also due to some incorporation of donor-assisted activities.

On the **capital expenditure** side, most of the increase can be attributed to the incorporations of external grants based on the absorptive capacity and implementations of the projects ahead of the earlier anticipated time schedules. Others are attributable to restoration works on monsoon-damaged roads, establishment of new offices and a Dungkhag.

On the **resources side, domestic revenue** has been revised downwards by 8 % from the original estimates. This is mainly on account of the delay in receipt of excise duty refund from the Government of India, and as a result, domestic revenues are expected to cover 95 % of the current expenditures. Utilisations of **grants** are expected to grow by around 25 %, mainly on account of project-tied grants, reflecting faster project implementation and concomitant disbursements. They are expected to cover around 40 % of the total outlay as against 37 % in the original estimates.

In **debt service**, Treasury bills worth Nu. 320 m has been redeemed during the year and therefore, repayment budget has increased by that extent. The debt servicing ratios are still in the comfortable range. The net debt service amounts to Nu. 988 m (Nu. 493 m for external debt and Nu. 495 m for internal debt) which takes up 14.5 % of revenues.

The **overall balance** is expected to be a deficit of 6.6 % of the estimated GDP. The increase in deficit is mainly due to the repayment of the internal debts, increase in expenditures under activities financed from the Royal Government's own resources and decrease in domestic revenue, as highlighted above. However, the position is likely to improve substantially to around 4.9 % towards the end of the financial year when more

grant assistance is received. This should help maintain the deficit below 5 % in line with our projected fiscal path.

Budget Estimates for Financial Year 2006-2007

With the 9th Plan nearing its end, many capital works had to be budgeted in the financial year 2006-07 to achieve the Plan goals and objectives. Assiduously pursuing our sound policy of maintaining a positive current fiscal balance and a positive primary balance, the budget has also been prepared to meet recurrent expenditures by our domestic revenues.

The **total expenditure budget** is estimated at Nu. 17,902 m which forms 26 % of the 9th Plan outlay. It is around 11 % higher than the revised outlay of the financial year 2005-06. Given the inflation rate of around 4 %, the outlay is around 7% increase in real terms. The increase in the outlay is mainly due to sizeable projection of works by the implementing agencies to meet the targets.

Comparing the outlay against the revenues and grants, a **fiscal deficit** of around 3 % of estimated GDP is projected. This is felt to be reasonable given the Royal Government's policy of maintaining the fiscal deficit below 5 %. This slightly expansionary fiscal policy should help stimulate the economy further and maintain the development momentum.

The budget is summarised in the table below.

NATIONAL BUDGET ESTIMATES
Financial Year 2006-07
(Nu. in millions)

Description	Estimates	Percentage
<u>TOTAL RESOURCES</u>	16,412.933	100.00
I. Domestic Revenue	10,121.982	61.67
<i>i. Tax</i>	5,586.850	34.04
<i>ii. Non-Tax</i>	4,535.132	27.63
II. Other Receipts	56.230	0.34
III. Grants	6,234.721	37.99
i. Program Grants	1,194.000	7.27
<i>a) GoI</i>	1,050.000	6.40
<i>b) Others</i>	144.000	0.88
ii. Project-tied Grants	5,040.721	30.71
<i>a) GoI</i>	3,124.832	19.04
<i>b) Others</i>	1,915.889	11.67
<u>TOTAL OUTLAY</u>	17,901.583	
I. Total Expenditure	17,775.963	100.00
<i>i. Current Expenditure</i>	7,961.974	44.48
<i>ii. Capital Expenditure</i>	9,813.989	54.82
II. Net Lending	125.620	0.70
<u>OVERALL BALANCE</u>	-1,488.650	-8.32
Financing	1,488.650	100.00
i. Project-tied Borrowings	1,287.344	86.48
Less Repayment	651.803	43.78
ii. Resource Gap (Change in Cash Balances)	853.109	57.31

Expenditure Budget Outlay

Current Expenditure budget has been estimated at Nu. 7,962 m, which is 10.6 % over the previous year's revised estimates. The increase is mainly on account of the higher salaries and wages bill (Nu. 402 m), and the establishment of two constitutional bodies

(Nu. 79 m). In the Election Commission's budget, an amount of Nu. 13 m has been included for the mock election activities. The salaries and wages budget is estimated at Nu. 3,403 m, and is around 43 % of the current expenditure budget and 33.6 % of revenues. The 45 % salary increase sanctioned as an allowance last year has now been merged, and a new pay scale has been drawn up.

The *interest payments* amount to Nu. 448 m (Nu. 106 m for internal loans and Nu 342 m for external loans) and are projected to take up only 5.6 % of current expenditures and 4.4 % of estimated revenues.

As in the past, the current expenditures are projected such that they are fully met from the projected domestic revenues.

Capital expenditures are projected at Nu. 9,814 m, an increase of around 10 % from the previous year's revised estimates. The major items of capital expenditure are preparatory works for the introduction of the constitution in 2008, construction of the Supreme Court building, continuation in the construction of Referral Hospitals in Mongar and Thimphu, new road constructions, improvements of roads and pre-construction works for Punatsangchhu I and Dagachhu hydro-power projects.

Expenditure projected for construction of buildings accounts for 37 % of the total capital budget. Roads and bridge works account for around 16 %, and 11 % of the capital expenditures are planned for human resources development (HRD).

The *net debt service* amounts to Nu. 755 m (Nu. 474 m for external debt and Nu. 281 m for internal debt), which takes up 7.45 % of revenues.

Dzongkhag and Gewog Expenditure Budget

A total of Nu. 4,348 m or around 24 % of the total budget has been projected for execution by Dzongkhags. In comparison to the revised financial year 2005-2006 total budget of the Dzongkhags, this represents an increase of around 16 %. From this financial year, the budget for activities such as rural water supply (RWSS), farm roads, power tiller tracks, and budget for agriculture and livestock sectors of the six Eastern Dzongkhags have been decentralised to the Dzongkhags and Gewogs. In order to achieve the objective of providing clean drinking water, emphasis has been given on RWSS by

providing significant increase in the budget and decentralising the procurement and execution modalities in the construction. To enhance efficiency in local governance, more Gup's office constructions and furnishings for those completed have been given due importance in the budget. Most of the increase provided for the Dzongkhags and Gewogs is on account of capital expenditures (Nu. 2,083 m) which is 48 % of the total outlay for Dzongkhags and Gewogs. The current expenditure budget (Nu. 2,265 m) accounts for around 52 % of their total outlay.

Summary of Dzongkhag and Gewog Budget Allocation
(Nu. in millions)

Description	2005-06 Budget Estimate as of 31 st March 2006	2006-07 Budget Estimate	% Change
Dzongkhag	3,204	3,760	17
Current	2,051	2,195	
Capital	1,153	1,565	
Gewog	529	588	11
Current	69	70	
Capital	460	518	
Combined Dzongkhag/Gewog	3,733	4,348	% of Total
Current	2,120	2,265	52
Capital	1,613	2,083	48
Grand Total	3,733	4,348	100

The Dzongkhags' and Gewogs' budget for the Social Sector accounts for 56 % which includes constructions of schools, RWSS and construction of district hospitals. The Education sector has an outlay of Nu. 1,882 m (43 %) and Health Nu. 547 m (13 %). The share of Agriculture and livestock accounts for Nu. 676 m (16 %) of the total Dzongkhag & Gewog budget outlay.

Sector Allocations

Budget allocations by sectors are presented in the table below.

Sector Allocation for 2006-2007 Budget
(Nu. in millions)

Sectors	Current	Capital	Total	Percent
Social Services	2,588.667	3,046.184	5,634.851	30%
Health	938.675	1,341.579	2,280.254	12%
Education	1,649.992	1,704.605	3,354.597	18%
Economic and Public Sector	1,956.193	5,269.313	7,225.506	38%
Agriculture	957.990	1,397.432	2,355.422	12%
Mining & Manufacturing Industries	208.967	472.484	681.451	4%
Roads	207.507	1,201.593	1,409.100	7%
Housing & Community Amenities	246.277	727.215	973.492	5%
Communications	294.277	485.409	779.686	4%
Energy	41.175	985.180	1,026.355	5%
Cultural Services	243.541	238.723	482.264	3%
General Public Services	2,725.541	1,259.769	3,985.310	21%
Public Debt Services	448.032	1,154.063	1,602.095	8%
Repayment	448.032	651.803	1,099.835	6%
Lending	-	502.260	502.260	3%
Total	7,961.974	10,968.052	18,930.026	100%

Social Services

Health

The Royal Government has given priority to the social sector in all its five year plans, and the Health sector has been allocated around 12 % of the total budget annually. Accordingly, its total allocation in the new financial year is Nu. 2,280 m, comprising of Nu. 939 m for current expenditure accounting for 12 % of total current expenditures, and Nu. 1,342 m for capital expenditures, which makes up 12 % of the total capital expenditure outlay. Significant activities projected in the budget are Rural Water Supply

construction and rehabilitation with a budget of Nu. 108 m, the construction of hospitals with a budget of Nu. 728 m, and the construction of Public Health Laboratory in Thimphu (Nu. 46 m). Other important components are the continuous support to reproductive health and HIV/AIDS programmes with a provision of Nu. 116 m.

Intensification of HRD through appropriate trainings, up-gradation courses and continuing education are a priority area for which a budget of Nu. 103 m has been kept to cover both short-term and long-term courses. Placing importance on the information, education and communications aspects on health-related issues, a sum of Nu. 12 m has been budgeted for the purpose.

I'd also like to inform the honourable members that the Royal Government spends substantial amounts annually for the people by providing free medical services outside the country. In the new budget, we have estimated a sum of Nu. 86.34 m including the cost of offices in Kolkatta, Vellore and Gauhati in India.

Education

In accordance with the Royal Government's continued emphasis on this important sector, 18 % of the total budget has been allocated with a sum of Nu. 3,355 m. This comprises of Nu. 1,705 m for capital expenditure, which is 16 % of total capital expenditure outlay, and Nu. 1,650 m for current expenditure, which is 21 % of total current expenditure outlay. The capital budget includes expansion of educational infrastructure necessary to keep up with the rising demand. The budget covers 33 on-going school constructions for which a provision of Nu. 615 m has been made. Continued emphasis is placed on the development of human resources with Nu. 259 m for undergraduate courses and continuing education and skill development for teachers.

For tertiary education, a total budget of Nu. 440 m has been allocated under the Royal University's programmes. This includes funds for the on-going construction of Rigzhung Institute at Tagtse in Tongsa, and the expansion and renovation of facilities at Sherubtse College.

Human Resources Development

Besides the above, the Royal Government also spends large amounts annually for Human Resources Development other than in-country education. These are post-graduate studies abroad, various other trainings of all kinds, both within and outside the country, including farmers' trainings and study tours. The allocations are in the budgets of the various sectors. In this year's budget, these total up to a sum of Nu. 1,057 m (10.8 % of the capital budget). This is a reflection of the importance the Royal Government places on the development of its human resources, as one of the pre-requisites of a nation's socio-economic development is a well-educated and well-trained population.

Agriculture

With 69 % of our population dependent on subsistence farming for their living, the Royal Government continues to place high importance on this sector. 12 % of the total budget is allocated to this sector with a sum of Nu. 2,355 m. Some of the significant activities for which funds have been allocated are constructions of Quarantine stations (Nu. 20 m), Development of infrastructure for animal health like construction of laboratories & hospitals (Nu. 44 m), and Commercial pig and poultry breeding programme (Nu.51 m). It also covers the constructions of 31 new irrigation channels, 54 farm roads including power-tiller tracks and 32 Renewable Natural Resources centres, for which a budget provision of Nu. 360 m has been made. All these activities are directed towards improving farmers' incomes, market access and food self-sufficiency of the people.

Industrial and Private Sector Development

One of the Royal Government's key strategies for economic growth and for creating employment opportunities has been to encourage the development of industries and the private sector. One of the main constraints in setting up new industries has been the lack of adequate infrastructure namely industrial estates. To address this issue, the budget covers the continued works on the development of the Pasakha Industrial Estate (Nu.59m) and the Dhamdum Industrial estate (Nu. 7 m). Besides, a sum of Nu. 82 m has been budgeted for Tourism development. The preparatory works for the establishment of

a dry port in Phuentsholing will be continued in this fiscal year and a sum of Nu. 12 m has been allocated, mainly for the acquisition of land and buildings.

Vocational Training and Employment

Another constraint the private sector has been facing is the lack of skilled workforce. This has also been found to be the main cause of unemployment among the youth. With 153,577 students studying in our schools, the need to equip them with the necessary skills has been felt to be of extreme importance in recent times. Therefore, focus is being given on the expansion of access to vocational education and training. In the new financial year, a sum of Nu. 10.653 m has been allocated to open two new institutes, one in Sarpang and the other in Bumthang,

To create new skills and opportunities, 300 slots have been made available for call centre training (200 to be trained in-country and 100 to be trained in India) and 10 more have been selected for two-year diploma course on Art Photography and Media. For these, Nu. 4 m has been included in the budget.

To accommodate larger number of training seekers, apprenticeship programme in collaboration with the private enterprises have been started. The apprenticeship programme has so far trained 177 trainees who are gainfully employed. Currently, there are 92 trainees who will graduate soon. For this programme, Nu. 9 m has been budgeted.

Employment and private sector development should further be enhanced by the Entrepreneurship Development Programme. Those who successfully undergo this training are eligible for loans up to Nu. 1 m. The Credit Guarantee Scheme introduced in 2003 with an initial capital of Nu. 2 m is also helping generate businesses for small entrepreneurs.

Direct Assistance to the Private Sector

Besides the above, as reported in the previous year's budget presentation, direct assistance in the form of significant **tax incentives** have been given to the private sector since 2003. The costs were as given in the table below. In terms of tax incentives, the total cost to the exchequer in 2005 was Nu. 789 m. Industries also gain substantially in terms of the lower power rates. For 2004, the benefit is estimated at Nu. 27 m.

Assistance Granted to Private Sector
(Nu. in millions)

Type of Assistance	2003	2004	2005
1. Corporate/Business Income Tax Exemption	17.755	34.900	29.438
2. Customs Duty Exemption	38.805	51.821	322.039
3. Sales tax exemption	517.407	480.389	437.526
Total in terms of Taxes	573.967	567.110	789.003

The Government is in the process of evaluating the impact of these incentives, and depending on the results, the scheme will be revised appropriately.

Roads

This sector will continue to receive a high share in the budget as road transport is the main mode of transportation of goods and services in the country. Thus, in 2006-07 budget, a total allocation of Nu. 1,409 m has been made for the sector. Its capital budget has been estimated at Nu. 1,202 m, which accounts for around 11 % of the total capital outlay. A sum of Nu. 587 m has been earmarked for the regular maintenance of roads including resurfacing and improvements, representing 42 % of total roads sector budget. However, this allocation does not include the cost of monsoon-damaged road restoration works as it is not possible to assess the costs. Additional budgets are provided during the year after verifications are carried out.

For the constructions of new roads, a sum of Nu. 538 m is kept, which forms 38 % of the total roads sector budget. Some notable ones are Kuenselphodang road (Nu. 30 m), Urban roads in Thimphu core city (Nu. 89 m), Fly-over on the Thimphu-Babesa Expressway (Nu. 30 m), Gyelpozhing-Nganglam road (Nu. 100 m), Gongphu–Panbang road (Nu. 30 m), on-going construction of Nangar-Ura road (Nu. 50 m) and Samtse-Phuntsholing highway (Nu. 40 m). In addition, there are other road works being executed by the Government of India through Project Dantak. They are the completion of the Pasakha-Manitar road, the double-laning of the Babesa-Phuntsholing highway, and works on double-laning of Chhudzom-Paro highway.

There is also a provision of Nu. 92 m for new bridge constructions like the bridges on the Thimphu/Babesa Expressway, Pangsurmani bridge and Mathanguri bridge. This does not include the construction of bridges executed directly by donor agencies.

Urban Development, Housing and Public Amenities

A total budget of Nu. 973 m, or around 5 % of the total budget outlay, has been earmarked for this sector. As Thimphu city is rapidly growing with increasing population, the Royal Government has drawn up a structural plan for the extended city area. For this, a sum of Nu. 58 m is provided as subsidy to the Thimphu City Corporation to develop and improve its facilities and the basic infrastructure for the extended areas.

The government support to housing is mainly focussed on low-income housing in the Thimphu city and in the Dzongkhags. The other notable and urgent works included in the budget are the construction of residences for the ministers, constitutional post-holders and National Council members, Secretariat building construction, Supreme Court building construction and construction of residences for the National Assembly members.

Communications & Transport

An allocation of Nu. 780 m or around 4 % of the total outlay has been made for this sector. Significant new activities in this sector include subsidy to the Bhutan Broadcasting Service (BBS) amounting to Nu. 334 m. The major activities of the BBS include the construction of TV repeater stations to broaden the TV coverage in the country. This will not only improve the coverage of BBS transmission but also help in creating people's awareness on the general elections to prepare for the first National Elections in 2008.

In the Surface Transport sector, a sum of Nu. 17 m has been budgeted to procure traffic safety equipment and Nu. 36 m for the construction of regional transport offices in Phuentsholing, Mongar and Paro.

The Civil Aviation sector has been provided with a budget of Nu. 208 m. The major items include the expansion of the taxiing area, construction of smoke chamber and rescue tower, and procurement of safety equipment and spares, river protection and internal road resurfacing at the airport. It also includes Nu. 137 m as subsidy to the Druk Air Corporation for covering its loan interest payments. As reported last year, it is

necessary to continue subsidy to the corporation, given that its avenues for profitable operations is extremely limited.

In the Information and Communications Technology (ICT) sector, a sum of Nu. 15 m has been budgeted for continuation of the E-Governance project. Other provisions include Nu. 14 m for expanding the East/West fibre-optic band connectivity, Nu. 4 m for the *localisation of Dzongkha language in open source*, and Nu. 10 m for the Dzongkhag local area network and Internet connection.

For continuing the works on providing telecommunications facilities to the rural areas, a budget of Nu. 361 m has been earmarked from the loan of Euro 16 m availed from DANIDA. The project will be completed by November 2006, and in the current budget the project will focus on the extension of telephone services to 84 Gewogs using wireless local loop.

Energy

Nu. 1,026 m has been allocated to this sector, and one of the most important programmes is the continuation of rural electrification project. About 8,000 rural households under various Dzongkhags are expected to receive electricity connection in the new financial year.

Further, a sum of Nu. 302 m is set aside for carrying out the works on Tingtibi-Tongsa-Bumthang transmission line, Nu. 163 m for Deothang-Rangia transmission line and Nu. 25 m for Thimphu-Paro Sub-Transmission and Distribution works. These works could not be carried out in the previous year as projected because of delays in cost finalisation. A sum of Nu. 318 m has been earmarked for pre-construction works of Punatsangchhu-I, Detailed Project Reports (DPR) for Punatsangchhu II and the Mangdechhu power projects as well as for the construction of the Dagachhu power project. However, as the Honourable members are aware, projects related to power generation are kept outside the budget to avoid distortion.

Cultural Services

Under this sector, a sum of Nu. 482 m is budgeted for constructions and restoration of Dzongs, temples and monasteries. Some of the major works include the continuation of the constructions of Tsirang Dzong (Nu. 30 m), Chhukha Dzong (Nu. 25 m) and Jigmechheoling Datshang in Sarpang (Nu. 14 m). The major restoration works are those of the Semtokha Dzong (Nu. 31 m), the Tongsa Ta Dzong (Nu. 50 m) and the Tashigang Dzong (Nu. 4 m for preliminary works).

General Public Service

The total budget for this service is Nu. 3,985 m or around 21 % of the total expenditure outlay. This includes the administrative budget of certain line Ministries, Dzongkhag administrations and the autonomous agencies.

Public Debt Service

The total provision under this head is Nu. 1,602 m which includes Nu. 1,100 m for debt service (around 6 % of the total expenditure budget or 11 % of the total estimated revenue) and Nu. 502 m for on-lending.

Resources

Domestic Revenue

On the resources side, **domestic revenues** are estimated at Nu. 10,122 m or an increase of around 37 % from the original estimates of the 2005-06 financial year. The primary balance (i.e. against current expenditures net of interest payments) is projected at a positive of 24 %, and the current balance at a positive of 21 %, thus more than covering the current expenditures fully. The **tax revenue** is estimated to be 55 % of the total internal revenue and 11 % of the estimated GDP.

While a modest growth is also expected from the personal income taxes and sales taxes with the higher growth in GDP, the growth is largely projected on account of the commissioning of the Tala project. Once again, the farsighted policy of His Majesty the King in establishing large hydro-power projects is bringing us closer to economic self-reliance. The Chukha Hydro-power Corporation which was commissioned in 1988 has ever since been the backbone of our economy, contributing more than 35 % of our revenues. Now with the Kurichhu and the Tala projects, the contributions of such hydro-power projects will be much higher, in bringing to fruition the national goal of economic self-reliance.

The details are as shown in the table below.

DOMESTIC REVENUE PROJECTIONS

Financial Year 2006-07

(Nu. in millions)

Sl. No.	Sources of Revenue	Amount	Percentage
A	TAX REVENUE (1+2)	5,586.850	55.20
	I Direct Tax	3,061.010	30.24
1	Corporate Income Tax	1,988.277	19.64
2	Business Income Tax	341.014	3.37
3	Salary Tax / Personal Income Tax	146.416	1.45
4	Other Tax Revenue	585.303	5.78
	II Indirect Tax	2,525.840	24.91
5	Sales Tax	781.038	7.72
6	Export Tax	0.894	0.01
7	Excise Duty	1,516.406	14.98
8	Import Duty	223.176	2.20
9	Other Tax Revenue	4.326	0.04
B	NON-TAX REVENUE	4,535.132	44.80
10	Administrative Fees & Charges	215.285	2.13
11	Capital Revenue	217.568	2.15
12	Revenue from Govt. Depts./ Agencies	86.565	0.86
13	Dividends	3,460.813	34.19
14	Transfer of Profits	271.701	2.68
15	Other Non-tax Revenue	8.246	0.08
16	Interest from Corporations	274.954	2.72
TOTAL NATIONAL REVENUE (A+B+C)		10,121.982	100.00

External Resources

Over the revised 2005-06 budget, external **Grants** utilisation is expected to increase by about 12 %, covering at least 67 % of the total outlay. The increased projection is mainly on account of the advanced stages of projects under the GoI's assistance programme. However, as previously finalised with the Government of India, the Program Grant for this year is 40 % less from that of the previous year. In spite of this change, the Government of India remains the single largest development partner for Bhutan.

The utilisation of concessional **Loan** proceeds is programmed at around the same level as at that of the previous year.

External Assistance

As reported last year, the Ninth Round Table Meeting (RTM) for Bhutan was held on 15th and 16th of February 2006 in Geneva. The RTM is the highest-level forum for aid coordination and policy dialogue between the Royal Government and its development partners. The Ninth RTM witnessed a high-level representation from 14 bilateral donors and 26 multilateral and other development agencies, numbering over one hundred participants. This is a clear reflection of the friendship and support that Bhutan enjoys in the international community, and the recognition of the donor countries for the proper utilisation of external assistance.

In contrast to the past RTMs, the ninth RTM was of paramount importance for the fact that it was held at the preparatory stage of the Tenth Plan and in a period preceding profound political changes in the country. The broad thematic presentations on Governance; Decentralization and Development; Private Sector Development & Youth Employment; Poverty Reduction & the Millennium Development Goals (MDGs); 10th Plan Priorities and Financing for Development were made during the RTM. The Ministry of Finance is pleased to inform the honourable members that all development partners commended the extraordinary achievements of Bhutan in the social sector, which was reflected in its progress from a low level to a medium level of human development. They attributed this to the high social-sector spending, which was significantly above the international norms.

The development partners expressed their strong willingness to support Bhutan in its efforts especially given the democratic and political changes taking place in the country. They also expressed their support for poverty reduction in the 10th Plan and for the attainment of the MDGs, which call for an expanded public investment program, particularly in rural economic and social infrastructure.

The Royal Government also gave the commitment of continuing to ensure the judicious use of all resources and the highest levels of transparency and accountability. Many of the important donors were also willing to move towards the modality of budget support, and that is an indication of the confidence that the development partners have in the ability of the Royal Government to utilize resources well.

On behalf of the Royal Government and the people of Bhutan, the Ministry of Finance would like to once again thank all our development partners, especially India, Bhutan's oldest and closest friend, for the generous support and good will towards Bhutan. We also take this opportunity to assure all our development partners that it is certainly not the Royal Government's wish to continue to depend indefinitely on external assistance. The Royal Government is making every effort to move out of the Least Developed Countries' status as early as possible and not put continuous burden on the taxpayers of other nations.

Debt

External Debt

As the honourable members are aware, the Royal Government has been resorting to borrowings from the external sources particularly in view of the limited domestic resources and limited external grant resources as compared to our development financing needs.

The total outstanding external debt as of end of December 2005 was US \$ 643 million, which is about 8 % increase from that of the calendar year 2004 as shown in the table below. About 82 % of this increase was accounted for by the Indian Rupee loan disbursements for the Tala Hydro-power Project, and 18 % by convertible currency loans

disbursed for budget-related development activities. Of the total sovereign debt portfolio, Rupee loan accounts for more than 63 %, all of which is for the hydro-power projects. Hence, it would be reassuring for the Hon'ble members to note that the sovereign debt build-up has ensued from investments in hydro-power projects, which have high rates of return. The hydro-power projects will not only bring in substantial revenues to the Government through exports of power but also provide opportunities for our private sector to invest in industries.

Summary of Outstanding External Borrowings
(Nu. in millions)

Description	As of end Dec. 2004	As of end Dec. 2005
Convertible Currency Loans	233	241
Indian Rupee Loans	365	402
Total	598	643

Of the total **convertible currency debt** stock of US \$ 241 million, loans from International Development Financial Institutions (IDFI) account for around 74 %, and 26 % is loans from the Government of Austria, the Government of Denmark and the Kuwait Fund.

The Royal Government, over the years, has built considerable goodwill, trust and support from the IDFI's by demonstrating strong performance and efficient use of the borrowed resources. As a result, the country allocation for Bhutan has been increased.

While the increasing debt stock is of concern, the Ministry of Finance would like to again reassure the honourable members that it is being closely monitored on a regular basis. The conservative borrowing policy as in the past will be continued to be followed. The Ministry of Finance will continue to ensure that all new loans sought will be in keeping with the long-term debt sustainability of the country, irrespective of the concessionality available. It may be comforting to note that the debt service ratio stood at around 6.6 %, which is well within the limits of debt sustainability.

Internal Debt

The total internal debt at the start of the financial year 2005-06 was Nu. 2,253 m. The major component was the debt contracted for the Government's equity participation in the purchase of Airbus aircraft for the Druk Air Corporation amounting to Nu.1,753 m. The other component was the Treasury Bills of Nu. 500 million issued in 2001 for budgetary operations.

During the 2005-06 financial year, the Government was able to fully redeem the Treasury Bills of Nu. 500 m. This has significantly reduced the internal debt balance. The short-term loan for aircraft purchase for the Druk Air Corporation was converted to long term of 10 equal annual instalments at a reduced interest rate of 5.5 % per annum. The total internal debt now stands at Nu. 1,753 m, and towards repayment, Nu. 271 m (Nu. 175 m for principle repayment and Nu. 96 m for interest payment) has been budgeted in the 2006-07 financial year.

Trust Funds

Besides the regular annual budget system of financing, the Government maintains some extra-budgetary accounts such as trust funds. While it is the Government's policy not to create separate funds as they dilute the budgetary process, some have been created to ensure the continuity of funding for some essential services. These are as shown in the table below. The three trust fund balances have not changed over the last year.

Summary of Trust Funds

Name	USD in millions
	Amount
Bhutan Trust Fund for Environment Conservation (BT FEC)	29.283
Bhutan Health Trust Fund (BH TF)	19.043
Trust Fund for Cultural Heritage	0.879
Total	49.205

Out of the three funds, the first two are operational and incomes are used to implement various activities. The BTFEC has supported conservation biology and environmental engineering, while the BHTF has supported the recent rubella vaccination in the country. The Trust Fund for Cultural Heritage has not yet been made operational due to lack of sufficient funds.

Financial Sector

The Ministry of Finance is pleased to highlight that the financial sector experienced favorable growth during 2005, with its overall **assets** increasing by 10.8 % and reaching Nu. 25,000 m. Commercial banks hold 88.4 % of total financial assets, and the remaining 11.6 % is held by the non-bank financial institutions. Correspondingly, the combined reserves of the financial sector grew considerably as of 2005 by 9 % to Nu. 2,900 m. By December 2005, the total loans and advances of the financial sector increased by 2.4 % to Nu. 9,890 m, and the average ratio of non-performing loans stood at 10.7 %.

On the **liabilities** side, deposits grew by 12.5 % and accounted for 75 % of the total liabilities. Interest rates have been falling during the year given the high liquidity and greater competition among the financial institutions. In this regard, the Ministry of Finance and the Royal Monetary Authority will continue to work closely towards ensuring proper liquidity management in the system, including strengthening of the systems of issuing treasury debt instruments.

Summaries are given in the annexures titled “*Selected Monetary and Financial Indicators*” and the “*Financial Institutions Deposit & Lending Rates*”.

The Ministry of Finance is also pleased to report on the on-going efforts of the Royal Monetary Authority (RMA) towards the development of the financial sector. The RMA is currently working on an electronic Payments Settlement System that will enhance the clearing and settling of cheques, thus ensuring efficient and faster flow of funds. This will greatly benefit the private sector activities. Arrangements are also underway in setting up cheque clearinghouses in Mongar, Samdrup Jongkhar, Gelephu, and upgrading the one in Thimphu and Phuntsholing.

Meanwhile, the country's Foreign Exchange (FE) Regulations are also in the process of revision. Following the adoption of the Foreign Direct Investment Policy (FDI) in 2002, it has been felt necessary to make the regulations more comprehensive. This will go a long way in promoting foreign investments in the country.

The Royal Government is also revising the Royal Monetary Authority Act 1982 and will be presented to the National Assembly in a subsequent session. The revision of this Act is timely as it takes into account the changing role of the RMA in Bhutan's financial sector. Other policy initiatives include the drafting of national pension policy, setting up of a central credit information bureau, and strengthening the regulatory framework to supervise the stock exchange, insurance activities, and pension and provident funds. The RMA has also received applications to set up new banks in the country, one under the umbrella of the FDI policy framework and two under purely local financing. The Authority is reviewing the application in association with other government agencies

Public Enterprises/Corporations

The performance of the public enterprises during the year 2005 has, on the whole, been satisfactory, though the Druk Air Corporation, Bhutan Power Corporation, Bhutan Broadcasting Service, Bhutan Postal Corporation and the Food Corporation of Bhutan have posted losses during the year. Fully government-owned corporations earned a total profit of Nu 2,950 m during the year against Nu. 2,000 m during the previous year, registering a growth of 47.5 %. The increase was mainly due to increase of tariff on power exported by the Chhukha Hydro-power Corporation. The total assets of these companies increased to Nu. 26,721 m compared to Nu. 23,869 m in the previous year. This was mainly due to capitalization of the assets of Basochhu Hydro-power Project - Lower Stage during 2005. Their total contribution to the national exchequer was Nu. 2,500 m (Corporate tax of Nu. 909 m and Dividend of Nu. 1,592 m) from their operational results of 2005. The highest revenue contributor continues to be the Chhukha Hydro-power Corporation.

The other companies, in which the Government has shares, earned a total profit of Nu. 970 m during the year as compared to Nu. 917 m in the previous year.

In accordance with the Government's policy, continuous efforts are being made to enhance the performance of public corporations. The Ministry is pleased to report that a study is being carried out with the support of the World Bank to improve the governance of the public enterprises to enhance their accountability and efficiency.

Future Outlook

As we look to the future, our economy is poised to take off on a more-sustainable path with the commissioning of the Tala Hydro-power Project. Our GDP, Government revenues and international reserves will grow substantially. Our Balance of Payments situation will improve considerably also. To highlight the key feature, the GDP is estimated to grow at 14.2 % in 2006 according to the NSB. The availability of additional power from the Tala Hydro-power Project will open up opportunities to set up more power-intensive industries, which in turn will boost exports and address unemployment. Furthermore, foreign direct investment is also beginning to pick up particularly in the services like tourism and banking. Other favourable economic influences are also expected to come from regional trade liberalisations and the country's membership of the World Trade Organisation. On the other macro-economic front, inflation and exchange rates are likely to be stable given the current patterns in India, our largest trading partner.

Although the international development assistance scenario is changing, we are comforted by the fact that our development partners have expressed their commitment to continue their support to Bhutan in the future as well. As mentioned earlier, during the last RTM, they have lauded our development achievements. Youth unemployment will continue to be one of the challenges for the Government in the years to come. Unemployment pressures are likely to mount as the educational institutes produce ever-increasing numbers of educated youth. However, the Royal Government's efforts in enhancing the growth of the private sector and increasing the skills-training facilities matching with the private sector's needs should largely offset the pressure. Opportunities in the villages would grow as more and more villages are connected with roads, electricity and telecommunications and information technology facilities. The expansion of the banking services through the recently-launched rural savings and setting up of

cheque-clearing system will facilitate greater commercial activities in the rural areas, which will also help the rural activities integrate with the mainstream economy.

Conclusion

As the 9th Plan is nearing the end, the Royal Government will put all its efforts in completing all the Plan activities successfully in order to achieve the desired goals of the Plan. The extension of the 9th Plan period by one year will enable the proper completion of the 9th Plan activities, and the 10th Plan can be prepared and implemented on a firm basis.

Within a relatively short span of time, our country has experienced phenomenal achievements under the far-sighted leadership of His Majesty the King. This can be seen from the socio-economic indicators attached. Even though Bhutan started planned development only in 1961, we have entered the 21st century on an equal footing with many other nations, and we are poised to embark on an even greater journey of economic progress and political development.

In concluding the presentation of the budget for the fiscal year 2006-07, the Ministry of Finance pays tribute to our beloved King for the unsurpassed leadership, and solemnly invokes the blessings of the Glorious Paldan Drukpa's guardian deities for peace, progress and happiness for our country in the years to come.

ANNEXURES

Table 1: Selected Monetary and Financial Indicators

Items Description	2004 (Dec)	2005 (Dec)
	Millions of Nu.	
1 Total Assets of the Financial Sector*)	34,440.2	45,595.7
<i>a. Royal Monetary Authority</i>	12,223.5	20,664.8
<i>b. Four Financial Institutions</i>	22,216.7	24,930.9
2 Money Supply		
<i>a. Quasi Money^{1/}</i>	8,545.7	9,599.5
<i>b. Demand Deposits</i>	5,983.1	6,565.2
<i>c. Ngultrum in Circulation</i>	2,070.7	2,404.4
3 Domestic Credit (from Monetary Survey)	5,718.0	5,403.1
<i>of which Private Sector (including Joint Corporations)</i>	5,099.2	6,570.9
4 Gross International Reserves	392.3	511.7
<i>a. Convertible Currencies</i>	268.8	407.9
<i>b. Indian Rupees (INR Millions)</i>	5,432.0	4,737.3
5 Exchange Rate for USD (Period Average)	44.0	45.6
6 Consumer Price Index (%) ^{2/}	3.9	4.9

Note:

1) *Quasi money includes foreign currency deposits & time deposits.*

2) *Data for 2004 and 2005 represent yearly change in quarterly CPI for quarter ending December in each year (Q3, 2003 = Base Year)*

**) Starting from January 2003 onwards, major reclassifications have been carried out in the accounts of all the economic sectors. Data prior to 2003 cannot always be directly compared with the subsequent data, because of a break in continuity.*

Table 2: Financial Institutions Deposits and Lending Rates

Structure	As of December 2005	
	BoB	BNB
Deposit Rate	Rate of interest (% p.a)	
1. Savings	4.5	4.5
2. Fixed deposits		
<i>a) 3 months to less than 1 year</i>	4.5	4.5
<i>b) 1 year to less than 3 years</i>	6.0	6 - 6.5
<i>c) More than 3 years</i>	7.0	7.0
3. Corporate deposits (46 days to less than 3 months)	3.0	3.25
 RMA Bills	Discount Rate (% p.a.)	
R147 (Auction date 30-Nov-05)	3.5	
R150 (Auction date 22-Feb-06)	3.5	
 Lending Rates	Interest rate (% p.a.)	
1. General trade	13.75	-
2.. Export finance (Convertible Currency Areas)		
<i>a) From date of 1st disbursement to 60 days after the date of last adjustment</i>	13.0	
<i>b) More than 60 days after the last disbursement</i>	14.0	-
3. Manufacturing Industry		
<i>Term loan</i>	12.0	12.0
<i>Working capital</i>	13.0	13.0
4. Service Industries (Includes tourism, contract and other service activities)		12.0
<i>Term loan</i>	10.0	
<i>Working capital</i>	13.0	
5. Transport		
a) Truck & buses (Heavy vehicle)		
<i>i) Term loan</i>	13.0	13.0
<i>ii) Working capital</i>	14.0	-
b) Other passenger vehicles (Light vehicle)	14.0	14.0
6. Agriculture & livestock	13.0	-
7. Housing		10.0
<i>For New</i>	10.0	
<i>For Renovation / Repairs</i>	13.0	
8. Equity finance	13.0	12.0
9. Personal loan/Gold loan	15.0	15.0
10. Vehicle loan to Government employee	12.0	12.0

(*) Effective April 1999, the interest rate on deposits and advances have been fully liberalized.

Table 3: Comparative Social and Economic Indicators

	1985	2006
INCOME (2004)		
GDP (in million Nu)	2,392	33,104
Per capita GDP in US\$ (Exch. rate 1 US \$ = Nu.45.32)	-	1,320.90
Average GDP growth rate (%)	6.8%	7.5%
Share of agriculture in GDP	53%	25%
Savings as % GDP	-	32.8%
Investment as % of GDP	45%	61%
Exports as % of GDP	11.4%	28.2%
Imports as % GDP	43.5%	41.5%
Foreign exchange reserves (million US\$ as of Dec 2005)	20.6	511.7
<i>US \$</i>		407.9
<i>INR (Nu. 4,737.3 m) Ex. Rate 1 US \$ = Nu. 45.64</i>		103.8
Inflation rate (First quarter of 2006)	4.4%	3.1%
PUBLIC FINANCE (2005-06)		
Govt. revenue (million Nu)	233	7,338
<i>Tax revenue</i>	135.9	4,445
<i>Non-tax revenue</i>	-	2,943
Government expenditure (m. Nu.)	883	13,776
<i>Current</i>	441.5	6,888
<i>Capital</i>	776.2	7,764
HUMAN RESOURCES		
Population	-	552,996 (i)
Population growth rate	2%	1.3% (h)
HEALTH		
Life expectancy at birth (Years)	47.5 (a)	66 (b)
<i>Male</i>	45.8	66.2
<i>Female</i>	49.1	60.5
Infant mortality rate (Per 1,000 live births)	142 (a)	40.1 (h)
Maternal mortality rate (Per 1,000 live births)	7.7 (a)	2.6 (c)
Crude birth rate (Per 1,000 population)	39.1 (a)	20 (h)
Crude death rate (Per 1,000 population)	19.3 (a)	7 (h)
Health coverage	50%	90%

	1985	2006	
<i>Health Institute</i>	98	706	
Hospitals	27	29	
Indigenous hospitals	1	1	
Indigenous health units	4	21	
Training institutes	1	3	
Basic health units	65	176	
Outreach clinics	-	476	
<i>Sanitation</i>			
Rural water supply schemes	150	3,852	
Rural population with access to piped water	14%	78.2%	(h)
Rural population with access to latrines	-	89%	
Universal child immunisation	-	87%	
EDUCATION (As of April 2006)			
School enrolment	51,835	169,673	(d)
Teachers	1,716	6,040	(e)
Literacy rate	23%	59.5%	(h)
Gross primary enrolment rate	-	97.3%	(h)
<i>Educational Institutes</i>	183	507	(f)
High schools (Middle & higher secondary)	8	49	
Junior high schools (lower secondary)	22	85	
Primary schools	145	87	
Community schools	-	245	
Degree colleges	1	1	
Private schools	-	23	
Other institutes (including Sanskrit Pathshalas)	7	17	
TRANSPORT & COMMUNICATIONS			
Roads (KMs)	1,755.10	4,392.50	(g)
Motorable bridges	-	231	
Suspension bridges	175	418	
Telephone exchange	13	82	
Telephone connections	1,880	32,869	
Internet connections	-	5,597	
<i>Dial-up connections</i>	-	5,543	
<i>Lease-line connections</i>	-	54	

	1985	2006
Mobile telephone subscribers	-	43,909
Post offices	54	92
WT stations	18	87
Motor vehicles registered	3,643	30,733
<i>Heavy</i>	899	4,369
<i>Light</i>	1,587	15,952
<i>Two-wheeler</i>	1,157	7,206
<i>Taxi</i>	-	2,089
<i>Others</i>	-	1,117
 AGRICULTURE		
Agriculture centres	121	51
Seed production farms	10	11
Plant protection centres	-	1
Farm mechanisation centres	-	3
Farm mechanisation training centres	1	1
Mushroom centres	1	1
Post-harvest centres	-	1
 <i>RENEWABLE NATURAL RESOURCES (Common Services)</i>		
Extension centres	-	90
Research centres	2	4
Research sub-centres	-	6
Soil & plant laboratories	-	1
 LIVESTOCK		
Hospitals	18	20
Extension centres	87	54
Regional laboratories	-	4
Satellite laboratories	-	3
Farms	14	11
Fodder seed production centres	1	1
Vaccine production centres	-	1
Artificial insemination centres	-	1
Cold water fishery centres	-	1
Warm water fish culture centres	-	1
Animal health centres	-	1

	1985	2006
FORESTRY		
Territorial division HQs	25	12
Range offices	83	35
Beat offices	1	65
Nature study centres	-	1
Forest cover (including 8% shrub)	-	72.5%
Protected area	-	26.2%
POWER		
Electricity generation total (Million units)	40.5	2,520.20
<i>CHPC</i>	-	1,831.30
<i>KHPC</i>	-	366.2
<i>BHPC</i>	-	304.3
Electricity exports	-	71%
<i>CHPC (Million units)</i>	-	1,475.10
<i>KHPC (Million units)</i>	-	302.1
Villages with electricity (As of June 2005)	95	1,210
Towns with electricity	23	46
Electricity consumers (households)	9,750	57,509

Notes

- (a) Demographic Sample Survey, 1984.
- (b) National Health Survey 1994.
- (c) National Health Report 2000.
- (d) Includes 18,550 in NFE and 107 in day care centres;
- (e) Includes 669 in NFEs and 13 in day care centres.
- (f) Excludes 646 NFE centres.
- (g) Includes 570 KMs of Forest roads. (The length of Forest roads change from time to time as some of them are abandoned after logging operations are completed.)
- (h) Population & Housing Census 2005
- (i) Includes only citizens.
