



NATIONAL BUDGET FINANCIAL YEAR 2016-17

MINISTRY OF FINANCE

JUNE 2016



NATIONAL BUDGET FINANCIAL YEAR 2016-17

**MINISTRY OF FINANCE
JUNE 2016**

TABLE OF CONTENTS

INTRODUCTION.....	1
CHAPTER 1: FISCAL PERFORMANCE/OPERATION IN FY 2014-15.....	5
1.1. Overall financial position.....	5
1.2. Expenditure.....	6
1.3. Resources.....	7
1.3.1 Domestic revenue	7
1.3.2 External grants	7
1.4. Government debt position.....	7
1.4.1. Domestic debt	8
1.4.2. External debt	8
CHAPTER 2: REVISED BUDGET OF FY 2015-16.....	9
2.1. Resources.....	11
2.1.1. Domestic revenue estimates	11
2.1.2. External grants	13
2.2. Expenditure.....	14
2.2.1. Current expenditure	14
2.2.2. Capital expenditure	15
2.3. Net lending.....	15
2.4. Borrowing	15
2.4.1. Debt and debt servicing	16
CHAPTER 3: BUDGET ESTIMATES FOR FY 2016-17.....	17
3.1. Resources.....	18
3.1.1. Domestic Revenue	18
3.1.2. External Grants	20
3.2. Total Expenditure.....	20
3.2.1. Current expenditure	20
3.2.2. Capital expenditure	21
3.2.3 Subsidies, transfers and equities	21

3.2.4 Net-Lending	23
3.3. Financing.....	24
3.3.1. External borrowing.....	24
3.4. Public debt stock	25
3.4.1. External debt stock	25
3.4.2. Domestic debt stock	25
3.4.3. Debt servicing	26
3.5. Sector allocation.....	28
3.5.1. Health sector.....	28
3.5.2. Education sector	31
3.5.3. Renewable Natural Resources (RNR) sector.....	35
3.5.4. Mining and Manufacturing Industries	39
3.5.5. Roads sector.....	44
3.5.6. Urban development, housing and public amenities sector	46
3.5.7. Communications sector	49
3.5.8. Energy sector	51
3.5.9. Religion and Cultural services	52
3.5.10. Law and Order	54
3.5.11. General public service.....	56
3.5.12. General Reserve	58
3.5.13. Human resource development.....	59
3.5.14. Sports.....	60
3.5.15. Gender Responsive Budgeting.....	60
3.5.16. Local Government	61
3.5.17. Legislative, Judiciary and Constitutional Bodies.....	63

CHAPTER 4: TAX MEASURES 69

CHAPTER 5: MACROECONOMIC PERFORMANCE AND OUTLOOK... 70

Part I: Recent Macroeconomic Developments 70

1. Real Sector: 70

2. External Sector:	76
3. Monetary Sector:.....	79

Part II: Economic Outlook.....81

1. Real Sector:	81
2. External Sector:	84
3. Fiscal sector.....	86

CHAPTER 6: ROYAL MONETARY AUTHORITY.....99

CHAPTER 7: STATE OWNED ENTERPRISES 101

CHAPTER 8: DRUK HOLDING AND INVESTMENTS (DHI) 108

CHAPTER 9: NATIONAL PENSION AND PROVIDENT FUND (NPPF).....111

CHAPTER 10: TRUST FUNDS..... 114

10.1 Trust Funds	114
10.1.1 Cultural Heritage Trust Fund.....	114
10.1.2 Bhutan Trust Fund for Environment Conservation (BT FEC) ...	115
10.1.3 Universal Service Fund for ICT	115
10.1.4 Bhutan Health Trust Fund (BHTF).....	116
10.2 Endowment Funds.....	116

CHAPTER 11: HYDROPOWER DEVELOPMENT IN BHUTAN 118

11.1 Current Situation.....	118
11.2 Financing modality:.....	119
11.3 Financial Progress of on-going projects.....	120
11.4 Hydropower revenue	122
11.5 Up-coming hydroelectric projects	123

CHAPTER 12: FOREIGN DIRECT INVESTMENT (FDI)	125
CONCLUSION	129
ANNEXURES	131

INTRODUCTION

As mandated under Article 14(8) of the Constitution and Section 47 of the Public Finance (Amendment) Act 2012, the Ministry of Finance presents the Annual Budget Report for the Fiscal Year (FY) 2016-17.

The Fire Male Monkey Year is an auspicious year for Bhutan as it marks the 10th anniversary of His Majesty's glorious reign, the 400th anniversary of Zhabdrung Ngawang Namgyel's arrival in Bhutan and the birth year of Guru Rinpoche. It is also a historic year for Bhutan as we celebrate the birth of His Royal Highness the Gyalsey Jigme Namgyal Wangchuck that ensures the continuity of the sacred legacy of the Wangchuck dynasty. The Government and the people are blessed with a precious gift by Their Majesties the King and the Gyaltsuen. Therefore, the Budget for FY 2016-17 is dedicated to commemorate these historic events and in fulfilling the aspirations of the people of Bhutan towards achieving sustained economic growth, peace and prosperity in the country.

The FY 2016-17 is the fourth year of the 11th Five Year Plan and is targeted towards realizing its goal of "self-reliance and inclusive green socio-economic development". The Budget for FY 2016-17 has been prepared based on the 11th FYP programs and the recommendations of the mid-term review (MTR) of the 11th FYP reflecting the changed priorities of the budgetary agencies.

The Budget for the FY 2016-17 has been formulated as per the Budget Policy and Fiscal Framework Statement (BPFFS) and the resource envelope through a macroeconomic framework. The macroeconomic and fiscal performance of the recent past and outlook for the coming years have been duly considered while preparing the resource envelope. The Budget has also duly considered the challenges and opportunities for growth and stability in the economy.

Pursuant to the resolution of the fifth session of the National Assembly, a new chapter has been included in the report to present information on the Foreign Direct Investment (FDI) in the country.

The Government Performance Management System, which defines the targets and objectives serve as the basis for budget allocation to the agencies. Through this system, the government aims to establish an efficient public resource management system that will reduce wasteful expenditure and ensure that the socio-economic objectives are realized.

As a means to further empower the local government functionaries and strengthen their participation through *Wangtse Chirphel*, the Government seeing the positive impact brought about in the Gewog development by the Gewog Development Grant (GDG) of Nu.2 million per annum to every Gewog, has introduced in the budget of FY 2016-17 a system of Dzongkhag Development Grant (DDG) and allocated Nu.7 million for each Dzongkhag.

During the FY 2016-17, the Government will continue its efforts in developing key infrastructure such as double-laning of Northern East-West Highway, black topping of Gewog Connectivity (GC) roads, establishment of central schools and rural electrification amongst others. In the agriculture sector, improvement and construction of irrigation channels, farm roads and livestock development projects will be intensified to pursue the goal of food and nutrition security. For improving delivery of health services, new hospitals will be constructed, services at all referral hospitals will be enhanced, sanitation and Rural Water Supply Scheme (RWSS) will be improved.

The Government has established five new State Owned Enterprises (SOEs) to provide effective and efficient delivery of public services to the people. As part of the efforts to enhance domestic revenue base, the Government has corporatized lottery services and the duty free shop. In order to enhance agriculture productivity through large-scale farm mechanization, farm machinery hiring

services has been corporatized. The management of the Revolving Fund (RF) established under the Economic Stimulus Plan (ESP) has been entrusted to the newly established Rural Enterprise Development Corporation. The Bhutan Helicopter Service Ltd. as one of the new SOEs in the transport sector is successfully delivering emergency services like transport of patients and forest firefighting across the country. It has also contributed to tourism through their aerial sightseeing and air transport of tourists.

Despite the slowdown in the global economy, Bhutan experienced a growth of 5.5% in 2014 and the growth is estimated to continue at 5% in 2015. The Indian Rupee (INR) shortage that has caused numerous inconvenience to the people is now well managed, restoring the unofficial exchange rate between the Ngultrum and Indian Rupee in the border towns. The economy is projected to grow at about 7% in FY 2016-17.

The Budget for FY 2016-17 proposes few tax measures.

In cognizance of the small resource base, the Budget for FY 2016-17 stresses on further rationalizing expenditure and ensuring that the resource gap and fiscal deficit are contained at manageable levels. Nevertheless, the Budget fully supports the broad national aspirations of pursuing GNH and achieving socio-economic development. The government also approved the Public Debt Policy with the objective to proactively guide its investment and ensure that financing decisions are prudent and public debt is maintained at a sustainable level.

As required by the Royal Monetary Authority Act 2010, the RMA has been consulted on the budget for the FY 2016-17, especially with regard to the credit requirement to finance the resource gap.

The Budget for FY 2016-17 is presented as follows.

<i>Chapter I:</i>	<i>Fiscal performance/operation in FY 2014-15;</i>
<i>Chapter II:</i>	<i>Revised Budget Estimates for the FY 2015-16;</i>
<i>Chapter III:</i>	<i>Budget Estimates for the FY 2016-17;</i>
<i>Chapter IV:</i>	<i>Tax Measures;</i>
<i>Chapter V:</i>	<i>Macroeconomic Performance and Outlook;</i>
<i>Chapter VI:</i>	<i>Royal Monetary Authority</i>
<i>Chapter VII:</i>	<i>State Owned Enterprises;</i>
<i>Chapter VIII:</i>	<i>Druk Holding and Investments;</i>
<i>Chapter IX:</i>	<i>National Pension and Provident Fund (NPPF);</i>
<i>Chapter X:</i>	<i>Trust Funds;</i>
<i>Chapter XI:</i>	<i>Hydropower Development in Bhutan</i>
<i>Chapter XII:</i>	<i>Foreign Direct Investments (FDI)</i>

CHAPTER 1:

FISCAL PERFORMANCE/OPERATION IN FY 2014-15

1.1 Overall financial position

The FY 2014-15 ended with a fiscal surplus of Nu.1,896.795 million (1.5% of GDP)¹. The total resources realized was Nu.36,231.052 million as against the total outlay of Nu.34,334.258 million for the fiscal year. As mandated by the Constitution and the fiscal policy of the Government, the recurrent expenditure was fully financed by the domestic revenue.

The statement of the comparison of approved and revised budget with that of actual outcome for the FY 2014-15 is presented in the table below.

Table 1.1: Budget Summary and Comparison for FY 2014-15

Nu.in millions

	Particulars	Approved Budget	Revised Budget (30th June, 2015)	Actual Outcomes
A	RESOURCES	31,959.263	37,620.238	36,231.052
	I. Domestic Revenue	24,599.032	24,900.117	25,141.030
	i. Tax	17,619.723	18,259.128	18,387.335
	ii. Non-Tax	6,979.309	6,640.989	6,753.695
	II. Other Receipts (Net)	-	410.874	1,135.001
	III. Grants	7,360.231	12,309.247	9,955.020
	i. Programme grants	1,700.000	1,752.500	2,125.000
	a) GoI	1,700.000	1,700.000	2,125.000
	b) Other Donors	-	52.500	-
	ii. Project-tied grants	5,660.231	10,556.747	7,830.020
	a) GoI	3,081.403	6,021.895	4,468.760
	b) Other Donors	2,578.828	4,534.852	3,361.261
B	OUTLAY	35,406.325	39,685.979	34,334.258
	I. Total Expenditure	37,098.009	41,356.034	36,475.848

¹ GDP as per NSB is Nu. 125,880.246 million (estimate as on December, 2015)

Nu.in millions

	Particulars	Approved Budget	Revised Budget (30th June, 2015)	Actual Outcomes
	i. Current	21,895.682	21,718.864	21,032.044
	ii. Capital	15,202.327	19,637.170	15,443.805
	II. Net Lending	(1,691.684)	(1,670.055)	(2,552.746)
	III. Advance/Suspense (Net)	-	-	411.156
C	FISCAL BALANCE	(3,447.062)	(2,065.741)	1,896.795
D	FINANCING	3,447.062	2,065.741	(1,896.795)
	Net Borrowing	(1,358.140)	(1,890.426)	(1,086.408)
	i. Borrowings	1,558.688	881.254	1,685.268
	ii. Repayments	2,916.828	2,771.680	2,771.677
	RESOURCE GAP/SUR- PLUS	(4,805.202)	(3,956.167)	810.386
<p><i>Note: Internal borrowing and repayment excludes T-Bills issued for cash management purpose. To manage cash flow fluctuations, T-Bills with maturities of 30, 60 and 90 days were issued, all of which were redeemed before the end of fiscal year. The total redemption on account of issuance and roll-over of T-Bills amounted to Nu.14,787.527 million during the fiscal year; net borrowing by T-bills was zero.</i></p>				

Source: Department of Public Accounts, MoF

1.2 Expenditure

The total expenditure during the FY 2014-15 was Nu.36,475.848 million which is about 29% of the GDP. The overall expenditure increased by 5.4% from the previous FY due to the increase in the current expenditure.

The current expenditure was Nu.21,032.044 million recording an increase of 17.2% over the previous FY. The increase in the current expenditure was mainly due to the revision of pay and allowances of public servants. The total current expenditure was 16.7% of GDP.

The capital expenditure for the FY amounted to Nu.15,443.805 million which is about 42.3% of the total expenditure and 12.3% of the GDP. The overall capital expenditure decreased by 7.3% compared to previous FY mainly because capital

expenditure in the previous FY included liquidity injection of Nu.2.1 billion under ESP fund in the financial institutions.

1.3 Resources

1.3.1 Domestic revenue

The realized domestic revenue for the FY 2014-15 was Nu.25,141.030 million (20.1% of GDP) which is an increase of 8.2% from the previous FY. Of which, the tax revenue constituted Nu.18,387.335 million and non-tax revenue Nu.6,753.695 million. Increase was mainly contributed by tax measures introduced by the Government during the FY.

The increase was also contributed by Corporate Income Tax, Business Income Tax, royalties and the interest on loan from corporations.

1.3.2 External grants

The total external grants received during the FY 2014-15 was Nu.9,955.020 million that comprised about 27.5% of the total government resources. The external grants financed about 64% of the capital expenditure and remaining were financed from RGoB funds and borrowings. The grant from the Government of India (GoI) constituted about 66.2% of the total grants. The total external grants in the FY 2014-15 decreased by 30.1% compared to the previous FY.

1.4 Government debt position

The total public debt outstanding (internal and external debt) as on 30th June 2015 was Nu.120,783.002 million equivalent to US\$ 1,888.562 million accounting for 96.5% of GDP. The growth in debt stock was about 10.3%, mainly contributed by the disbursement for on-going hydropower projects from Government of India. The increase was also attributed by inclusion of loan from

German DEG Bank for Bhutan Hydropower Service Limited (BHSL) which was signed in September 2014. The total principal loan repayment during the year was Nu.2,771.677 million.

1.4.1 Domestic debt

The total domestic debt as on 30th June 2015 was Nu.2,106.813 million. Of the total, Nu.1,931.511 million was the outstanding balance on account of overdraft facility from BoBL. The balance of Nu.175.302 million was on account of loan availed by the Government for the purchase of an aircraft for Drukair in 2004, which was liquidated in July 2015.

During the fiscal year, MoF resorted to issuance of T-bills amounting to Nu.14.788 billion for the purpose of cash management and ensuring timely implementation of externally funded projects. The T-bills were fully redeemed during the FY.

1.4.2 External Debt

As of 30th June 2015, the external debt stock was Nu.118,676.189 million (US\$ 1,855.002 million) accounting for 94.8% of GDP. Of the total, about 31.6% was convertible currency debt and 68.4% Rupee debt. The Indian Rupee debt included project loans for the Dungsam Cement Project (Rs.987.380 million) and GoI Standby Credit facilities (Rs.7 billion).

The debt service as a percentage of exports of goods and services was maintained at 19.4%.

CHAPTER 2:

REVISED BUDGET OF FY 2015-16

The approved outlay for the FY 2015-16 was Nu.45,504.591 million with fiscal deficit of Nu.4,486.703 million representing 3.2% and resource gap of Nu.4,089.738 million constituting 2.9% of GDP. The capital expenditure of Nu.23,476.845 million was provided at about 25% of the 11th FYP capital outlay. During the FY, the outlay was revised to Nu.47,954.254 million which is about 5% increase from the approved outlay. The increase was mainly due to incorporation of external fund of Nu.2,903.381 million and adjustment of previous years' advances of Nu.453.268 million. The fiscal deficit improved to 3% of GDP due to increase in the domestic revenue from Nu.26,145.124 million to Nu.26,293.685 million and program grant from Nu.1,046 million to Nu.1,145.015 million. However, the resource gap deteriorated to 3.6% of GDP as a result of deferring the disbursement of program borrowing of USD 20.100 million from ADB to next FY.

With the introduction and signing of Annual Performance Agreement (APA), the budget for the FY was aligned towards achieving objectives of respective agencies. The agencies are on track in the implementation of their respective activities.

During the FY, the construction of Gyaltseen Jetsun Pema Mother & Child Hospital (150 beds) in Thimphu and construction of hospital in Dewathang (40 beds) was initiated. In addition to 24 central schools, 27 central schools were established in the academic year 2016. The work on double laning of Northern East-West Highway is on track and expected to be completed by December 2017. The new terminal building for Paro International Airport has been completed and is now functional. Further, the helicopter service introduced in this FY has benefited the public by providing emergency evacuation services and aiding disaster management related events such as containment of forest fire. In order to enhance trade and industry, the establishment of Special Economic Zones in

Jigmeling (Sarpang), Bondeyma (Mongar), Dhamdum (Samtse) and Motanga (Samdrupjongkhar) have gained momentum with the development of ancillary facilities.

The first milestone of the re-construction of Wangdue Phodrang Dzong has been achieved with the consecration of the *Kuenrey* on 21st April, 2016. The site for the construction of Sarpang Dzong has been identified and architectural drawing and design for the Dzong is completed. Further, to promote and preserve the tangible cultural heritage sites, several restorations of Dzongs and monasteries are also being carried out during the year.

The summary of revised budget for the FY 2015-16 is provided in the following table:

Table 2.1: Revised Budget Summary for FY 2015-16

		<i>Nu. in millions</i>
SOURCES OF FINANCE	Original Budget	Revised (31st March 2016)
TOTAL RESOURCES	41,017.888	43,734.970
I. Domestic Revenue	26,145.124	26,293.685
i. Tax	19,197.949	18,390.779
ii. Non-Tax	6,947.175	7,902.906
II. Adjustment of Previous Year's Advance	-	453.268
III. Grants	14,872.764	16,988.017
i. Program Grants	2,746.000	2,845.015
a) GoI	1,700.000	1,700.000
b) Others	1,046.000	1,145.015
ii. Project-tied Grants	12,126.764	14,143.002
a) GoI	9,548.657	10,765.041
b) Others	2,578.107	3,377.961
OUTLAY	45,504.591	47,954.254
I. Total Expenditure	47,348.166	49,712.783

Nu. in millions

SOURCES OF FINANCE	Original Budget	Revised (31st March 2016)
i. Current Expenditure	23,871.321	23,909.463
ii. Capital Expenditure	23,476.845	25,803.320
II. Net Lending	-1,843.575	- 1,758.529
FISCAL BALANCE	-4,486.703	- 4,219.284
FINANCING	4,486.703	4,219.284
Net Borrowings	396.965	-801.474
i. Borrowings	3,420.506	2,239.125
ii. Repayments	3,023.541	3,040.599
Resource Gap	- 4,089.738	- 5,020.758
GDP	138,741.773	139,999.401
Fiscal balance (% of GDP)	-3.2%	-3.0%
Resource gap (% of GDP)	-2.9%	-3.6%

2.1 Resources

As of 31st March 2016, total resources was revised to Nu.43,734.970 million which is about 7% increase from the original estimate of Nu.41,017.888 million. The increase was on account of upward revision of domestic revenue by Nu.148.561 million, incorporation of Nu.2,016.238 million (external fund) and adjustment of previous year advances of Nu.453.268 million. The appreciation of US dollar against Ngultrums has also contributed towards the increase in the resources by Nu.99.015 million.

2.1.1 Domestic revenue estimates

The domestic revenue estimates for the FY 2015-16 has been revised to Nu.26,293.685 million, an increase of 0.6% from the original estimate. The increase in domestic revenue is on account of expected increase in indirect taxes by Nu.504.933 million. Due to tax measures initiated by the Government from July 2014, Nu.171.255 million and Nu.226.191 million is expected to realize from sales tax and green tax respectively. Further, the estimate of excise duty refund

from GoI has been revised to Nu.1,943 million based on actual claims which is expected to bring in an additional revenue of Nu.116.448 million. Under non-tax revenue, RMA transferred Nu.788.678 million against the projection of Nu.200 million which translated to Nu.588.678 million as an additional remittances of net surplus transfer for the first time since their last remittance in FY 2011-12.

On the other hand, the estimate of direct taxes has been revised downward owing to decrease in the expected revenue from certain sources. The estimated remittances from Dagachhu Hydropower Corporation decreased by Nu.298.861 million as it was shut down for three months (December-March) in the current year. Major CIT paying companies like Drukair Corporation Ltd. and Dungsam Cement Corporation Ltd. did not perform as expected. Further, royalty from tourism has been adjusted due to the geopolitical situations in the neighbouring countries which affected tourist arrivals in the country.

Table 2.2: Revised Revenue Summary for the FY 2015-16

Nu.in millions

Sources		Original	Revised	% change
		FY 2015-16		
A	Tax Revenue	19,197.949	18,390.779	(4.2)
I	Direct Tax	13,164.390	11,852.287	(10.0)
1	Corporate Income Tax	6,522.820	6,606.270	1.3
2	Business Income Tax	2,367.562	1,664.273	(29.7)
3	Personal Income Tax	1,757.808	1,654.634	(5.9)
4	Other Direct Tax Revenue	2,516.199	1,927.109	(23.4)
II	Indirect Tax	6,033.559	6,538.492	8.4
1	Sales Tax	2,870.564	3,041.819	6.0
2	Excise Duty	2,292.568	2,445.970	6.7
	2.1 Excise Duty (GoI)	1,826.552	1,943.000	6.4
	2.2 Excise Duty (Domestic)	466.016	502.970	7.9
3	Customs Duty	501.749	456.349	(9.0)
4	Green Tax	346.973	573.163	65.2

Nu.in millions

Sources		Original	Revised	% change
		FY 2015-16		
5	Other Indirect Tax Revenue	21.707	21.192	(2.4)
B	Non -Tax Revenue	6,947.175	7,902.906	13.8
1	Admns. Fees & charges	446.551	368.047	(17.6)
2	Capital Revenue	462.128	115.566	(75.0)
3	Revenue from Govt. Depts.	119.901	463.252	286.4
4	Dividend	3,841.812	3,843.322	0.0
5	Net Surplus Transfer	200.000	788.678	294.3
6	Other Non-Tax Revenue	112.467	126.911	(36.5)
7	Interest on loan from corp.	1,764.317	2,197.129	1,853.6
	Total Revenue (A+B)	26,145.124	26,293.685	0.6

2.1.2 External grants

The total external grant has been revised to Nu.16,988.017 million against the budgeted amount of Nu.14,872.764 million. The increase was mainly due to incorporation of external grants from the Government of India (Nu.1,669.700 million), World Bank (Nu.145.649 million), Universal Service Fund (Nu.128.878 million) and Nu.964.584 million from other development partners. However, the grants has also increased by Nu.99.015 million due to appreciation of US dollar against Ngultrum.

During the year, downward revision of Nu.892.573 million was also done which resulted in the net increase in external grants by Nu.2,115.253 million.

The summary of incorporations during the year are shown in the table below:

Table 2.3: Summary of incorporations

<i>Nu. in millions</i>	
Donor Name	Amount
GoI	1,669.700
World Bank	145.649
Universal Service Fund	128.878
DANIDA	97.907
Global Fund to Fight Aids, Tuberculosis & Malaria	86.081
European Commission	77.281
Bhutan Trust Fund for Environmental Conservation	71.168
UNDP IPF	69.587
UNICEF	63.615
ADB	52.487
AUSTRIA	43.159
Other Donors	397.869
Total	2,903.381

2.2 Expenditure

The total expenditure is revised to Nu.49,712.783 million which is about 5% increase from the approved budget. This increase is mainly due to incorporation of external funds and the details of which are provided below.

2.2.1 Current expenditure

The revised current expenditure is Nu.23,909.463 million due to incorporation of external funds and adjustment of previous year advances. The revision of current expenditure from the approved budget is very minimal (0.2%) indicating sound financial management and good budgeting practice.

2.2.2 Capital expenditure

The capital expenditure has been revised upward by about 10% amounting to Nu. 25,803.320 million from the approved budget. This was mainly due to incorporation of external grant of Nu.2,704.660 million and adjustment of previous year's advances amounting to Nu.398.654 million. Further, capital expenditure has increased by Nu.105.952 million due to re-appropriation and technical adjustments of current to capital budget carried out during the year. However, due to downward revision of Nu.882.791 million the net increase in capital expenditure is Nu.2,326.475 million.

2.3 Net lending

The net lending has been revised from negative Nu.1,843.575 million to negative Nu. 1,758.529 million. This is mainly contributed by the downward revision of principal recoveries from Nu.2,185.575 million to Nu.2,100.529 million due to upfront recoveries of one instalment each for the KHPA, BDFC Loan BHU - 934 and Drukair in FY 2014-15.

2.4 Borrowing

The external borrowing for the FY 2015-16 has been revised downward to Nu.2,239.125 million from Nu.3,420.506 million. The project-tied borrowing has been reduced by Nu.87.831 million due to delay in implementation of the Urban Infrastructure Project under the ADB financing and postponement of program borrowing of Strengthening Economic Management Program II (SEMP II) (US\$ 20.100 million) to FY 2016-17.

The domestic borrowing has been raised mainly through the issuance of T-bills. As of 31st March 2016, domestic borrowing outstanding on account of T-bills stood at Nu.5,500 million. This amount will be redeemed by the end of the FY depending on the cash balance in the Government Consolidated Account

(GCA). To manage cash flow fluctuations, T-bills with maturities of 30, 60 and 90 days are issued by the Ministry of Finance from time to time.

2.4.1 Debt and Debt Servicing

By the end of the FY 2015-16, the total debt stock is estimated at Nu.139,879.300 million, which is about 99.9% of estimated GDP. The growth in debt stock is about 15.8%, mainly contributed by expected disbursement for hydropower projects.

The total debt service is estimated at Nu.6,555.971 million of which Nu.5,188.104 million is serviced through the budget. The remaining is on account of GoI Standby Credit facility, DCCL on account of Indian rupee loan and on account of Euro loan from DEG Germany for Bhutan Hydropower Services Limited. More than 95% of total debt service will be on account of the external debt service.

The debt service ratio is anticipated to improve from 19.4% in the FY 2014-15 to 12.9% in the FY 2015-16 due to increase in exports estimate by about 12%.

CHAPTER 3: BUDGET ESTIMATES FOR FY 2016-17

The budget for FY 2016-17 is formulated considering the implementation momentum of the agencies gained over the past three years of the 11th FYP. It has also taken into account the Government's priority and importance of having to complete the FYP activities in the next two years. Therefore, the Government has approved 28.8% of the 11th FYP capital outlay for capital expenditure. This budget also features integration of Budgeting System with the Government Performance Management System (GPMS) linking the agencies targets and objectives to the budget, which is expected to enhance the agencies' performance in achieving the desired goals. Towards further strengthening the decentralization process and enhancing good governance at the grass roots level, the Government has initiated a system of Dzongkhag Development Grant (DDG) and allocating a share of HRD budget to the Dzongkhags for professionalizing civil service. In addition, the budget for centrally executed activities usually allocated in the central agencies is now decentralized to the Dzongkhags to the extent possible.

The Government continues to focus on development of quality education, efficient health services, improving connectivity of road networks and ICTization, food security and poverty alleviation, and preservation of culture.

The budget estimates for FY 2016-17 is summarized in the table below.

Table 3.1: Budget Estimate Summary for FY 2016-17

<i>Nu.in millions</i>	
SOURCES OF FINANCE	Estimates
TOTAL RESOURCES	41,605.862
I. DOMESTIC REVENUE	27,247.169
i. Tax	19,599.564
ii. Non-Tax	7,647.605
II. OTHER RECEIPTS	20.000

Nu.in millions

SOURCES OF FINANCE	Estimates
III. GRANTS	14,338.693
i. Program Grants	1,700.000
GoI	1,700.000
ii. Project-tied Grants	12,638.693
a) GoI	9,925.441
b) Others	2,713.252
OUTLAY	49,981.584
I. Total Expenditure	51,884.364
i. Current Expenditure	25,387.034
ii. Capital Expenditure	26,497.330
II. Net Lending	(1,902.780)
FISCAL BALANCE	(8,375.722)
FINANCING	8,375.722
Net Borrowings	744.247
i. Borrowings	3,567.345
ii. Repayments	2,823.098
Resource Gap	(7,631.475)
GDP	157,628.098
<i>Fiscal balance (% of GDP)</i>	-5.31%
<i>Resource gap (% of GDP)</i>	-4.84%

3.1 Resources

The total resources estimated for the FY 2016-17 is Nu.41,605.862 million of which the domestic revenue is Nu.27,247.169 million and external grants is Nu.14,338.693 million.

3.1.1 Domestic Revenue

The estimated domestic revenue of Nu.27,247.169 million represents about 3.6% increase from the previous fiscal year. Tax revenue constitutes 72% and non-tax revenue constitutes 28% of the total domestic revenue estimate for the year. Tax revenue is estimated to increase by 6.6% mostly on account of CIT from DGPC

and DHPC. Indirect tax is expected to grow by 7.1% mostly from sales tax, excise duty and green tax. However, non-tax is expected to decrease by 3.2% mostly on account of lower surplus transfer from RMA and interest receipt of Nu.415.051 million from Kurichhu and other loans to corporations.

Table 3.2: Revenue Summary for FY 2016-17

Nu.in millions

Sources		Amount	% to total revenue
A	Tax Revenue	19,599.564	71.9
I	Direct Tax	12,596.453	46.2
1	Corporate Income Tax	7,100.186	26.1
2	Business Income Tax	1,747.487	6.4
3	Personal Income Tax	1,378.985	5.1
4	Other Direct Tax Revenue	2,369.795	8.7
II	Indirect Tax	7,003.111	25.7
1	Sales Tax	3,384.434	12.4
2	Excise Duty	2,546.323	9.3
	2.1 Excise Duty (GoI)	2,020.720	7.4
	2.2 Excise Duty (Domestic)	525.603	1.9
3	Customs Duty	465.476	1.7
4	Green Tax	584.626	2.1
5	Other Indirect Tax Revenue	22.251	0.1
B	Non -Tax Revenue	7,647.605	28.1
1	Admns. Fees & charges	386.449	1.4
2	Capital Revenue	121.344	0.4
3	Revenue from Govt. Depts.	472.517	1.7
4	Dividend	4,147.966	15.2
5	Net Surplus Transfer	500.000	1.8
6	Other Non-Tax Revenue	139.603	0.5
7	Interest on loan from corp.	1,879.725	6.9
	Total Revenue (A+B)	27,247.169	100

3.1.2 External Grants

The external grant for the FY is estimated at Nu.14,338.693 million of which the program grant is Nu.1,700 million and project-tied grant of Nu.12,638.693 million. This external grant is estimated to cover 27.6% of the total expenditure. The project tied grant from the Government of India is Nu.9,925.441 million. The other major external grants are Nu.545.263 million from ADB, Nu.425.016 million from UN agencies, Nu.171.008 million from the Government of Netherlands, Nu.252.457 million from EU, Nu.134.419 million from WHO, Nu.116.451 million from World Bank and balance are from various other development partners.

3.2 Total Expenditure

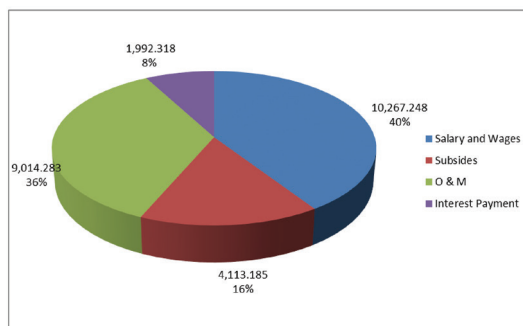
The total estimated expenditure of Nu.51,884.364 million consists of about 49% current and 51% capital expenditure. With negative net lending of Nu.1,902.780 million, the outlay for the FY is Nu.49,981.584 million.

Economic classification of expenditure is provided in Annexure IV.

3.2.1 Current expenditure

The current expenditure is estimated at Nu.25,387.034 million which is 93.2% of the domestic revenue and 16% of the GDP. The composition of current expenditure is as provided in the chart below.

Chart 3.1: Composition of current expenditure (Nu. in millions)



The increase in current expenditure is mainly due to upward revision of pay and allowances for Royal Bhutan Police, provident fund and pension for armed forces, establishment of additional central schools and revision of stipend and daily allowances for mask and folk dancers in the Dzongkhags.

3.2.2. Capital expenditure

The estimated capital expenditure of Nu.26,497.330 million is about 51% of the total expenditure. Of the total capital expenditure, 54.1% (Nu.14,338.693 million) is from external donors, 13.5% (Nu.3,567.345 million) from external borrowing and the rest from domestic revenue and internal borrowings.

3.2.3 Subsidies, transfers and equities

The total expenditure also includes subsidies, transfers and equities to autonomous agencies and State Owned Enterprises amounting to Nu.2,264.453 million. Of the total, Nu.1,266.303 million is for current subsidies and Nu.998.150 million is for capital subsidies to various agencies detailed in the table below.

The capital subsidies includes Nu.609.500 million to four Thromdes for the development of urban roads, water supply, sewerage systems, and other developmental activities and Nu.60.850 million to BBSCL for procurement of transmission equipment and construction of five new FM/TV stations.

A sum of Nu.200 million is also provisioned for equity injection to Green Bhutan Corporation Ltd., Menjong Sorig Pharmaceuticals, Royal Bhutan Lottery Ltd. and Farm Machinery Corporation Ltd.

In order to solve the severe housing crunch in Phuentsholing, the Government has initiated construction of affordable housing units for which Nu.50 million is allocated for ancillary facilities and Nu.50 million as an interest subsidy in the FY.

Table 3.3 Details of subsidies, transfers and equities*Nu.in millions*

Sl. No.	Name of Activity	Current	Capital	Total
1	Thimphu Thromde	31.575	158.500	190.075
2	Phuentsholing Thromde	3.219	200.000	153.219
3	Samdrup Jongkhar Thromde	26.203	100.000	126.203
4	Gelephu Thromde	24.871	151.000	175.871
5	Royal University of Bhutan	663.026	-	663.026
6	Khesar Gyalpo University of Medical Sciences of Bhutan	51.640	-	51.640
7	Bhutan Broadcasting Service Corporation Ltd.	130.800	60.850	191.650
8	Bhutan Chamber of Commerce & Industry	10.500	-	10.500
9	Bhutan Postal Corporation Ltd. (City Bus Services)	27.940	-	27.940
10	Premium subsidy for Rural House Insurance Scheme	-	15.000	15.000
11	Interest subsidy for third aircraft, Drukair	165.679	-	165.679
12	Interest subsidy for Food Corporation of Bhutan Ltd. for overdraft facility	5.250	-	5.250
13	Support to NHDCL for maintenance of Government buildings	15.000	-	15.000
14	Interest subsidy on loan for purchase of buses for non-profitable routes, MoIC	0.050	-	0.050
15	Depreciation, Operation & Maintenance of National Fiber Optical Network, MoIC	-	47.000	47.000
16	Subsidy for internet connectivity for Bhutan Telecom Ltd.	-	6.500	6.500
17	Subsidy for IT Park	-	6.500	6.500
18	Support to Agency for Promotion of Indigenous Crafts , MoEA	9.600	-	9.600
19	Support to National Seed Centre, MoAF	15.000	-	15.000
20	Commission on sale of agriculture inputs in Dzongkhags	10.950	-	10.950
21	Support to National Sports Federations (Bhutan Olympic Committee)	75.000	-	75.000

Nu.in millions

Sl. No.	Name of Activity	Current	Capital	Total
22	Support to Bhutan Indigenous Games & Sports Association	-	2.800	2.800
23	Interest subsidy to NHDCL for construction of new housing colony at Phuentsholing	-	50.000	50.000
24	Support to Green Bhutan Ltd.	-	50.000	50.000
25	Support to Menjong Sorig Pharmaceuticals	-	50.000	50.000
26	Support to Royal Bhutan Lottery Ltd.	-	50.000	50.000
27	Support to Farm Machinery Corporation Ltd.	-	50.000	50.000
Total		1,266.303	998.150	2,264.453

3.2.4 Net-Lending

To achieve the Rural Electrification (RE) program by the end of 11th FYP, the Government has availed concessional loans from bilateral and multilateral development partners. During the FY, Nu.120.766 million will be on-lent to BPCL to continue the RE works.

Total recoveries from the corporations are estimated at Nu.2,023.546 million. Since the recoveries are more than on-lending, the net lending is negative Nu.1,902.780 million.

The details of the on-lending and recoveries are in the following table.

Table 3.4: Net lending for FY 2016-17

<i>Nu. in millions</i>			
I	On-lending	Lender	Amount
1	Rural Electrification V - BPC (RREDP)	ADB	100.000
2	Rural Electrification (RE - II)	JICA	20.766
	Total on-lending (A)		120.766

II	Recoveries – External	Lender	Repayment
1	THPA	GoI	1,342.591
2	BDFC Loan BHU-934/1566/0088-89/512/659	ADB/IFAD/ KFAED	33.214
3	BPC - RE I/II/III (1375/1712/2009/JICA-P1)	ADB/JICA	74.280
4	Green Power Development Project (2463/2464-BHU OCR/ADF)	ADB	73.920
5	Basochhu Hydropower Projects (Upper & Lower Stage)	GoA	145.325
6	Rural Telecommunication - 1674	Denmark	44.226
7	Dagachhu Hydropower Project	Austria	276.179
III	Recoveries – Domestic		
1	Purchase of aircraft for Drukair	RGoB	33.811
Total Recoveries (External + Domestic) (B)			2,023.546
Net Lending (A-B)			(1,902.780)

3.3 Financing

3.3.1 External borrowing

The estimated total external borrowing is Nu.3,567.345 million comprising of project-tied borrowing of Nu.920.745 million and program borrowing of Nu.2,646.60 million (Nu.1,320 million from the World Bank for Development Policy Credit and Nu.1,326.60 million from ADB for Strengthening Economic Management Program II). The project-tied borrowings are mainly from ADB, World Bank and Japan International Cooperation Association for developing urban infrastructures, rural electrification, strengthening regional cooperation for wildlife protection, commercial agriculture and resilient livelihood enhancement programme and remote rural community development.

Table 3.5: External Borrowings during FY 2016-17

Nu.in millions

Sl. No.	Lender	Program borrowing	Project-tied borrowing	Total
1	Asian Development Bank	1,326.600	322.790	1,649.390
2	World Bank	1,320.000	475.799	1,795.799
3	IFAD		101.390	101.390
4	Japan International Cooperation Agency		20.766	20.766
	TOTAL	2,646.600	920.745	3,567.345

3.4 Public debt stock

3.4.1 External debt stock

Based on the planned disbursements for the ongoing projects and anticipated new loans, the external debt stock is estimated to be Nu.164,253.438 million by the end of FY 2016-17. This is about 104.2% of the estimated GDP.

The external debt stock is expected to grow by 14.9% on account of disbursement for ongoing hydropower projects (Puna I, Puna II, Mangdechhu, Nikachhu and Kholongchhu).

Of the total external debt stock, Nu.130,045.678 million is on account of hydropower projects. Since these projects are considered to be commercially viable, they could service their debt through export of their own proceeds. The non-hydropower loans, which is 21.7% of the estimated GDP is borrowed from multilateral financial institutions and bilateral countries at concessionary terms.

3.4.2 Domestic debt stock

The domestic debt stock is estimated to be Nu.57.344 million by the end of FY on account of loan availed by the Government from the National Pension and

Provident Fund (NPPF) for the construction of staff quarters of Phuentsholing hospital.

The estimated resource gap of Nu.7,631.475 million will be financed through issuance of Treasury bills of various maturities and longer term bonds to promote debt and capital market.

3.4.3. Debt servicing

The total debt services for the FY 2016-17 is Nu.8,236.420 million of which Nu.4,815.416 million is through the budget.

The principal repayment through the budget is Nu.2,823.098 million of which Nu.2,813.904 million is on account of external loans and Nu.9.194 million is for domestic loans.

The interest payment through budget during the FY is estimated to be Nu.1,992.318 million of which Nu.1,887.338 million is on account of external loans and Nu.104.980 million is for domestic loan. The interest payment for GoI hydropower loans is estimated to be Nu.1,243.714 million which constitute about 62.4% of the total interest payment through budget.

The total debt service ratio for the FY 2016-17 is estimated at 16.3% and is expected to improve over the period at the end of FY owing to expected increase in exports. Similarly, the debt service ratio through budget for the FY is estimated at 9.4%.

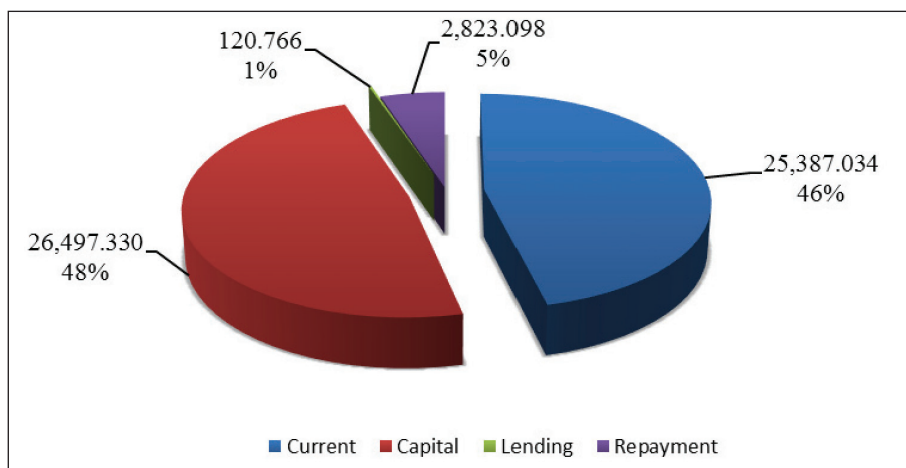
Table 3.6: Statement of debt service through budget for the FY 2016-17

<i>Nu. in millions</i>				
Sl. No.	Lender	Interest	Principal	Total
1	ADB	245.746	581.244	826.990
2	World Bank (IDA)	157.692	167.687	325.379

3	IFAD	21.613	79.350	100.963
4	Government of Austria	215.070	550.241	765.311
5	Government of Denmark	-	52.119	52.119
6	JICA	3.503	40.671	44.174
7	GoI	1,243.714	1,342.592	2,586.306
	Sub-Total (External)	1,887.338	2,813.904	4,701.242
8	NPPF (Staff Quarter of P/ling Hospital)	4.980	9.194	14.174
9	Interest on Ways & Means Advances and T-bills	100.000	-	100.000
	Sub-Total (Domestic)	104.980	9.194	114.174
	Total	1,992.318	2,823.098	4,815.416

The total allocation including lending and repayment is Nu.54,828.228 million, of which the current expenditure is 46%, capital expenditure is 48%, lending is 1% and repayment 5% as indicated in the chart below.

Chart 3.2: Expenditure Classifications



3.5 Sector allocation

Sector allocation for the FY 2016-17 is provided in the table below.

Table 3.7: Sector allocation for the FY 2016-17

Nu. in millions

Sectors	Current	Capital	Total	Percent
Social Services	9,987.348	5,442.730	15,430.078	28%
Health	2,885.194	1,620.602	4,505.796	8%
Education	7,102.154	3,822.128	10,924.282	20%
Economic and Public Services	4,691.063	14,281.959	18,973.022	35%
Renewable Natural Resources (RNR)	2,502.023	4,102.768	6,604.791	12%
Mining & Manufacturing Industries	414.015	821.133	1,235.148	2%
Roads	504.029	5,313.663	5,817.692	11%
Urban development, housing and public amenities	586.052	2,927.867	3,513.919	6%
Communications	596.712	786.094	1,382.806	3%
Energy	88.232	330.434	418.666	1%
Religion & Cultural Services	799.682	1,531.082	2,330.764	4%
Law and Order Services	1,890.185	565.520	2,455.705	4%
General Public Services	6,026.438	4,676.039	10,702.477	20%
National Debt Services	1,992.318	2,943.864	4,936.182	9%
Repayment	1,992.318	2,823.098	4,815.416	9%
Lending	-	120.766	120.766	0%
Total	25,387.034	29,441.194	54,828.228	100%

3.5.1 Health sector

The government accords priority in providing equitable and free health care services including referral outside. The sector is being confronted with varied challenges related to rising health care expenditure due to changing lifestyle and disease pattern, shortage of human resources and new health technologies. Therefore, Nu.4,505.796 million is allocated to address these challenges and towards achieving the sector's objectives.

In order to create better health infrastructure for improved access to health facilities and providing better services, budget provision of Nu.393.448 million has been made for construction of Haa district hospital (20 beds), Gelephu central regional referral hospital (150 beds), Tsirang district hospital (20 beds), Dewathang hospital (40 beds), Gyaltsuen Jetsuen Pema Mother and Child Hospital (150 beds) and additional wing at JDWNRH. Further, a sum of Nu.11.500 million is allocated for epidural labour analgesia services.

A sum of Nu.81.25 million is allocated for procurement of ambulances, strengthening health help centre and for safe and quality health technologies. As the availability of adequate and skilled human resources is imperative for providing quality service, Nu.310.050 million is allocated for capacity building. Health programs are also being implemented to combat both communicable and non-communicable diseases for which Nu.160.931 million is allocated.

In order to continue providing indigenous health services, Nu.13.316 million is budgeted. A new Local Healing and Spiritual Health Division has been created under Department of Traditional Medicine (MoH) for treating mental health, local healing practices, spiritual health, spa and wellness services.

For providing continued primary health care services and uninterrupted supply of drugs and equipment, Nu.466.800 million is allocated for purchase of drugs/ non-drugs/reagents, Nu.202 million for referral of patients outside, Nu.141.860 million for procurement of medical equipment and its spare parts and accessories. Promoting access to safe, clean and convenient drinking water is one of the priorities of the Government. A sum of Nu.388.120 million is provided in various Dzongkhags and Gewogs for construction and maintenance of RWSS and water source protection. Further, to ensure that this basic service is accessible by all the people, the RWSS status and activities is closely monitored and evaluated by the Ministry of Health.

Of the total health sector allocation, Nu.1,489.967 million is allocated under Dzongkhags and Gewogs for implementing various health related programs and activities.

Table 3.8: Major activities in the Health Sector

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To improve HR administration & Management	Specialization courses for doctors nurses and technologists	10.000	RGoB
		Continuation of long term HRD programs for doctors, nurses and technologists	64.760	RGoB
		Implementation of Health Human Resource Masterplan	14.280	WHO
2	To provide efficient & effective direction & operational service	Construction of traditional medicine units at Mongar	13.951	RGoB
3	To improve access to equitable and quality curative & palliative healthcare services.	Procurement of ambulances	9.000	RGoB
4	To reduce morbidity and mortality due to communicable diseases	HIV/AIDS control activities	15.576	GFATM
5	To improve functionality of medical equipment in health facilities	Procurement of spare parts/ accessories of medical equipment	10.000	RGoB
6	To consolidate and expand health infrastructure and services	Procurement of medical equipment	60.000	RGoB
		Construction of 20 Bedded Districts Hospital, Haa	50.000	RGoB
		Construction of 150 Bedded Central Regional Referral Hospital, Gelephu	100.000	GoI
		Construction of 20 Bedded District Hospital, Tsirang	88.448	GoI
		Construction of 40 Bedded District Hospital, Dewathang, Samdrup Jongkhar	50.000	GoI

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
		Construction of 150 Bed-ded Gyaltsuen Jetsuen Pema Mother and Child Hospital, Thimphu	70.000	GoI
7	To develop eco-friendly and resilient infrastructure	Construction of secretariat of- fice, KGUMSB	32.280	GoI
		Construction of post graduate hostel, KGUMSB	12.280	GoI
8	To strengthen Diagnostic and Curative Health Care Services	Epidural Labor Analgesia	11.500	RGoB
		Procurement of medical equipment, JDWNRH	59.600	RGoB
9	To improve access to health care facilities	Construction of additional Hospital Wing, JDWNRH	35.000	RGoB
		Retrofitting ramp and car Parking	15.000	RGoB
10	To improve health facilities of the communities	Construction of Dangdung BHU I, Trongsa (ongoing)	20.600	MHPA

3.5.2 Education sector

In view of the importance of quality of education and in line with the Bhutan Education Blueprint 2014-2024, Nu.10,924.282 million is allocated to bring reforms to enhance access and quality of education.

As part of the school reform programme, 24 central schools were established in 2015 and 27 in 2016 and a provision for another eight central schools is earmarked to be established in 2017 academic year. A sum of Nu.1,623.18 million is allocated for operation and maintenance of central schools and Nu.1,352.659 million for development of additional infrastructures and facilities. Of the total allocation for infrastructure development, Nu.661.569 million is budgeted under Dzongkhag Education Sector.

Enhancing quality of education emanates from a set of good faculties and facilities in all educational institutes. As such Nu.116.848 million has been allocated for professional development of teachers in schools and Nu.22 million and Nu.10.820 million for faculty development of Royal University of Bhutan (RUB) and Royal Institute of Management (RIM) respectively.

In addition, Nu.30 million is provided for setting up of computer laboratories for introduction of IT courses in schools where it has not been initiated yet. RUB is also allocated with Nu.437.872 million to improve infrastructure and other facilities in all the colleges. Further, Nu.23 million is earmarked to initiate preparatory works for establishment of three colleges in Mongar, Trashigang and Trashi Yangtse.

In order to provide opportunities to pursue higher studies, a sum of Nu.1,006.471 million is allocated for various scholarships both within and outside the country and Nu.25.8 million for assistance to privately enrolled medical students. Further, Nu.37.620 million is allocated for providing interest free education loans to economically disadvantaged students to pursue higher studies. To improve the facilities and access to education for differently abled students, about Nu.24 million is allocated for infrastructure development and training. Moreover, Nu.43.651 million is allocated to strengthen Early Childhood Care and Development (ECCD), Nu.82.189 million for Non-Formal Education (NFE) programme.

Improving quality and maintaining relevance of curriculum is imperative in the education sector. The Royal Education Council is allocated with Nu.37.155 million to develop curriculum/text books, conduct seminars/workshops, review, selection and approvals of teaching and learning material.

Of the total allocation for this sector, Nu.6,373.264 million is budgeted under Dzongkhag Education Sector.

Table 3.9: Major activities in the Education Sector

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To improve access and sustainability of higher education	Student Loan Scheme for tertiary education	37.620	GoI
		Scholarship programs for undergraduates/ cultural studies/ medical students	369.246	GoI/RGoB
		Construction and development of infrastructures for Central Schools	1,352.659	GoI/RGoB
		Infrastructure development at Autsho MSS (Lhuentse), Martshala PS/MSS (Samdrup Jongkhar), Norbugang MSS (Samtse), Gelephu MSS, Motithang HSS, Zilnon Namgayling PS (Thimphu) and Tsirang Toed MSS	300.390	GoI
2	To improve access and sustainability of education	Establishment of 23 new community ECCD centres with water sanitation and hygiene facilities	29.900	UNICEF
3	To improve relevance and quality of education	Training of teachers at Paro and Samtse College of Education	40.917	RGoB
		Professional development of teachers	116.848	RGoB
		Setting up of computer labs for schools	30.000	RGoB
		Winter Youth Engagement Programme for girls	5.730	RGoB
		Study visit/ faculty development for RUB	10.000	RGoB
		Development of IT Based Management System for Royal University of Bhutan	17.300	GoI
		Construction of academic block and other infrastructures at Sherubtse College	117.500	GoI

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
5	To enhance quality and relevance of tertiary education	Construction of 48 capacity self-catering hostel (4 blocks), ILCS, Trongsa	50.000	GoI
		Construction of library building, CST, Phuentsholing	11.000	GoI
		Procurement of equipment for Master in Renewable Energy Programme, CST Phuentsholing	15.000	RGOB
6	To enhance access to tertiary education	Construction and development of infrastructures at College of Natural Resources, Lobesa	73.100	GoI
		Major re-modelling of ECCD Centre at Rimpung campus, Paro	15.000	RGOB
		Construction of library building and Human Development Centre, Gedu College of Business Studies	16.900	GoI
		Construction and development of infrastructures at Jigme Namgyel Polytechnic, Dewathang	80.000	GoI
		Establishment of three colleges in Trashigang, Mongar and Trashy Yangtse	23.000	RGoB
7	Ensure relevance and quality of Masters/Post Graduate/Diploma Programmes	Twinning arrangement and networking, RIM	13.801	AusAid
		PhD. Program for RIM faculties	9.630	AusAid
8	Thromde Education	Development of additional facilities at Changangkha MSS	16.000	GoI
		Construction of class room/ administrative block and other facilities at Phuentsholing MSS	23.760	GoI
		Construction of integrated building of 8 units classroom / Adm. block, MPH at Dewathang PS	35.610	GoI

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
9	To enhance adult literacy and primary enrollment with higher learning outcomes	Expansion of school infrastructure initiated at Samtse LSS	20.000	GoI
		Construction of two block 64 bedded girls & boys hostel at Sherubgatshel LSS	17.170	RGoB
		2 nos. of 120 bedded hostel with warden/matron and toilets at Lhamoizingkha MSS	15.000	RGoB
		Construction of additional facilities at Kabesa MSS and site development	18.000	GoI
		Construction of 96 bedded hostel for girls at Bidung LSS	12.360	RGoB
		Construction of MPH at Trashi Yangtse LSS	10.753	RGoB

3.5.3 Renewable Natural Resources (RNR) sector

The sector is allocated Nu.6,604.791 million towards achieving sustainable social and economic well-being through enhancement of access to food and natural resources. Therefore, the sector continues to focus on sustainable agriculture and livestock practices and production, conservation and management of forest resources and biodiversity.

To enhance crop production and ensure markets for RNR products, the government is making efforts to improve agriculture infrastructure. Therefore, Nu.433.806 million is allocated for development and improvement of irrigation channels, Nu.1,260.873 million for construction and rehabilitation of farm roads and Nu.47.500 million for establishment of farm shops in Dzongkhags and Gewogs and cold storage at Nganglam. In addition, Nu.50.356 million is allocated to strengthen FCBL for value chain development and marketing.

Nu.12 million is also allocated to continue the works on development of Royal Agriculture and Research Development Centre which will serve as a forum for demonstration of improved crop production system and promote farming as an occupation. Further, Nu.50 million is allocated for continuing the works on development of Phuentshothang Agriculture Rehabilitation Project. This project is expected to substitute import of rice. To enhance the agriculture productivity, the Government distributed 252 powertillers to the Gewogs as of May, 2016.

On the livestock front, the sector seeks to enhance self-sufficiency of livestock products through various on-going initiatives. Since the progress of Livestock Project is on track, Nu.241.262 million has been allocated for the sector. Besides, the sector also undertakes various Commodity Development Programs for which Nu.113.072 million is allocated. For providing effective livestock support services, Nu.21.350 million is also allocated for completing the on-going construction and establishment of National Animal Hospital at Thimphu and Nu.34.300 million for procurement and distribution of veterinary medicines, vaccines and equipment.

With regard to promotion of sustainable management and conservation of natural resources and biodiversity, Nu.75.916 million is earmarked for implementing projects on REDD+ (reduce emissions from deforestation and forest degradation) strategy to reduce carbon emission through sustainable forest management. In addition, the sector is also allocated Nu.47.690 million for plantations to increase the areas under afforestation and reforestation.

For enhancing national bio-security and bio-safety, Nu.27.200 million is allocated for ongoing construction of BAFRA office in Trashigang, bio-security office in Phuentsholing, quarantine station in Nganglam and procurement of incinerators.

Of the total allocation for the sector, Nu.2,886.799 million is allocated under Dzongkhag RNR sector mainly for the construction and maintenance of farm

roads, irrigation channels, RNR centres, livestock and forestry development programmes.

Table 3.10: Major activities in the RNR Sector

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To increase field crop production for enhancing cereal self sufficiency	Development of Agriculture Research Development Centre, Chimipang, Lobesa	12.000	RGoB
		Phuentshothang Agriculture Rehabilitation Project	50.000	RGoB
2	To increase field and horticulture crop production for enhancing nutrition and income	Support to National Seed Centre, Paro	23.000	RGoB
3	To have improved and functional agriculture infrastructure in place	Construction of irrigation schemes	104.248	GoI
		Rural accessibility for Samtse and Trongsa Dzongkhags	81.900	IDA
		Rehabilitation of irrigation schemes in Chhukha, Haa, Dagana, Samtse and Trongsa	60.572	IDA
4	To increase horticultural crop production for enhancing nutrition and income	Support commercialization of vegetable production in potential areas	4.100	GoI
5	To enhance food and nutrition security	Livestock Projects	241.262	RGoB
	To promote breed improvement			
	To promote green livestock farming practices to adapt and mitigate climate change			

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
6	To enhance production efficiency and livestock service delivery	Construction and Establishment of National Animal Hospital, Thimphu	21.350	GoI
		Commodity Support Programme for Dairy Development	32.319	GoI
		Commodity Support Programme for Feed and Fodder Development	9.850	GoI
		Commodity Support Programme for Piggery Development	19.800	GoI
		Commodity Support Programme for Poultry Development	13.530	GoI
		Commodity Support Programme for Riverine and Lake Fisheries Development	7.895	GoI
		Commodity Support Programme for Aquaculture Development	13.137	GoI
		Commodity Support Programme for Horse and Sheep Development	8.080	GoI
		Commodity Support Programme for Bee Development	6.000	GoI
		Commodity Support Programme for Goat Development	5.280	GoI
		Livestock Support Programme for Animal Health	7.648	GoI
		Procurement and distribution of veterinary medicines , vaccines and equipment	34.300	RGoB
7	To enhance food and nutrition security	Construction of animal sheds for upscaling of brown Swiss and goat farming	15.000	GoI

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
8	To ensure water security and ecosystem services through development of effective IWM practices in selected water-sheds	National REDD+ Strategy	54.090	W/Bank
9	To provide effective and efficient direction and operational services	Construction of BAFRA office in Trashigang (ongoing)	6.000	RGoB
10	To enhance National Bio security and Bio safety	Construction of Quarantine Station in Nganglam (ongoing)	10.000	GoI
		Construction of Bio-Security Office in Phuenstholing (ongoing)	6.000	GoI
		Procurement of 2 units incinerators for quarantine stations	5.200	GoI
11	To increase markets for RNR produce/products	Construction and Renovation of farm shops	15.000	GoI
		Supply of equipment of farm shops	17.500	EU-TCP
		Strengthening FCBL for value chain development and marketing	50.356	IFAD
12	To increase marketing and service delivery infrastructure	Construction and establishment of cold storage at Nganglam	15.000	EURCO

3.5.4 Mining and Manufacturing Industries

This is the sector where the government could enhance and develop export, diversify and expand the economy by promoting cottage and small industries, and entrepreneurship. As such a sum of Nu.1,235.148 million is allocated to support the sector.

The effort to develop Special Economic Zones (SEZs) will be continued to enhance economic expansion and diversification and Nu.382.831 million is

allocated for ongoing SEZ works at Jigmeling (Sarpang), Dhamdum (Samtse), Motanga (Samdrup Jongkhar) and Bondeyma (Mongar).

To support trade facilitation, Nu.80.367 million is allocated for ongoing developmental works for mini-dry port at Phuentsholing and Nu.26.162 million for marketing, exhibition, Brand Bhutan, etc.

For the development and promotion of cottage and small industries, a sum of Nu.60 million is allocated for the construction of indigenous Craft Bazar, Nu.4.500 million for capacity building of potential entrepreneurs and Nu.2.500 million for Rural Enterprise Development Scheme. Also, Nu.22.900 million is allocated for the construction of business incubation center to create an enabling environment for the entrepreneurs.

Under Geology and Mines, Nu.33.548 million is allocated for geological mapping of mineral exploration and mineral development in sustainable and environment friendly manner and Nu.10.121 million for mitigating risks associated with Glacial Lake Outburst Flood.

Table 3.11: Major activities in Mining and Manufacturing Industries

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To enhance export	Implement Enhanced Integrated Framework Tier I & II Project	16.420	EIS-Geneva
		Development of mini-dry port in Phuentsholing	15.000	RGoB
			65.367	ADB
2	Seamless availability of quality POL products	Relocation of fuel depot from Dechencholing to Thinchupangkha, Paro	50.700	GoI

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
3	To enhance economic expansion and diversification	Development of SEZ, Bondeyma, Mongar	73.431	GoI
		Development of SEZ, Motanga, S/Jongkhar	35.830	RGoB
		Development of SEZ, Jigmeling, Sarpang	111.540	GoI
		Development of SEZ, Dham-dum, Samtse	162.030	GoI
4	To develop cottage and small industries in Bhutan	Promotion & development of indigenous crafts	60.000	GoI
5	To enhance human capital and develop culture of entrepreneurship	Construction of business incubation center	22.900	GoI

Tourism

Tourism is one of the important sectors which generates revenue, employment and earns convertible currency. Nu.113.390 million is allocated for development of tourism infrastructures and public service delivery to promote Bhutan as an exclusive and year-round tourist destination.

To address the tourism related impacts, it is important to have standards put in place that can ensure sustainability of the industry. Therefore, Nu.1.950 million is allocated for development of “Bhutan Tourism Monitor” and Nu.0.855 million for carrying out tourism related research.

Nu.10 million is also allocated for construction of roadside amenities, development and maintenance of trekking routes, campsites and trail bridges.

In order to promote Bhutan as an exclusive travel destination in international markets, Nu.25.514 million is allocated for organizing road shows, participation in travel fairs and development of online promotional programmes.

Table 3.12: Major Activities in the Tourism Sector

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To develop and implement sustainability standards.	Development of Bhutan tourism monitor	1.950	RGoB
		Tourism related research	0.855	RGoB
2	To develop and upgrade tourism infrastructure.	Facilitate development and promotion of tourism in Dagana and Tsirang	0.500	RGoB
		Construction/renovation of trail bridges, restrooms and tracks.	3.450	RGoB
		Development of roadside amenities	6.550	RGoB
		Development of new homestays/ farm stays	0.500	RGoB
3	To promote Bhutan as an exclusive travel destination.	Promotional films & souvenirs	1.800	RGoB
		Sales promotion	14.064	RGoB
		Print and TV Media familiarization promotion	1.100	RGoB
		Targeted source market promotion	6.300	RGoB
		Joint marketing with tour operators	1.000	RGoB
		Website upgradation	1.000	RGoB
4	To enhance effectiveness and efficiency of Public service delivery.	Conduct tourism & hospitality related training	3.500	RGoB

Vocational training and employment

The Government has been taking various initiatives to provide gainful employment to all Bhutanese jobseekers. In order to support the initiative of achieving optimal employment, Nu.364.251 million is allocated for the sector.

Nu.166.782 million is allocated for enhancing quality and diversification of Technical and Vocational Education Training which is one of the major initiatives undertaken by the sector

A sum of Nu.10.76 million is allocated to encourage youth to undertake entrepreneurship as a preferred career option and Nu.82.481 million to execute Guaranteed Employment and Overseas Program. Further, Nu.80 million is also provided for youth employment skills and development of human resources in private sector.

Table 3.13: Major activities in Vocational Training and Employment

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To enhance synergy of HRD plans and policies across all HRD agencies and to develop relevant HR supply in the critical sectors	Skills for employment and entrepreneur development	50.000	GoI
		Youth employment skills & guaranteed service program	20.000	GoI
		Private sector human resource development program	10.000	GoI
2	To diversify TVET courses	Construction of additional infrastructure for Jigme Wangchuck Power Training Institute (JWPTI)	20.000	GoI
		Construction and improvement of internal road for JWPTI	11.020	GoI
		Procure and installation of machineries, equipment and tools in the workshops	30.000	GoI
		Consultancy for drawing and design for additional infrastructure for JWPTI	5.000	GoI
3	To enhance employability and placement of registered jobseekers	Employment guaranteed program and retain youth in rural areas	60.000	GoI
		Implement overseas employment program	22.481	GoI

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
4	To enhance school to work transition Program	University graduates internship programme	7.400	RGoB
		Pre-employment engagement programme	8.000	RGoB

3.5.5 Roads sector

A sum of Nu.5,817.692 million is allocated for the road sector towards enhancing road connectivity, ensuring reliability and commuter's safety through double-laning of Northern East-west highway, maintaining national highways, Dzongkhag roads, Gewog Connectivity (GC) roads and bridges across the country.

To promote balanced economic development, Nu.1,470 million is allocated for double-laning of Northern East-West Highway and it is expected to be completed by December 2017. Also, Nu.1,157.046 million is allocated for ongoing constructions of Gyalpoishing-Nganglam, Gomphu-Panbang, Mamung-Digala, Dalbari-Dagapela (Dagana) and Haa-Samtse, Samtse-Phuentsholing, Pasakha access road and Refe-Khosala highways.

Nu.268.875 million is allocated for continuation of construction of GC roads, permanent works and bridges. In addition, Nu.1,261.182 million is allocated for blacktopping of 77 GC roads including 32 which are ongoing.

Regular maintenance of roads and bridges are carried out annually for which Nu.310.121 million is allocated.

Table 3.14: Major activities in the Road Sector

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To double lane Northern East West Highway	Upgradation of Northern East West Highway a. Semtokha - Nangar - Nu 1,220 b. Lingmithang - Yadi - Nu 250	1,470.000	GoI
2	To blacktop GC roads	Blacktopping of GC roads	1,261.182	GoI
3	To develop and maintain National Highways, Dzongkhag Roads, Hydropower Project Roads & GC roads.	Construction/permanent works for GC roads	164.726	RGoB/GoI
		Monsoon restoration works	150.000	RGoB
		Construction of Pasakha access road (1.2km) (ongoing)	185.000	RGoB/ADB
		Construction of Phuentsholing town bypass road	55.609	RGoB/ADB
		Construction of Dalbari-Dagapela road (ongoing)	320.000	RGoB/The Netherlands
		Construction of Reffe-Khosela bypass road (ongoing)	78.784	GoI
		Construction of Shingkhar-Gorgan road	30.000	RGoB
		Base course & bitumen sealing of Punakha-Trashithang road	35.000	RGoB
		Base course & bitumen sealing of Trashithang-Gasa road	35.000	RGoB
		Resurfacing of Serpang-Yonkola road	30.000	RGoB
		Construction of Gyalposhing - Nganglam highway (ongoing)	213.262	GoI
		Pavement strengthening of road from Linzin to Tsenkhari, Nganglam (ongoing)	50.000	RGoB
		Construction of Haa-Samtse road	200.000	RGoB

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
		Construction of permanent works, blacktopping and Mang-dichhu bridge	90.000	GoI
		Construction of Mamung-Dig-ala road (ongoing)	30.000	GoI
		Permanent works/blacktopping of Samtse-Phuentsholing highway (ongoing)	40.000	RGoB
4	To construct, replace and maintain bridges in the country.	Construction of Getena GC road	39.840	GoI
		Construction of Yurmo bridge on Refee-Khoshila bypass road (ongoing)	15.000	GoI
		Construction of Pachu bridge (56 mtrs) (ongoing)	20.000	GoI
		Construction of Amochhu bridge (ongoing)	35.000	RGoB
		Construction of Taklai bailey bridge	25.000	RGoB
		Construction of Thotneykhola bridge, Chhuzom, Sarpang	15.000	GoI
		Construction of bailey bridge at Sistykhola on Singye GC road	15.000	GoI
		Construction of bailey bridge at Yudhiri on Radhi-Phongmey GC road	21.225	GoI
		Construction of Duesamri bailey bridge, Serthi	11.500	GoI

3.5.6 Urban development, housing and public amenities sector

For developing sustainable urban plans and urban amenities, a sum of Nu.3,513.919 million is allocated. The allocation includes Nu.29.9 million to initiate preparatory works for Yenglag Thromdes and Nu.6 million to carry out studies and research to develop appropriate housing framework, creating

enabling environment for well-functioning housing market, enhance access to affordable housing and home ownership.

The ongoing major activities include Langjophakha Local Area Plan (LAP), Taba LAP, central water supply scheme and construction of waste water treatment plant at Babesa, urban infrastructure development of Bumthang, Kanglung, Nganglam, Phuentsholing, Samdrup Jongkhar, Pema Gatshel, Mongar, Tsirang and Samtse for which Nu.814.530 million is allocated.

National Housing and Development Corporation Limited is allocated Nu.65 million in the form of interest subsidy for construction of housing colony at Phuentsholing and maintenance of Government quarters.

Table 3.15: Major activities in Urban Development, Housing and Public Amenities

Nu.in millions				
Sl. No.	Objectives	Activities	Amount	Funding Source
1	To provide effective and efficient direction and operational services	Conduct customer service & care, accounting, revenue and asset management system and property valuation for revenue assets	13.000	World Bank
		Digitization of database and asset register for Gelephu and Samdrup Jongkhar thromdes	15.000	IDA
2	To build capacity of all technical personnel at both central and local government	Accounting and re-engineering business processes	16.000	IDA

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
3	To ensure access to potable water supply and sustainable sanitation facilities in all Thromdes & Dzongkhag Throms	Langjophakha LAP and sewer treatment plant	62.950	World Bank
		Infrastructure development in lower Taba, Package V	40.000	IDA
		Construction of intake, main transmission from Dodena, Package VI (ongoing)	40.000	IDA
		Construction of water treatment plant and sewer treatment plant	35.000	IDA
		Implementation of recommended technical option for Paro water supply	30.000	GoI
		Construction of service reservoirs and distribution networks for Mongar	20.000	GoI
		Installation of compact water treatment plant for Mongar	30.000	GoI
		Construction of recommended technical option for Phuentsholing water supply	30.000	GoI
		Construction of Bathpalathang bypass road	33.770	GoI
		Construction of double lane RRC bridge, Chamkhar	25.000	GoI
		Water supply scheme at Kanglung	24.380	GoI
		Water supply scheme at Nganglam	20.580	GoI
		Construction of waste water treatment plant at Babesa	300.000	RGoB/ADB
		Construction of approach road & 46m PC girder bridge	62.100	RGoB/ADB
		Rehabilitation of water supply for Samdrup Jongkhar thromde	12.810	RGoB/ADB

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
4	To develop and promote new construction technologies to reduce and prevent natural disaster impact	Improving resilience to seismic risk & consultancy (component B)	11.293	World Bank
5	To provide effective and efficient engineering services and technical backstopping in all infrastructure development	Construction of integrated check post at Bumpagang and Rinchending	200.000	RGoB
6	To facilitate preparation of human settlement plans and development of geo-database	Geotechnical studies & topographic survey	14.000	RGoB
		Preparation of city development plan and local area plan	9.000	World Bank
		Preparatory works for Yenlag Thromdes	29.900	RGoB
7	To promote planning principles & effective implementation of development controls	Development and implementation of human settlement strategy	10.000	IDA

3.5.7 Communications sector

Nu.1,382.806 million is allocated for maintaining a well-developed communication network and good transportation facilities which is an integral part of socio-economic development.

The air transport continues to receive substantial allocation under the sector to enhance safe and reliable air transport services. For this, Nu.70 million is earmarked for re-shaping of obstructing hills, construction of access road and car park at Yonphula Domestic Airport, Nu.99 million for construction of parallel taxiway at Paro International Airport, Nu.25.2 million for construction of terminal building at Bumthang Domestic Airport and Nu.10 million for construction of security quarters at Gelephu Domestic Airport.

To improve access to reliable and affordable ICT services, Nu.59.5 million is kept to revamp Thimphu Wide Area Network and extension to Dungkhags and Gewogs, Nu.13.53 million for Online Collaborative Suite Project and Nu.21.43 million for G2G project.

Further, Nu.23.847 million is allocated to support professionalization of media personnel and industry through public awareness, trainings/seminars/workshops and media impact study.

Table 3.16: Major activities in the Communications sector

Nu.in millions				
Sl. No.	Objectives	Activities	Amount	Funding Source
1	Enable effective and efficient public service delivery	Installation of village network	15.700	ADB
		Establishment of Druk Research and Education Network and connect to Trans Eurasia Information Network 4	11.200	ADB
2	To initiate and move towards paperless government	Online collaborative suite project (Google Apps)	13.530	RGoB
		Automate G2G	21.430	GoI
3	To improve access to reliable and affordable ICT services	Revamp Thimphu Wide Area Network and extend to Dungkhags and Gewogs	59.500	RGoB
		Depreciation, operation and management cost of National Fibre Optic Network, BPCL	47.000	RGoB
4	Increase safe, reliable and affordable air transport	Purchase of crash fire tender vehicle for Bumthang Domestic Airport	30.500	RGoB
		Re-location and upgradation of substation in Paro International Airport	20.000	GoI
		Modification/ upgradation of central heating system, Paro International Airport	15.500	GoI
		Construction of parallel cover drain , Paro International Airport	20.700	GoI

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
		Construction of parallel taxiway, Paro International Airport	99.000	GoI
		Reshaping of obstructing hills, construction of access road and car parking at Yonphula Domestic Airport	70.000	ADB
		Construction of terminal building at Bumthang Airport	25.200	ADB
		Construction of security quarters at Gelephu Domestic Airport	10.000	ADB

3.5.8 Energy sector

A sum of Nu.418.666 million is allocated to accelerate hydropower development and enhance energy security, improve access to clean and affordable energy and improve weather & climate monitoring services.

Preparation of reconnaissance studies of three projects (Amochhu-I & II and Samechhu) will be undertaken for which Nu.1.297 million is allocated and Nu.10 million for human resource development to strengthen the energy sector.

Nu.44.62 million is allocated for the construction of 132 KV-Motanga-Phuentshothang (Bangtar) line (22 KMs) and Nu.38.48 million for the construction of 132 KV Kanglung-Phuentshothang line (52 KMs) to strengthen transmission network.

For rural electrification of Soe and Lingshi Gewogs, a sum of Nu.14 million is allocated and Nu.39 million to bring off-grid households into on-grid.

To support the initiative to move towards diversification and promotion of alternate renewable energy, Nu.8.840 million is allocated for providing fuel efficient stoves in rural areas and demonstration of biomass energy technologies to the industries.

Further, to develop effective hydro-meteorological and flood warning services network and database, Nu.118.105 million is allocated for site development, procurement and installation of Automatic Weather Stations.

Table 3.17: Major activities in the Energy sector

Nu.in millions				
Sl. No.	Objectives	Activities	Amount	Funding Source
1	To accelerate hydropower development and enhance energy security	Strengthening of Energy Sector - Phase IV	10.000	NORWAY
		Construction of 132Kv Motanga-Phuentshothang (Bangtar) Line (22Km) along with associated works	44.620	RGoB
		Construction of 132Kv Kanglung-Phuentshothang (Bangtar) Line (52Km) Along With Associated Works	38.480	RGoB
2	Improved weather & climate monitoring services with good national coverage	Site development work for installation of Automatic Weather Stations and Automatic Water Level Stations	14.300	UNDP IPF
		Procurement and Installation of Automatic Weather Stations and Automatic Water Level Station	97.805	UNDP IPF
3	To improve access to clean and affordable energy	On-Grid electrification of 300 off-Grid Households	39.000	RGoB
		Rural electrification of Soe and Lingshi Gewogs	14.000	RGoB

3.5.9 Religion and Cultural services

In order to preserve and promote culture through conservation of tangible and intangible cultural heritage and to support the continuity and development of significant cultural expression, Nu.2,330.764 million is allocated.

A sum of Nu.128.659 million is allocated for re-construction of Wangdue Phodrang Dzong, Nu.102.415 million for construction of Pema Gatshel Dzong, Nu.40.792 million for construction of Sarpang Dzong and Nu.50 million for construction of Drugyel Dzong.

The ongoing renovation and re-electrification works for Trashigang, Gasa, Trongsa and Paro Rinpung Dzongs will be continued with Nu.114.941 million. The sector budget also includes construction and renovation of Lhakhangs and temples that contributes towards promotion and preservation of tangible cultural heritage sites. A sum of Nu.150.762 million is allocated for Phajoding Conservation project, renovation of Paro Ta-Dzong, renovation of Wangdichoeling Palace, restoration of Tango Monastery and Wangditse Dzong and reconstruction of Chari Monastery.

This sector budget includes Nu.805.290 million allocated in the Dzongkhags and Gewogs.

Table 3.18: Major activities in the Cultural Services

Nu.in millions				
Sl. No.	Objectives	Activities	Amount	Funding Source
1	To preserve and promote tangible cultural heritage	Conservation of Trashigang, Gasa, Drukgyel Dzong	127.941	GoI/RGoB
		Conservation of Phajoding Monastery	50.810	GoI/RGoB
		Renovation of Wangdichoeling Palace, Bumthang	42.233	Bhutan Foundation
		Restoration and Reconstruction of Tango Monastery, Wangditse Dzong & Chari Monastery	47.740	GoI/RGoB
		Major renovation of Ta-Dzong, Paro	9.979	GoI/RGoB
		Construction of Sarpang & Pema Gatshel Dzongs	143.207	GoI/RGoB

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
		Re-construction of Wangdue Pho-drang Dzong	128.659	GoI/RGoB
		Re-construction of Lhakhang Karpo and Dorikha Lhakhang, Haa	32.500	RGoB
		Re-electrification of Rimpong Dzong	12.000	RGoB
		Construction of access road and other structures at Dhordhenphu Stupa, Gelephu.	15.715	RGoB
		Major Renovation of Khawchung Lhakhang, Lhuentse	8.000	RGoB
		Construction of Lhakhang and other infrastructure at Dorzhong, Lhuentse	17.000	RGoB
		Reconstruction of Dremetse Dzong	30.029	RGoB
		Construction of Dratshang at Nganglam	15.735	RGoB
		Re- Construction of Yongla Gonpa	25.042	RGoB
		Construction of infrastructures at Choekhortse, Kanglung	9.270	RGoB
		Construction of Drasha, Gasa	18.000	RGoB
		Major renovation of Trongsa Dzong	15.000	MHPA
		Re-electrification of Trongsa Dzong	7.000	RGoB

3.5.10 Law and Order

A sum of Nu.2,455.705 million is allocated for Law and Order sector. This includes allocation for Judiciary, Royal Bhutan Police, Office of the Attorney General, Bureau of Law and Order, Royal Institute of Law and Bhutan National Legal Institute.

Royal Bhutan Police is allocated with Nu.1,846.804 million for operation and maintenance, infrastructure and professional development.

The sector allocation also includes Nu.45.400 million for construction of

common check posts at Nganglam, Samtse and Raidak.

The allocation for the Judiciary is presented separately in the later part of this chapter.

Table 3.19: Major activities in Law and Order

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To enhance security and safety of the society	Construction of municipality wall at Lhamoizingkha	11.903	RGoB
		Construction of municipality wall at Samtse	5.920	RGoB
		Construction of Common Check post at Nganglam	20.000	RGoB
		Construction of Common Check post at Samtse.	15.000	RGoB
		Construction of temporary integrated check post at Raidak bridge	10.400	RGoB
		Construction of residence for Dy. Chief of Police (4 units)	14.000	RGoB
		Purchase and installation of CCTV in Thimphu	85.000	RGoB
		Construction of 36 Units Non-Commissioned Officer (NCO) and Other Ranks Quarters at Tashigatshel	15.999	RGoB
		Construction of 30 Units NCO and ORS Family Quarter at S/Jongkhar	15.000	RGoB
		Construction of 18 Units NCO and ORS Family Quarters at Samdrupchholing	15.000	RGoB
		Construction of 2 Units officer Quarters at Phomshing, Tashigang	10.000	RGoB
		Construction of 27 Units NCO and ORS family quarters at Phomshing, Tashigang	15.000	RGoB

Nu.in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
		Infrastructure development at Jig-meling Training Center	75.393	RGoB
		Construction of 18 units family quarter at Dorokha	7.000	RGoB
		Construction of prison block at Nungzor, Tashigang	18.000	RGoB
		Construction of 30 units NCO/ORS quarters at Changzamtog	13.663	GoI

3.5.11 General public service

This sector includes local government (civil sector), finance, foreign, constitutional bodies, immigration, civil registration and some autonomous agencies and commissions for which a sum of Nu.10,702.477 million is allocated. In order to enhance efficiency, effectiveness, transparency, accountability and compliance in the government system, Nu.10.70 million is allocated to the Ministry of Finance for development of online Electronic Government Procurement (e-GP) system. This system is intended to improve and modernize procurement procedures of the Government leading to competitive prices for goods and services.

Under the Ministry of Foreign Affairs, Nu.100 million is kept for the construction of chancery building and ambassador's residence at Royal Bhutan Embassy (RBE), Bangkok and Nu.1.500 million for preparatory works for chancery building at RBE, Dhaka. Also, Nu.36.377 million is allocated to complete the ongoing construction of staff quarters at RBE, New Delhi.

The third phase of National Cadastral Re-survey Project is underway for which Nu.37.200 million is allocated for data correction exercise and resurveying of pending and absentee cases in all 20 Dzongkhags.

Nu.13.050 million is allocated for Rural Economy Advancement Programme (REAP) for various income generating activities in 33 identified villages. The activities include training, supply of equipment, materials for construction of sheds, market linkages and transportation. Also, Nu.5.500 million is allocated for targeted interventions in the poorest households which include improvement of housing, sanitation and human wild-life conflict management.

Nu.31.051 million is allocated for ongoing construction and site development of office building for Department of Civil Registration and Census and Department of Immigration.

Table 3.20: Major Activities under General Public Services

Nu. in millions

Sl. No.	Objectives	Activities	Amount	Funding Source
1	To improve modernized procurement system of the Government	Development of electronic government procurement system	10.700	RGoB
2	To enhance public service delivery	Re-location of weigh-bridge, RRCO Samdrup Jongkhar	3.000	RGoB
3	To Strengthen the institutional capacity	Construction of Chancery building at Bangkok	100.000	RGoB
		Reconstruction of staff quarter, RBE, Delhi	36.377	RGoB
		Renovation of Government properties, RBE Delhi and RBC Kolkata	6.600	RGoB
4	To strengthen institutional capacity	Construction of office building and site development for DCRC& DoI	31.051	RGoB
5	To formulate and facilitate implementation of targeted poverty reduction programmes	Rural Economy Advancement Programme	20.080	RGoB
6	To render efficient land administration services	National Cadastral Re-survey Project, NLC	37.200	RGoB

3.5.12 General Reserve

A provision of Nu.2,830 million has been kept as general reserve. The allocation will be transferred to the agencies on actual basis subject to fulfilling established criteria and formalities.

The reserve also includes provision of Nu.300 million for purchase of vehicles to replace for those eligible to dedicated vehicle as per relevant laws, rules and policies and agencies involved in crucial service delivery.

Table 3.21: Details of General Reserves

<i>Nu. in millions</i>		
Sl. No.	Activities	Total
1	New appointments / establishments	230.000
2	Transfer benefits, operation & maintenance	350.000
3	Hospitality & entertainment	40.000
4	Retirement benefits	200.000
5	Third country travel	40.000
6	National events	200.000
7	Revision of benefits for LG functionaries	100.000
8	Hiring of helicopter service	50.000
9	Gewog utility vehicles operation & maintenance	30.000
10	Spill-over & ad-hoc works	350.000
11	Monsoon works/other renovations	225.000
12	Acquisition of properties	300.000
13	Acquisition of properties-vehicles	300.000
14	Rehabilitation program	40.000
15	New construction of farm roads	100.000
16	Disaster relief fund	225.000
17	Local Government election services	50.000
	Total	2,830.000

3.5.13 Human resource development

A total of Nu.1,024.190 million has been allocated for capacity development activities under various agencies. The details are provided in table below:

Table 3.22: Major activities for Human Resource Development

Nu. in millions			
Sl. No	Activities	Amount	Funding Source
1	Professionalizing Civil Service, RCSC	140.825	GoI
2	Professionalizing Civil Service, Dzongkhags	100.000	GoI
3	Continuation of long term HRD Programs for doctors, nurses and technologists	64.760	RGoB
4	Professional development of teachers	116.848	RGoB
5	Capacity development, MoAF	26.410	European Union
6	Cost sharing and other HRD Programs	25.000	RGoB
7	B.Ed Primary at Paro College of Education	22.631	RGoB
8	Nehru-Wangchuck Scholarship	20.600	GoI
9	Human Resource Development and capacity building for livestock sector	16.670	European Union
10	Capacity development for Forest, Department of Forest	14.414	European Union
11	Implementation of long term Human Resource Master Plan, MoH	14.280	WHO
12	Strengthening capacity of Royal Audit Authority	13.076	World Bank
13	Capacity development for Department of Agriculture	11.940	European Union
14	Human resource capacity development, BAFRA	10.770	European Union
15	Specialization courses for doctors, nurses and technologists	10.000	RGoB
16	Strengthening of energy sector - Phase IV	10.000	Government of Norway
17	PhD Program for RIM faculties	9.630	Australian Aid

Nu. in millions

Sl. No	Activities	Amount	Funding Source
18	Implementation of Enhanced Integrated Framework Tier I & II Project, DoT	9.200	Government of Switzerland
19	Capacity development for Agriculture Marketing and Cooperative Services	9.200	European Union
20	Executive training, RCSC	9.100	Government of Austria
21	Leadership and management enhancement training, Department of Local Governance	8.501	HELVETAS
22	Human resource developments, Anti-corruption Commission	8.500	SDC
23	Strengthening capacity of Royal Audit Authority	8.399	Government of Austria
24	Capacity building of RBP personnel	8.000	RGoB

3.5.14 Sports

A sum of Nu.311.219 million is allocated to the Bhutan Olympic Committee (BOC), Ministry of Education and Dzongkhags to support development and promotion of sports in the country. It includes development of sports infrastructures, youth programs, participation in the international events and trainings. Of the total allocation, Nu.146.314 million is for BOC, Nu.75 million for National Sports Federations, Nu.2.800 million for Bhutan Indigenous Games and Sports Association and Nu.87.105 million for development of sports facilities and programs in various schools.

3.5.15 Gender Responsive Budgeting

As an initiative to institutionalize Gender Responsive Planning and Budgeting, a study was carried out to examine the policies and programmes of agriculture, health and education sectors from gender perspective. The study recommended future action in the three sectors for engendering the national planning and budgeting processes. Towards this, the budget call circular for FY 2016-17

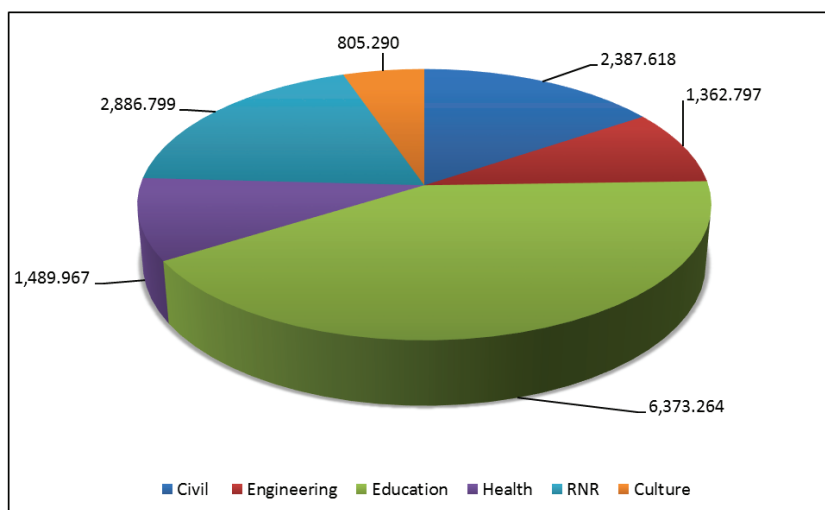
notified the three pilot sectors to state Ministry's policies and Key Result Areas and their contribution to gender related goals.

3.5.16 Local Government

The total budget allocated to Dzongkhags and Gewogs is Nu.15,305.735 million, of which Nu.12,643.912 million is for Dzongkhags and Nu.2,661.823 million for Gewogs.

Sector wise distribution of Dzongkhags and Gewogs allocation is as provided in the chart below.

Chart 3.3: Sector wise Dzongkhags and Gewogs budget distribution (Nu. in millions)



The above allocation for LG includes Dzongkhag Development Grant (DDG) of Nu.7 million for each Dzongkhag initiated from this FY in line with the policy of Wangtse Chirphel to further deepen the decentralization process. This initiative is expected to bring about autonomy and flexibility for Dzongkhags towards achieving their objectives. It also includes Nu.100 million for strengthening human resource development in the Dzongkhags.

Besides the above allocation, there are centrally executed activities which benefitted the people and communities of the Local Government. For the FY, a total allocation of Nu.3,183.330 million is kept with the central agencies meant for the Dzongkhags and Nu.1,904.326 million for Gewogs. Similarly, a sum of Nu.2,751.065 million is kept with the Dzongkhags for executing activities meant for Gewogs. Considering the above allocation from central agencies, the Local Government receives about 47% of the total capital allocation as against their plan allocation of 27%.

The table below shows the actual allocations of Dzongkhags and Gewogs. This is excluding the provision kept for activities to be executed by the central agencies on behalf of the Dzongkhags and Gewogs.

Nu.in millions

Agency	Current	Capital	Total
Dzongkhag	7,779.008	4,864.904	12,643.912
Gewog	267.165	2,394.658	2,661.823
Total	8,046.173	7,259.562	15,305.735
% against total expenditure for the FY	32%	27%	29%

With inclusion of the provision kept in the central agencies, the total allocation for the Dzongkhags and Gewogs is as shown in the table below.

Nu.in millions

Agency	Current	Capital	Total
Dzongkhag	7,779.008	5,297.169	13,076.177
Gewog	267.165	7,050.049	7,317.214
Total	8,046.173	12,347.218	20,393.391
% against total expenditure for the FY	32%	47%	39%

The details of capital allocation from central agencies to Dzongkhags are in Annexure 1 and allocation from central agencies and Dzongkhags to Gewogs are in Annexure 2.

In addition to the above allocations to the Local Governments, four Thromdes will receive Nu.1,656.506 million to implement their planned activities and Nu.960.912 million for schools under Thromdes. With the inclusion of provision for the Thromdes, the share of LG is about 44.4% of the total allocations for FY 2016-17.

3.5.17 Legislative, Judiciary and Constitutional Bodies

National Assembly (NA)

A budget provision of Nu.105.292 million is recommended for the National Assembly. The current expenditure includes Nu.1.400 million for maintenance of security system and fire services for Gyalyong Tshokhang and Nu.9.206 million for Parliamentary Exchange Programme.

Under the capital budget, Nu.0.880 million is recommended for training of Committee Secretaries on basic interpretation of legal provisions and for the purchase of office equipment and accessories.

However, the proposed amount of Nu.28.550 million for establishment of parliamentary radio station and Nu.3.342 million for procurement of pool vehicle is not recommended.

Nu.in millions

National Assembly	Proposed	Recommended
Current	109.249	104.412
Capital	33.077	0.880
Total	142.326	105.292

National Council (NC)

A provision of Nu.84.191 million is recommended for the National Council. The current budget includes Nu.1.800 million for printing of acts and resolutions,

Nu.0.650 million for maintenance of x-ray machine and Nu.0.350 million for advocacy program on the roles and functions of the Parliament.

A sum of Nu.7.610 million is recommended for capital activities. This capital budget includes Nu.1.500 million for procurement of x-ray machine and Nu.2.600 million for procurement of explosive vapour detector.

The proposal for construction of additional NC office is not recommended.

Nu.in millions

National Council	Proposed	Recommended
Current	103.463	76.581
Capital	71.390	7.610
Total	174.853	84.191

Judiciary

To strengthen structural and institutional independence of the Judiciary and to enhance equal and unimpeded access to justice, the Judiciary is recommended Nu.317.394 million.

Nu.20 million is recommended for the ongoing construction of two Dzongkhag Courts at Wangdue Phodrang and Punakha. In addition, Nu.13 million is recommended for the construction of courts in Haa and Sarpang. Further, Nu.2 million each is recommended for construction of Drangpon's residence at Wangdue Phodrang and Punakha Dzongkhags.

Nu.18 million proposed for construction of Drangpon's residence at Samdrup Jongkhar and Bumthang is not recommended. However, the procurement of vehicles for Drangpons is being taken up separately.

Nu.in millions

Judiciary	Proposed	Recommended
Current	328.305	273.458
Capital	116.684	43.936
Total	444.989	317.394

Anti-Corruption Commission (ACC)

Towards achieving their annual performance targets, Nu.123.194 million is recommended.

Of the total recommendation, Nu.5.7 million is recommended to implement media strategy, conduct advocacy programs in Gewogs, agencies and schools, development of information, education and communication materials, publish annual report with an objective to enable society to widely apply high moral principles and act against corruption.

To mainstream Anti-Corruption measures effectively in sectoral plans and in public and private institutions, Nu.18.3 million is recommended to implement business code of conduct, corporate integrity pledges and other integrity instruments in private firms, coordinate integrity programs related to youths, etc.

Nu.52.747 million is recommended to enhance case management system, preparatory works for construction of ACC office building in Phuentsholing, strengthen surveillance infrastructure, implement Human Resource Development Master Plan 2015-2020 and amend gift rule towards achieving a credible and effective institution. Nu.46.477 million is also allocated for meeting administrative and other operational costs.

Nu.in millions

Anti-Corruption Commission	Proposed	Recommended
Current	73.694	69.044
Capital	60.050	54.150
Total	133.744	123.194

Election Commission

A sum of Nu.75.917 million is recommended to achieve the annual performance targets set for the FY.

From the total recommended budget, Nu.20.188 million is for updating and preparation of electoral rolls for election, delimitation of Parliamentary Demkhungs, bye-election for parliamentary and local government Demkhungs, conduct of LG election and functional literacy test in vacant Demkhungs.

Nu.7.457 million is recommended to improve participation in electoral and political processes through Bhutan children's parliament session, electoral experience sharing and collaboration network, Bhutan Democracy Dialogue training of party functionaries and members, study tour and conference.

To strengthen the institute and enhance electoral system through developing e-library, research and publication, review of electoral documents, learning from experience program and ECB conference, Nu.13.658 million is allocated.

Nu.in millions

Election Commission	Proposed	Recommended
Current	70.529	69.384
Capital	28.692	6.533
Total	99.221	75.917

Royal Audit Authority (RAA)

Royal Audit Authority has the recommended budget of Nu.311.051 million to achieve their annual performance target set for the FY 2016-17.

To improve public resource management and accountability system through participation in trans-regional audits, outsourcing of audit services, capacity building, carrying out audit awareness and advocacy in selected Gewogs, engaging external expertise in auditing, Nu.18.462 million is allocated.

Nu.31.848 million is recommended for strengthening capacity and Nu.92 million for ongoing construction of professional development center and site developments and Nu.10 million for furnishing of training center at Tsirang.

For operation and management services of Head Office and four regional offices, printing of annual audit report, mandatory meetings, conference and workshops, Nu.164.241 million is recommended.

Nu.in millions

Royal Audit Authority	Proposed	Recommended
Current	159.246	154.552
Capital	208.929	156.499
Total	368.175	311.051

Royal Civil Service Commission (RCSC)

The recommended budget for RCSC is Nu.286.954 million to achieve their Annual Performance Target set for the FY 2016-17.

Nu.16.672 million is to strengthen Bhutan Civil Service system through conduct of Bhutan Civil Service examination, improve web based services and HR auditing and Bhutan civil service reforms. Nu.14.7 million is allocated to ensure quality and sustained leadership in the civil service by providing both in-country and ex-country trainings to executives and conduct executive forums.

To enhance civil service efficiency and effectiveness, Nu.5.496 million is allocated for development of online system for managing excellence.

Nu.0.750 million is for enhancing civil service well-being and Nu.191.726 million for professionalizing civil service, Nehru-Wangchuck scholarship, Young Professional Leadership program and other HRD programs.

For administration and management services, organizational development exercise, civil service award, consultative meeting on BCSR 2016 and commission meetings, a sum of Nu.57.610 million is allocated.

Nu.in millions

Royal Civil Service Commission	Proposed	Recommended
Current	75.901	72.429
Capital	327.936	214.525
Total	403.837	286.954

CHAPTER 4: TAX MEASURES

As part of the fiscal measures, the Government is proposing few tax measures to ensure fair, uniform and efficient tax system.

The tax measures are proposed as a Money Bill.

CHAPTER 5:

MACROECONOMIC PERFORMANCE AND OUTLOOK

Part I: Recent Macroeconomic Developments

This section provides an assessment of the country's overall economic performance keeping in line with the policies of the Government. The macroeconomic performance covers a wide range of indicators like real GDP growth, consumer price index, employment, trade balance, public finance, etc. The macroeconomic performance of any nation is affected by events, policies and shocks in other countries. As such the Bhutanese economy has been reviewed to assess its performance over the past two years. As per the IMF, global economic growth has been estimated at an average of 3.1% in 2015, declining from 3.4% registered in 2014. While growth in advanced economies has improved modestly since 2013, the emerging economies witnessed declining trend in growth rate. The global macroeconomic scenario has been characterized by weak growth due to declining prices of a number of commodities, reduction in crude oil prices being the most visible of them, turbulent financial markets, and volatile exchange rates. Even in these uncertain circumstances, Bhutanese economy registered a growth of 5.5% in 2014. Except current account balance, other macroeconomic parameters like inflation, unemployment and fiscal deficit have exhibited some sign of improvement.

1. Real Sector:

The country's economic growth momentum picked up due to revival of domestic demand and continued expansion of ongoing construction of hydropower projects. In 2014, the growth rose to 5.5% from a low of 2.1% as a result of containing aggregate domestic demand under import and credit restrictions imposed to stem shortages of Indian rupee reserves. Lifting of restrictions along with the accelerated hydropower construction program, performance of both service and industry sectors improved modestly. Growth in the service sector was led by the revival in wholesale trade and financial activities. Better performance of hotels and transport had gained from remarkable growth in tourist arrivals,

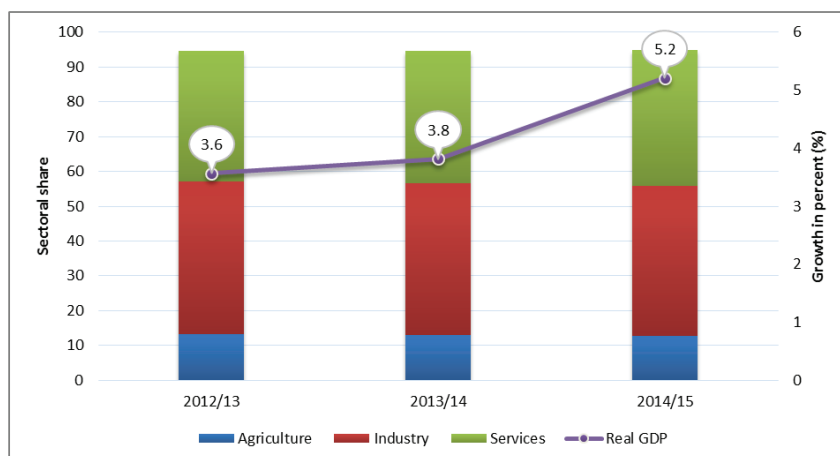
while socioeconomic service rose from increased public spending. Industrial growth advanced on continued growth momentum in construction and import-related manufacturing. Agriculture sector also grew, benefiting from continuing government programs to enhance domestic production.

Economy is estimated to grow at 5.2% by June 2015 as compared to 3.8% in June 2014. The growth was driven by better performance of the service and industry sectors.

The service sector performance was contributed by hotels and restaurant, transport and communication, financial institutions, and government spending while that of industry sector was attributable to better performance of electricity, gas and water. Although the share of mining in the industry sector was minimal, it experienced a notable increase of around 25.1% in FY 2013-14 and 13.9% in FY 2014-15. An increase in agriculture and livestock production had sustained the primary sector performance.

A growth of 10.3% in FY 2013-14 and 11.8% in FY 2014-15 in total consumption was due to increase in private consumption which in turn attributed to increase in wages, whereas public consumption is sustained at a manageable level. The economic performance over the period is shown in the graph below.

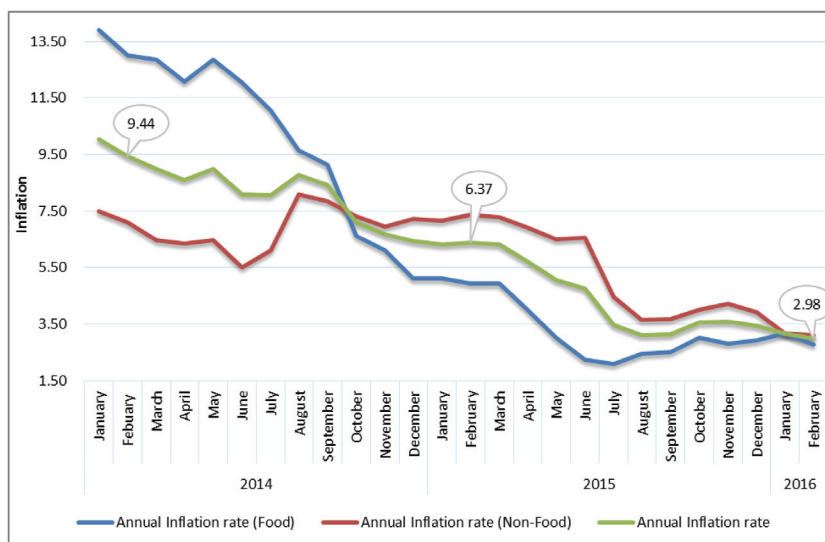
Graph 5.1: GDP performance



Inflation moderated at an average of 4.58% in 2015. The annual inflation rate in February 2016 moderated to 2.98% as compared to 6.37% in the previous period. The food inflation declined to 2.78% in February 2016 from 4.94% in same period of the previous year and non-food inflation also declined to 3.12% as against 7.37% during the same period.

The year 2014 and 2015 continued to experience moderation in general price levels in the country. The substantial decline in price of crude oil partly contributed to the decline in general inflation for the second successive year. Further, the government initiatives to enhance domestic agriculture produces, management of inflation through buffer stocking and moderate increase in minimum support prices of agricultural commodities by the government had helped in keeping essential commodities under check during period.

Graph 5.2: Year-on-year inflation

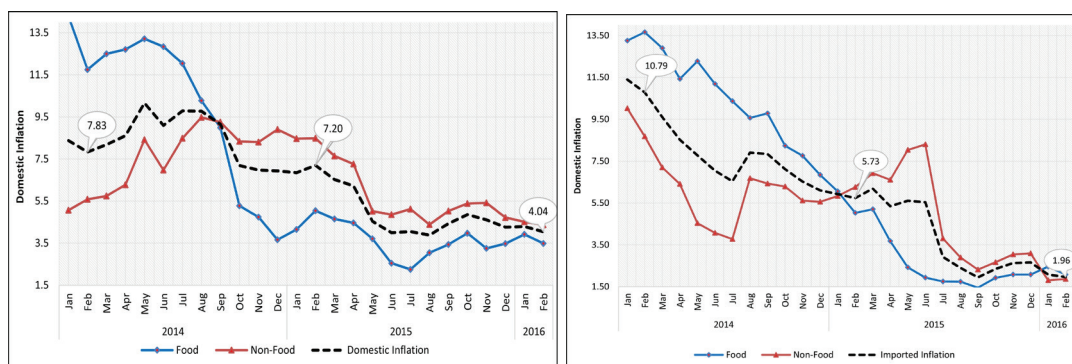


With the easing of inflation in Indian market following the collapse of oil prices, global trend of declining commodity and producers prices on food especially cereals, Bhutan continued to experience moderation in general price levels. This is because more than 80% of goods and services for consumption and

investment are sourced externally. In other words, inflation in Bhutan follows the price movements of the Indian market as about 70% of its imports are from India usually with a time lag of three quarters.

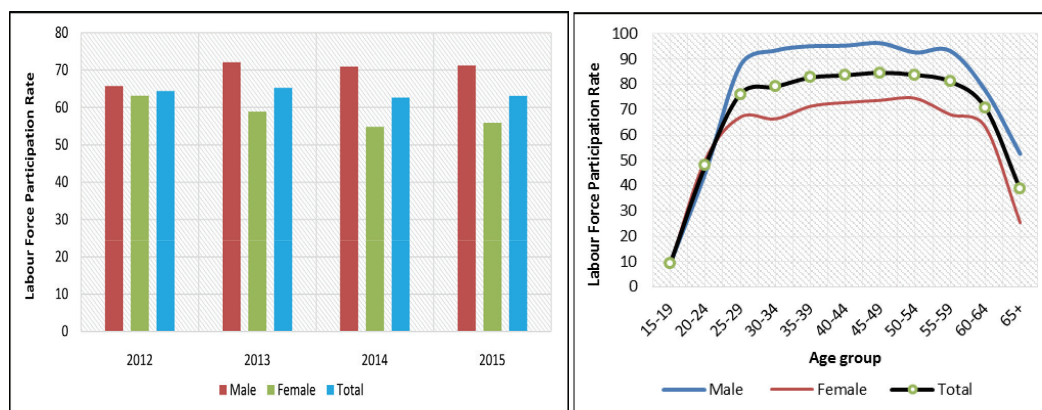
At the end of February 2016, domestic inflation declined to 4.04% from 7.20% in February 2015. Imported inflation also declined to 1.96% from 5.73% for the same period. During the year 2015, both domestic and imported inflation for food and non-food has comparatively declined. However, the rate of decrease was much higher for imported than domestic prices.

Graph 5.3: Domestic & Imported Inflation



The labour force participation rate (LFPR) of female is significantly lower than that of males. The worker population ratio reflects similar pattern. As per the Labour Force Survey 2015, the total LFPR has increased from 62.6% in 2014 to 63.1% in 2015. The female labour force participation rate was 55.9% while that of the male was 71.2% during the year. Female participation in the labour force and employment rates are affected by economic, social and cultural issues and unpaid work performed by women remain unaccounted for by the conventional employment surveys. Statistics also indicate that the labour force participation increases during the prime working age and productivity of population gradually declines as they get older.

Graph 5.4: Labour Force Participation Rate by age group and gender – 2014



A notable aspect of employment in the country, as shown in the table below, is largely engaged in agriculture and forestry sector with 56.7%, followed by 11.5% in public administration and defence activities. As such the informal sector like agriculture has to be given due attention in order to bring reforms in the labour markets and invest in bridging the skill gap in the vocational education and training sector to improve the employability of people.

Table 5.1: Percentage share of total employment by major economic activity and gender - 2014

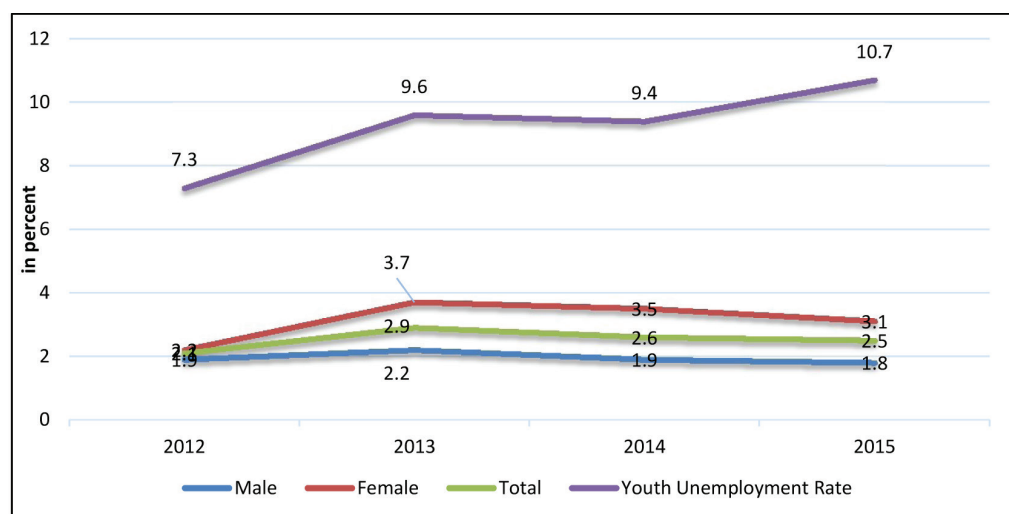
Major Economic Activity	Male	Female	Total
Agriculture and Forestry	26.8	29.9	56.7
Mining and Quarrying	0.8	0.1	0.9
Manufacturing	3.7	3.4	7.0
Electricity, Gas and Water Supply	0.7	0.2	0.9
Construction	1.8	0.2	2.0
Wholesale & Retail Trade	3.2	4.6	7.8
Hotels & Restaurants	1.2	1.7	2.9
Transport and Communications	2.6	0.4	3.0
Financial Intermediation	0.5	0.3	0.8
Real Estate, Renting and Business Activities	0.7	0.4	1.2
Public Administration and Defense Activities	9.2	2.2	11.5

Education	1.4	1.0	2.4
Health and Social Work	2.1	0.7	2.8
Private Households with Employed Persons	0.1	0.1	0.2
Total	54.8	45.2	100

Source: MoLHR

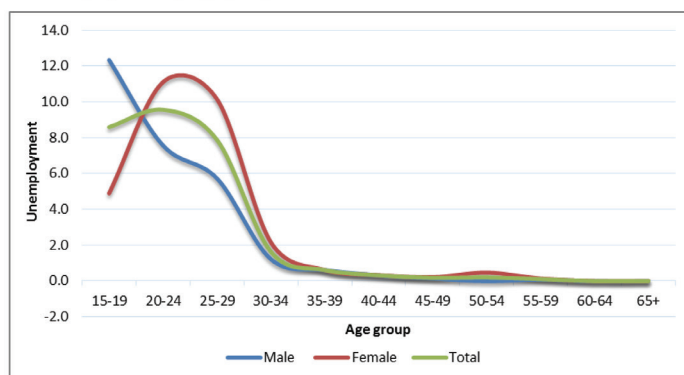
Unemployment rate decreased to 2.5% in 2015 from 2.6% in 2014. However, unemployment was more prevalent among urban, female and youth categories. In 2015, urban unemployment was 6.3% as compared to rural unemployment of 1%. The high urban unemployment could be attributable to lower farm income due to subsistence agriculture, lack of sustainable livelihoods in rural areas, and lack of skills. Female unemployment was 3.1% as compared to male unemployment of 1.8% in the same period. Youth unemployment rate in 2015 was 10.7% where female youth unemployment rate was 12.7% and the male youth unemployment rate was 8.2%. Queuing for public-sector jobs, widespread informality, underemployment and high reservation wages could be some of the reasons for youth unemployment.

Graph 5.5: Unemployment rate



As shown in the graph below, although unemployment rate for female was higher than that of male, unemployment rate for both gender in the age groups of 15-24 years are high.

Graph 5.6: Unemployment by age group.



As such Bhutan will have to address the challenges of not just providing growing youth employment but increasing the employability of the labour force, which is correlated to knowledge and skills developed through quality education and appropriate training along with ensuring good quality of health.

2. External Sector:

The recent developments in the external sector reflect more open and market-driven economy. The coverage of import by export earnings in terms of goods improved marginally to 57.98% in FY 2014-15 from 57.63% in FY 2013-14 while service export-import ratio worsen to 67.50% from 65.68%. Imbalances in the external sector reflect the fundamental fact that aggregate absorption in the economy is in excess of the domestically produced goods and services. A sustainable level of current account deficit is related to the relative rates of growth of income and absorption as such domestic economic policy must be aimed at maintaining absorption at an appropriate level.

Current account deficit widened to Nu.36.1 billion (28.83% of GDP) in FY 2014-15 from Nu.29.7 billion (26.40% of GDP) in FY 2013-14 due to higher imports

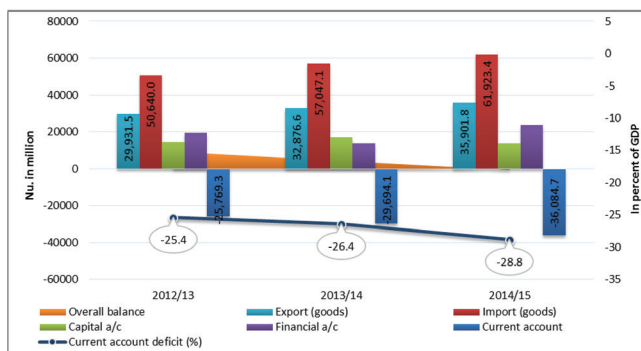
of goods and services as well as primary income deficits. Deficits in primary income² is largely on account of accrued interest on on-going hydro loans. Trade deficit in terms of goods improved slightly at 20.8% of GDP in FY 2014-15 from a deficit of 21.5% of GDP in FY 2013-14 and also in terms of services, the trade deficit improved to 23.7% from 25.1% of GDP for the same period. The marginal improvement in trade deficit in FY 2014-15 was attributable to commissioning of Dagachhu hydropower project, Dungsam Cement Corporation Limited and increase of tourists' arrivals due to relaxation of minimum daily package rate introduced for Thai tourists in order to celebrate Bhutan – Thailand Friendship.

Capital and financial account surplus was not adequate to cover the current account deficit, however, non-debt creating foreign investment inflows has improved marginally. Inflows in the capital account decreased by 17% in FY 2014-15 compared to previous fiscal year as grants for capital investment reduced. The financial account balance increased from Nu.13.9 billion in FY 2013-14 to Nu.23.9 billion in FY 2014-15 as the net flows related to direct investment and net incurrence of loan liabilities related to hydropower loan disbursements and accrued interest increased. Out of the total outstanding loans, Nu.3.0 billion GoI line of credit availed was repaid in March 2015 and Nu.5.4 billion SAARC currency SWAP has been repaid in FY 2013-14.

The **overall balance of payments** position recorded a deficit leading to drawdown on its reserves. The balance of payment position ended with a surplus of 3.8% of GDP in FY 2013-14, however, in FY 2014-15 it ended with a deficit of 0.4% of GDP. After accounting for other financial flows and net errors and omissions, the surplus was not sufficient to finance the current account deficit and subsequent drawdown in reserves by an equivalent amount of Nu.560.400 million. However, the INR shortage that has caused numerous inconvenience to the nation and the people is now well managed, restoring the unofficial exchange rate between Ngultrum and Indian Rupee in the border towns.

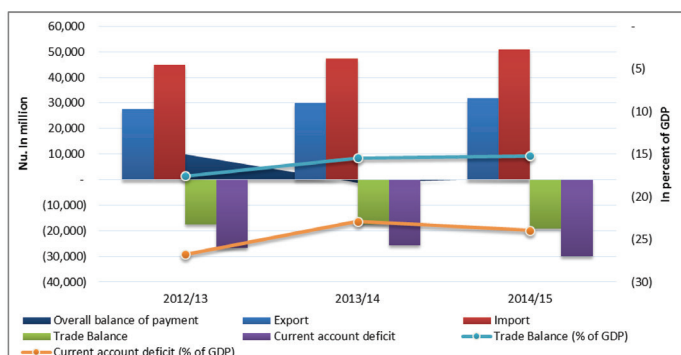
2 Primary income is basically interest earnings on investments or payout on loans.

Graph 5.7: Overall Balance of Payment



Balance of payment with India remained favourable despite weakening trade position. Goods trade deficit was contained within 15% of GDP for the past two fiscal years as the total exports increased by 6.5% due to increase in hydropower exports by 9.9% and non-hydro exports by 4.8%. On the other hand, total imports from India increased by 7.7% in FY 2014-15 with increase in hydro imports by 9.2% and non-hydro imports by 13.8%. The current account balance widened from 22.9% of GDP in FY 2013-14 to 23.9% in FY 2014-15 mainly due to the huge interest accrued on hydro loans recorded under primary income. With the increase in financial account by 81.6% and accounting other inflows, the balance of payment position with India ended with a surplus of 0.6% of GDP as compared to a deficit of 1.1% of GDP in FY 2013-14.

Graph 5.8: Balance of Payment with India



International reserves had built up to US \$ 916.9 million by the end of June 2015, which was more than adequate to meet 12 months of essential imports as mandated by the Constitution. Of the total reserves, convertible currency reserve was USD 746.4 million and INR reserve stood at Rs.10.865 billion by the end of June 2015. International reserves covered 11.3 months of merchandise imports and 20.3 months of essential imports by June 2015 despite new policy on reserve management allowing the conversion of convertible currency in the reserves into Indian Rupees.

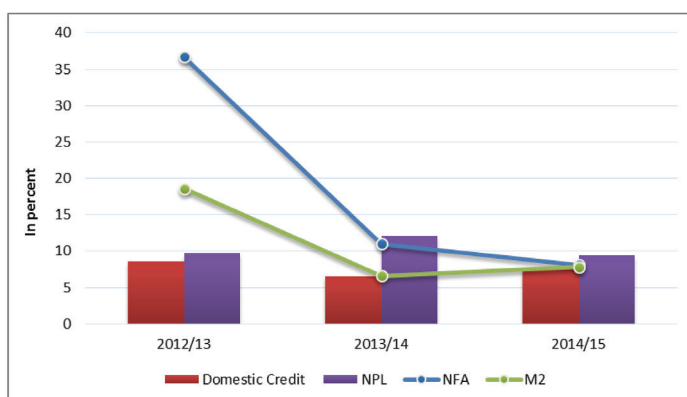
During FY 2014-15, an average **exchange rate** depreciated to Nu.62.05 per US dollar as compared to Nu.61.47 per US dollar in the previous fiscal year. This was on account of US dollar appreciating against all the major currencies.

3. Monetary Sector:

Broad money (M2) growth largely influenced by the increase in other deposits while currency in circulation outside bank and transferable deposits led to growth in narrow money (M1). The M2 grew by 7.8% in FY 2014-15 compared to 6.6% in FY 2013-14 which is mainly contributed by an increase of 12.6% in other deposits especially the time deposits. The growth in M1 remained within the growth range of 5% as currency in circulation outside the bank and savings deposits increased by 4.2% and 15.7% respectively.

On the assets side, broad money growth was mainly contributed by the increase in domestic credit growth of 7.6% during the FY 2014-15. Significant growth in claims on other public sector as well as higher growth in claims on the private sector attributed to the increase in domestic credit. Recent trend suggests that the composition of credit is inclining towards trade and services sector from building and construction. The growth in net foreign assets recorded at 8.1% in FY 2014-15 as compared to the 11% growth in FY 2013-14, while the growth in net domestic assets improved by 6.3% in FY 2014-15 compared to a negative growth of 12.7% in FY 2013-14.

Graph 5.9: Monetary aggregates



Decline in deposit rates of commercial banks indicate accumulation of liquidity in the financial institutions. The rates for deposits with maturity of 3 months to less than one year slightly declined from the range of 5% - 7% in FY 2013-14 to 4% - 7% in FY 2014-15, while the rate for deposits with a maturity of 3 years and above remained the same as in FY 2013-14 at 8% – 10%. The deposit rates of commercial banks on an average fell from 7.47% to 7.28% in FY 2014-15. The savings rate in the range of 5% - 6% of the commercial banks remained unchanged during the two fiscal year period. The lending rates of commercial banks and other financial institutions for housing loans increased from the range of 12.73% - 16% to 13% - 15.25% and for the personal loans, it increased from the range of 13%-16% to 15%-16%. The average overall lending rates of the financial institutions increased from 13.7% to 14% in FY 2014-15. The above development in deposit rates did not promote saving culture of the general public.

The **domestic credit** growth picked up after relaxation of temporary restriction of housing and vehicle loans from September 2014 and it stood at 7.6% by the end of June 2015. Total sectoral credit increased from Nu.63.2 billion in FY 2013-14 to Nu.71.5 billion in FY 2014-15, an increase of 13.2%. On the other hand, non-performing loans (NPL) ratio decreased to 9.5% in FY 2014-15 from 12% in FY 2013-14. This indicates that creditors are able to repay the loans availed from the financial institutions due to better performance of the economy.

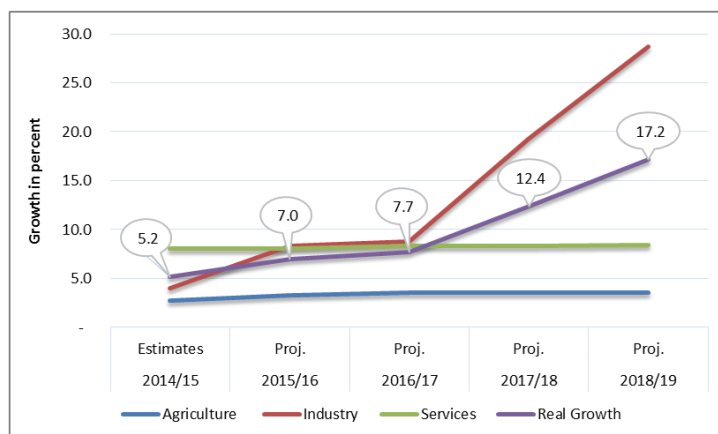
Part II: Economic Outlook

This section provides macroeconomic prospects in the medium term based on the projections of key economic variables prepared as a part of the medium-term Macroeconomic Framework (MEF). It also highlights the challenges that the government would face in light of lower oil and commodity prices, uncertain global and domestic economic conditions. Macroeconomic fundamentals in the country is anticipated to improve with the initiative to introduce economic early warning system to reduce macro-vulnerability and pursuit of fiscal and monetary prudence. Further, consolidating all the macroeconomic policy service under the newly established Department of Macroeconomic Affairs is expected not only to address the existing policy coordination challenges but also promote the preparation of consistent, well researched and analyzed policies. The agency is anticipated to champion all the policy analysis and research programs with a greater impact on the economy of Bhutan.

1. Real Sector:

Economy is estimated to grow at 7% in FY 2015-16 as against estimated growth of 5.2% in the previous FY due to projected improvement in industrial growth supplementing the buoyant services sector. Further, economy is also projected to grow at about 7.7% in the FY 2016-17. The growth will be driven mainly by industry sector as electricity output will increase with full operation of Dagachhu Hydropower plant, while construction of Nikachhu and Kholongchhu hydropower projects will supplement ongoing investment. During the period, manufacturing growth is anticipated to remain robust due to higher demand for construction related goods both for domestic use and exports. Industry sector growth is projected to ease slightly in FY 2016-17 as no new hydropower projects are expected to be commissioned until end of the 11th FYP. The confidence of growth prospects during the year might be also impacted by uncertainties and sluggish demand of the global economy due to the gradual slowdown and rebalancing of economic activity in China and a gradual tightening of monetary policy in the United States.

Graph 5.10: GDP outlook



In the medium term, economic outlook is more positive with real GDP projected to grow at about 12% in FY 2017-18 and 17% in FY 2018-19 driven by commissioning of three new mega hydropower projects, strong domestic demand, and strengthened fiscal programs for economic diversification (establishment of new SOEs).

The service sector is also projected to maintain its growth momentum on robust domestic demand that will benefit retail & wholesale trade, hotels and restaurants, transport and finance supporting domestic construction and goods exports. It is also anticipated that the government will continue its diversification initiatives with priority lending facilities and fiscal incentives for agro-based businesses, small cottage industries and tourism sector.

While economic outlook is positive, macroeconomic pressures on domestic demand will have to be managed well. Narrow based growth may result in fluctuations (i.e. hydropower driven growth) in government revenue and aggregate demand. High revenue inflows due to new hydropower plants would translate into significant additional domestic demand through direct domestic spending and indirect spillover effects. Such developments in the economy may call for appropriate fiscal and monetary policies to manage aggregate demand in the context of lumpy resource inflows.

With the moderation in inflationary expectations following the global trend of declining commodity and producers prices, **inflation** is expected to contain within the range of 7% – 8% in the medium term. Though the food prices are expected to increase, the fall in fuel price could reduce prices of other commodities and essential services through reduction in transport and production costs. Further, with prudent fiscal and monetary policies, it is expected that the prices of essential commodities could be contained at manageable level in the medium term as well. However, inflationary trend in Bhutan is nothing but a mirror reflection of the Indian inflation due to our dependence on imports and limited domestic production capacity. It is noted that the correlation with Indian inflation is stronger for non-food items. As such, Bhutan would remain vulnerable to price shocks and will continue to do so as long as we remain dependent on import of supply of basic consumers and industrial goods. While not much can be done to contain imported inflation, the government should nonetheless keep a close vigil on the price movements and initiate putting in place appropriate measures and strategies to tackle inflation in the country.

Demand for jobs far exceeds the **labour force participation rate** and skill gaps in various productive sector are large requiring to upscale training and skill development. According to the study carried out, the total labour force is projected to increase on an average by 1.5% from 2015 to 2018 whereas the number of jobseekers is estimated to increase by 5% on average, which would translate to around 26,000 number of jobseekers annually. Further, a notable aspect of employment situation is the large share of informal employment, higher youth and female unemployment and unskilled workers mainly engaged in less productive informal sector. Thus, the government will not only have to provide attention to informal sector but also has to invest in bridging the skill gap in the vocational education and training sector to improve the employability of people. In the medium term, employment situation is anticipated to improve with various initiatives such as skills development programs, career guidance, internship, overseas employment and entrepreneurship programs.

2. External Sector:

Despite periodic financial market turbulence and high risk aversion of the global economic outlook, external sector is anticipated to improve in the medium term. The **current account deficit** in FY 2015-16 is estimated at 31.1% of GDP and expected to improve at 27.7% of GDP in FY 2016-17. In the medium term, the current account deficit is projected to improve at 19.7% of GDP in FY 2017-18 and 11.8% of GDP in FY 2018-19.

The value of total exports in FY 2015-16 is expected to increase by a minimal of 1% compared to the previous year, while the total imports expected to increase by 16%. The projected increase is mainly on account of non-hydro imports inflated by the purchase of aircraft in 2015.

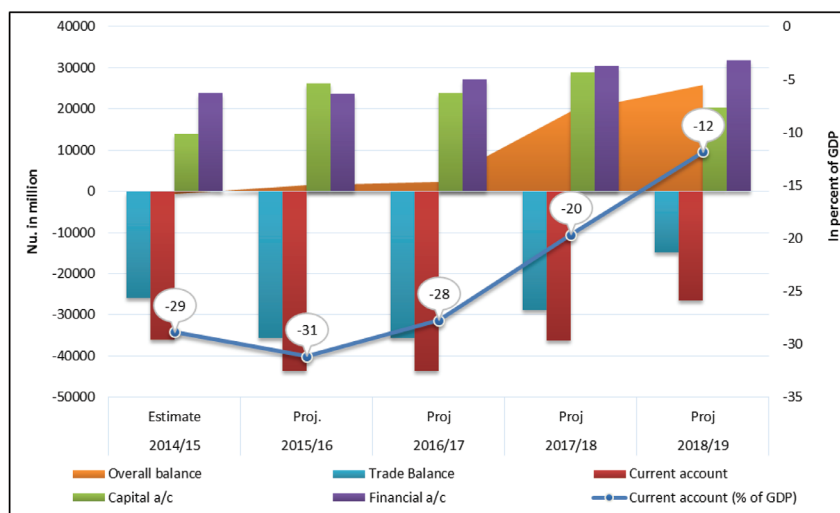
The **trade balance** as a percent of GDP is estimated at 25.4% in FY 2015-16, and projected to improve at 22.7% in FY 2016-17. It is further projected to improve at 15.6% in FY 2017-18 and 6.6% in FY 2018-19 with three mega hydropower projects coming on line in 2018 and 2019. The export earnings from hydropower is expected to triple and exports of minerals and mineral-based products is projected to increase significantly.

The inflows from **capital and financial account** is expected to adequately cover the estimated current account deficit in the medium term. On an average, net inflows of grants for budgetary support and hydropower grants disbursement under the capital flows account is projected at about Nu.25 billion while the financial account that comprises of net inflows of hydropower loans and equity injection on FDIs is projected at about Nu.28 billion in the medium term.

The **overall balance of payment** position is projected to remain positive in the medium term adding on the international reserves. In FY 2015-16, the overall balance of payment position is estimated to end with a surplus of 1.1% of GDP. Even after repayment of the balance outstanding loan of Rs.7 billion availed

through the GoI line of credit facility, the overall balance of payment is expected to continue as positive in the medium term.

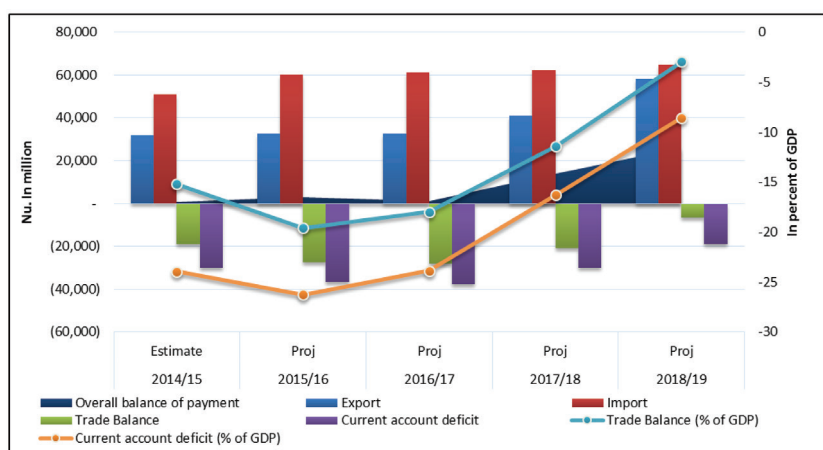
Graph 5.11: Overall Balance of Payment Outlook



The **trade balance with India** is estimated at a deficit of 19.6% of GDP in FY 2015-16, and projected to improve at 17.9% of GDP in FY 2016-17 and subsequently at 11.4% and 2.9% of GDP in FY 2017-18 and FY 2018-19 respectively. The exports including sale of electricity is estimated to grow at an average of 1.4% within June 2017 whereas in the outer years growth in exports is projected to reach at an average of 34%. On the other hand, imports is projected to follow somewhat a reverse scenario with 9.8% growth in imports in the medium term and 3% in outer two years.

With positive developments of trade balance with India, the current account balance is also projected to improve over the period. The overall balance of payment with India is also likely to remain positive in all years of projection period except in FY 2016-17 due to lower inflows and repayment of Rs.3.0 billion outstanding loan.

Graph 5.12: Balance of Payment with India



Total **international reserves** at the end of FY 2015-16 is estimated at USD 937.300 million, an increase of 2.2% compared to previous year. It is further expected to accumulate at USD 967.600 million in FY 2016-17 and projected to increase by about 22% in the outer years. The growth in international reserves is expected to be contributed by increase in INR inflows due to higher export of electricity as well as disbursement of balance external grants committed during the 11th FYP period. In the medium term, international reserves are projected to meet the constitutional requirement adequately.

3. Fiscal sector

Fiscal outlook of the Government over the medium term period is outlined in this section. It provides summary of macro-fiscal framework within which the budget is prepared based on available resource envelope. It also describes key development and trends in spending programs, consistent with the Government's responses to the challenges of development commitments. The fiscal projection for the medium term is presented in the table below.

Table 5.2: Fiscal Framework Projection

Nu. in millions

	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Revised	Budget	Proj.	Proj.
Resources	36,231.052	43,734.970	41,605.862	44,090.495	50,716.310
Domestic Revenue	25,141.030	26,293.685	27,247.169	28,434.831	40,150.684
Tax	18,387.335	18,390.779	19,599.564	20,655.350	21,856.512
Non-tax	6,753.695	7,902.906	7,647.605	7,779.481	18,294.173
Grants	9,955.021	16,988.017	14,338.693	15,655.664	10,565.626
India	6,593.760	12,564.056	11,625.441	8,532.313	8,270.000
Others	3,361.261	4,423.961	2,713.252	7,123.351	2,295.626
Project-tied Grants	7,830.021	14,143.002	12,638.693	14,404.679	8,865.626
India	4,468.760	10,765.041	9,925.441	7,281.328	6,570.000
Others	3,361.261	3,377.961	2,713.252	7,123.351	2,295.626
Program Grants	2,125.000	2,845.015	1,700.000	1,250.985	1,700.000
India	2,125.000	1,799.015	1,700.000	1,250.985	1,700.000
Others	-	1,046.000	-	-	-
Other receipts	1,135.001	453.268	20.000	-	-
Outlay	34,334.258	47,954.254	49,981.584	45,522.949	46,025.693
Total Expenditure	36,475.848	49,712.783	51,884.364	47,613.296	53,166.241
Current	21,032.044	23,909.463	25,387.034	26,923.158	34,766.241
Capital	15,443.805	25,803.320	26,497.330	20,690.139	18,400.000
Net lending (NL)	(2,552.746)	(1,758.529)	(1,902.780)	(2,090.348)	(7,140.548)
Advance/Suspense (Net)	411.156	-	-	-	-
Primary Balance	3,921.735	(2,071.779)	(6,383.404)	427.344	11,887.162
Fiscal Balance	1,896.794	(4,219.284)	(8,375.722)	(1,432.454)	4,690.617
Net Borrowings	(1,086.408)	(801.474)	744.247	(281.060)	(4,423.573)
Borrowings	1,685.268	2,239.125	3,567.345	2,451.526	3,427.437
Repayments	2,771.677	3,040.599	2,823.098	2,732.586	7,851.010
Resource Gap	810.386	(5,020.758)	(7,631.475)	(1,713.514)	267.044

Nu. in millions

	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Revised	Budget	Proj.	Proj.
In % of GDP					
Revenue & Grants	28.94	31.24	26.39	23.90	22.66
Domestic Revenue	20.08	18.78	17.29	15.42	17.94
Grants	7.95	12.13	9.10	8.49	4.72
Outlay	27.43	34.25	31.71	24.68	20.57
Total Expenditure	29.14	35.51	32.92	25.81	23.76
Current	16.80	17.08	16.11	14.60	15.53
Capital	12.34	18.43	16.81	11.22	8.22
Net lending	(2.04)	(1.26)	(1.21)	(1.13)	(3.19)
Primary Balance	3.13	(1.48)	(4.05)	0.23	5.31
Fiscal Balance	1.52	(3.01)	(5.31)	(0.78)	2.10
Net Borrowings	(0.87)	(0.57)	0.47	(0.15)	(1.98)
Borrowings	1.35	1.60	2.26	1.33	1.53
Repayments	2.21	2.17	1.79	1.48	3.51
Resource Gap	0.65	(3.59)	(4.84)	(0.93)	0.12
Nominal GDP (<i>Nu. in millions</i>)	125,184.79	139,999.40	157,628.10	184,449.55	223,802.11

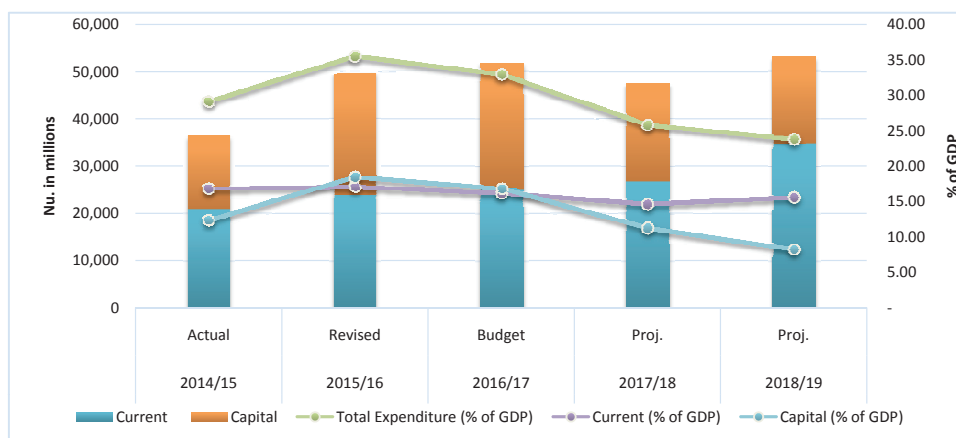
Source: MEF, MoF 2016

Public Expenditure:

The total public expenditure in FY 2017-18 is projected to decrease to Nu.47,613.296 million from Nu.51,884.364 million in the FY 2016-17. This decrease is mainly due to the decline in the capital expenditure. The capital expenditure in FY 2017-18 is projected to be Nu.20,690.139 million. This decline in capital expenditure is due to the fact that the FY 2017-18 is the last year of the 11th FYP when no new major capital investments will be undertaken and instead it will be the time for the winding up of the ongoing FYP activities.

In the FY 2018-19, the total public expenditure is expected to increase to Nu.53,166.241 million mainly due to 29% increase in current expenditure from the previous year. This huge increase in current expenditure is because of the interest payment of the newly commissioned hydropower projects. On the other hand, capital expenditure in FY 2018-19 is projected to decrease since it is the first year of the 12th FYP as mobilization of resources and other preparatory works for capital expenditure will take place and therefore lesser capital expenditure will be incurred.

Graph 5.13: Expenditure trend



Domestic Revenue:

Domestic revenue for the FY 2017-18 is estimated at Nu.28,434.831 million. Tax revenue is expected to be more buoyant than non-tax revenue. Growth in tax revenue is fueled by increase in PIT and CIT. Under non-tax, the increase is mainly on dividends from DHI, DGPC and Dagachhu Hydropower Corporation Ltd.

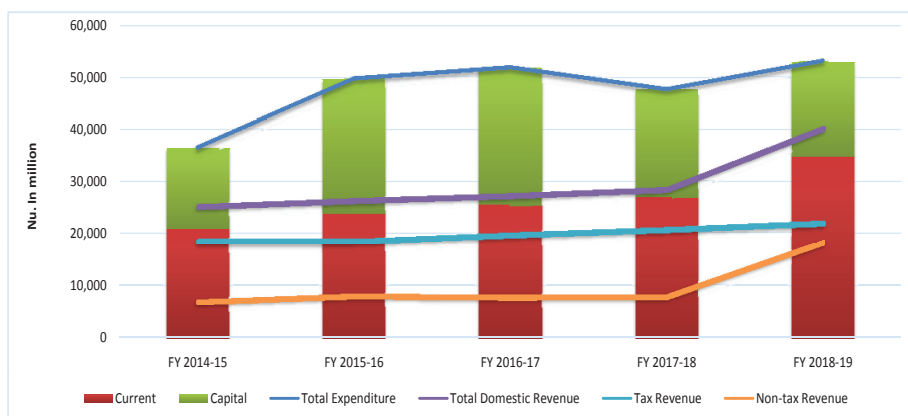
The domestic revenue might not be able to finance 85% of the total expenditure by the end of 11th FYP as projected earlier due to the following reasons.

- Non-realization of revenue due to delay in commissioning of hydropower projects like Punatshangchhu-I, Punatshangchhu-II and Mangdechhu.

- Hydropower royalty used to subsidize the electricity to rural households.
- Health contribution to be fully transferred to Bhutan Health Trust Fund for purchase of essential drugs.
- BIT exemption to small and micro business in rural areas.
- Revenue forgone through fiscal incentives and exemptions.

However, the tax measures initiated by the Government is expected to increase domestic revenue by about Nu.3,171.961 million. Despite the challenges, the constitutional mandate of financing current expenditure from the internal revenue will be fulfilled. With the commissioning of the hydropower projects, the revenue potential in the medium term is expected to be significant.

Graph 5.14: Domestic financing trend



Domestic revenue in FY 2017-18 is estimated to grow by 44.2%. The FY 2018-19 marks the beginning of the 12th FYP. The increase is expected due to the commissioning of new hydropower projects. A sum of Nu.5,038.695 million is expected as the transfer of profit from Mangdechhu hydropower project and Nu.5,907.118 million as interest payment from Punatsangchhu II and Mangdechhu.

Tax exemptions and incentives:

The total tax revenue forgone in the form of various exemptions and incentives was Nu.4,921.546 million in 2015, which was about 19.6% of the total domestic revenue for the FY 2014-15. These exemptions and incentives affects the growth of domestic revenue.

Table 5.3: Tax exemptions and incentives

<i>Nu. in millions</i>	
Type	2015
Project (Hydropower)	618.384
Raw materials	706.417
Plant and Machinery	300.635
Corporate Income Tax/ Business Income Tax1	167.566
Duty Free	329.483
Hotels	50.068
Vehicles	676.430
Green Tax	5.021
Aeroplane	1,045.241
Helicopter	82.351
Others (including excise duty)	939.950
Total	4,921.546

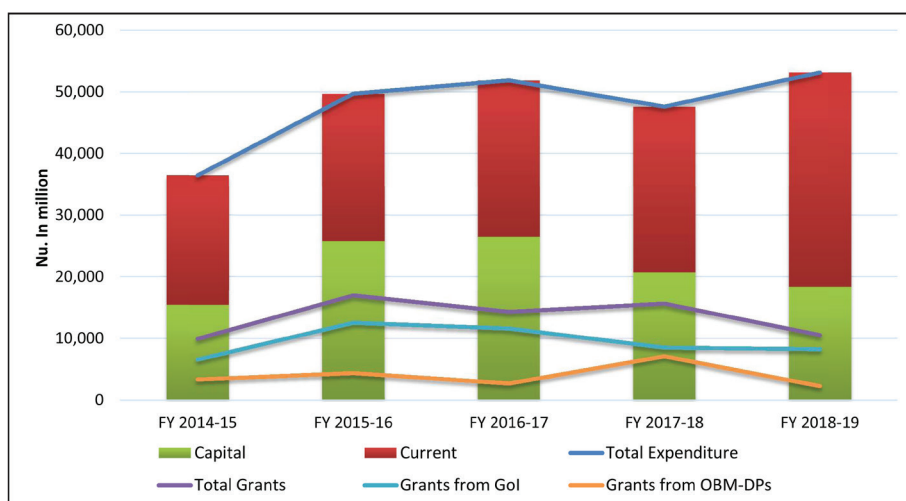
The increase in the tax expenditure was mainly from the exemption amounting to Nu.1,045.241 million on the airplane purchased by Drukair and Nu.82.351 million on purchase of helicopter. The exemption on import of vehicles increased by Nu.492.094 million from the previous year. Others include exemption given to Bhutan Olympic Committee, media, tour operators, agriculture, excise duty, etc. During the year, 109 business units availed tax holiday and 11,571 business units benefited from the BIT exemption given to small and micro businesses.

External Grants:

The total external grants in FY 2017-18, the last year of the 11th FYP, is projected to be Nu.15,655.664 million. During the year, Nu.8,532.313 million is expected to receive as grants from GoI and Nu.7,123.351 million from other development partners.

For the FY 2018-19, the external grant is projected based on the expected assistance from the development partners including GoI for the 12th FYP.

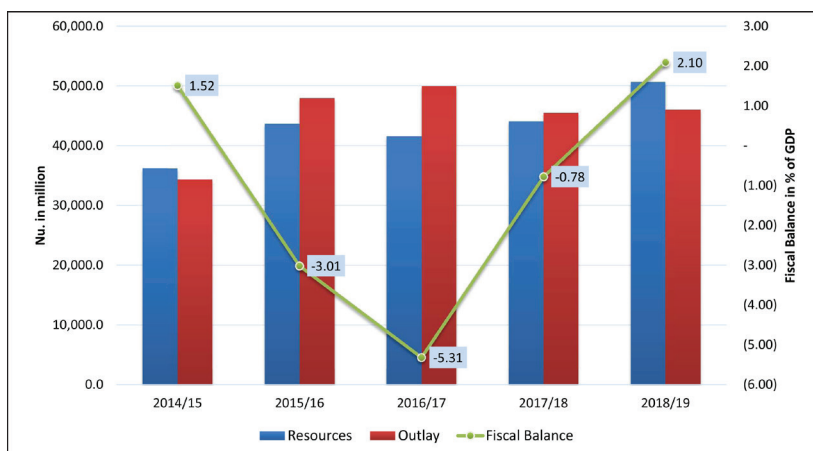
Graph 5.15: External grants



Fiscal balance:

Fiscal balance is projected to improve in the medium term with a deficit of 0.78% in FY 2017-18 and a surplus of 2.1% in the FY 2018-19. This is due to lower public expenditure as the 11th FYP ends and 12th FYP begins. This improvement of fiscal scenario is also coupled by higher expected domestic revenue particularly in FY 2018-19 when the hydropower projects are commissioned. As a result of this, primary balance is also projected to improve with a surplus of 0.23% in FY 2017-18 and 5.31% in FY 2018-19.

Graph 5.16: Fiscal scenario



Public Debt:

The Ministry of Finance has always pursued a policy of caution regarding public debt particularly external debts. The government has also approved the Public Debt Policy with the objective to proactively guide its investment and ensure that financing decisions are prudent and public debt is maintained at a sustainable level. The need to have a policy is also underscored as the economy is on the threshold of graduating from low income to middle income country status, with concomitant decline in access to concessional financing windows. Effective debt management will be of paramount importance in ensuring the debt financing is sustainable and contributes to the economic growth of Bhutan, and ultimately in achieving the overarching development objective of Gross National Happiness. Presently, external borrowing have been resorted to only when grants are not available, that too mainly for income generating activities like hydropower and for social infrastructure development projects. In the medium term, major borrowings will be only on account of hydropower projects mainly to achieve the target of 10,000 MW. For financing socioeconomic development activities other than hydropower projects, the Government has committed to maintain non-hydro debt below 35% of GDP.

The debt stock and debt indicators in the medium term are presented in the table below.

Table 5.4: Debt stock and debt indicators

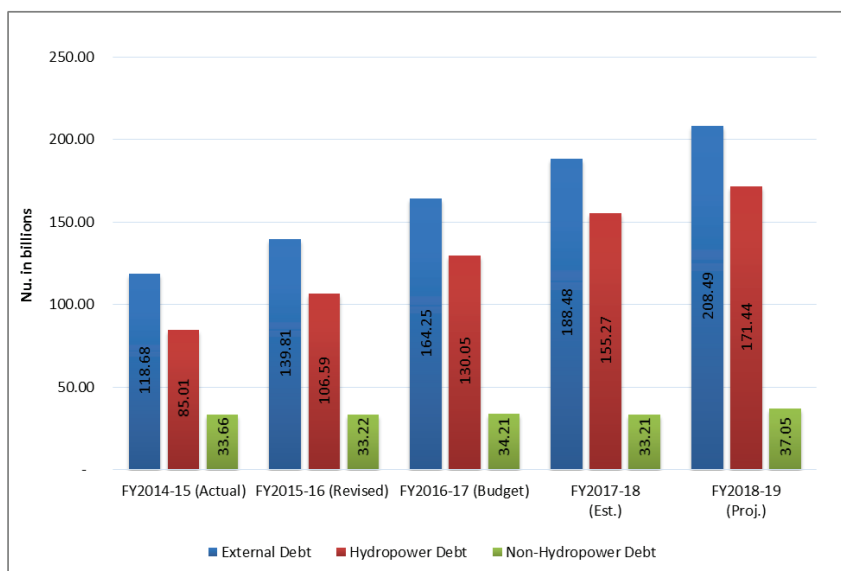
	FY2014-15 (Actual)	FY2015-16 (Revised) *	FY2016-17 (Budget)	FY2017-18 (Est.)	FY2018-19 (Proj.)
<i>Amount in millions</i>					
Total Public Debt	120,783.002	139,879.300	164,310.782	188,528.019	208,531.382
Domestic Debt	2,106.813	66.538	57.344	47.471	36.858
External Debt	118,676.189	139,812.763	164,253.438	188,480.548	208,494.524
Rupee Vs. CC Debt					
Indian Rupee debt	81,183.643	102,164.968	122,272.154	142,608.004	157,728.040
Convertible Currency (US\$ millions)	586.233	608.083	675.339	734.185	808.962
Hydro Vs. Non-Hydro Debt					
Hydropower Debt	85,012.366	106,588.693	130,045.678	155,268.872	171,441.817
Non-Hydropower Debt	33,663.822	33,224.069	34,207.760	33,211.676	37,052.708
Total Debt Service	8,691.409	6,555.971	8,236.420	8,958.788	15,369.915
o/w Debt service from budget	4,796.617	5,188.104	4,815.416	4,592.384	15,047.555
Domestic Debt Service *	220.387	299.119	114.174	14.174	14.174
External Debt Service	8,471.023	6,256.852	8,122.246	8,944.615	15,355.741
o/w Hydropower debt service	3,668.901	3,831.540	3,530.221	3,769.227	14,171.088
o/w Rupee debt service	6,860.311	4,322.033	5,982.889	6,928.289	13,144.365
o/w Debt service from Budget	4,576.230	4,888.321	4,701.242	4,578.210	15,033.381
<i>In % of GDP</i>					
Total Public Debt	96.5	99.9	104.2	102.2	93.2
Domestic Debt	1.7	0.0	0.0	0.0	0.0
External Debt	94.8	99.9	104.2	102.2	93.2
Hydropower Debt	67.9	76.1	82.5	84.2	76.6
Non-Hydropower Debt	26.9	23.7	21.7	18.0	16.6

	FY2014-15 (Actual)	FY2015-16 (Revised) *	FY2016-17 (Budget)	FY2017-18 (Est.)	FY2018-19 (Proj.)
<i>Amount in millions</i>					
External debt as % of Total Public debt	98.3	100.0	100.0	100.0	100.0
Hydropower debt as % of External debt	71.6	76.2	79.2	82.4	82.2
Indian Rupee debt as % of External debt	68.4	73.1	74.4	75.7	75.7
Debt Service Ratio (Total)	19.4	12.9	16.3	15.0	19.5
Debt Service Ratio (Budget)	10.5	10.0	9.4	7.7	19.1
Exchange rate (Nu/USD)	63.96	61.91	62.16	62.48	62.76
* Domestic debt service includes interest payment for WMA/ODF and Treasury Bills (T-Bills) but excludes the redemption of T-Bills.					
* Revised and projections are as on 31st March 2016; Past figures are based on the published AFS reports					

Based on the planned disbursements of the on-going and new loans, the external debt is estimated to increase by around 31.5% in the medium term. This is on account of higher disbursements mainly for hydropower projects. Flows projected from new pipeline projects such as Kholongchhu and Chamkharchhu in FY2016-17 and Bunakha and Wangchhu disbursements in FY2017-18 contributes to the growth in external debt stock.

The external debt outstanding for the FY2016-17 is projected to be Nu.164,253.438 million which is around 104.2% of the estimated GDP. It is further projected to increase at Nu.188,480.548 million by the end of FY 2017-18 (102.2% of GDP).

Graph 5.17: Debt Stock & Debt Indicators

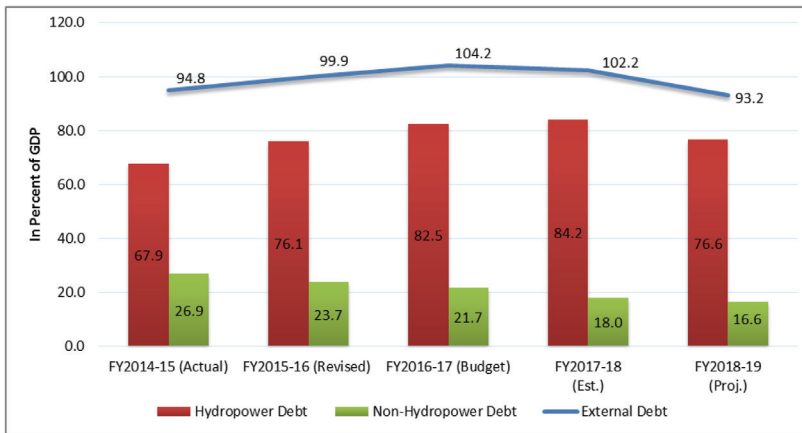


During the FY 2016-17, the hydropower loan is estimated to be Nu.130,045.678 million which accounts for more than 79% of the total external debt. It is projected to reach Nu.157,728.040 million by the end of FY2018-19. Although the Debt to GDP ratio is high, the hydropower projects being commercially viable and self-liquidating, do not pose any additional debt servicing burden.

The non-hydropower loans, which accounts for about 21.7% of the estimated GDP in FY 2016-17 are borrowed from multilateral financial institutions and bilateral countries at highly concessionary terms. As such, the current debt stock does not pose any risk of default in debt servicing.

Despite the high level of debt stock, the preliminary Joint World Bank – IMF Debt Sustainability Analysis 2016 has categorized Bhutan under the moderate risk of debt distress. In the medium and long term, the debt situation is expected to improve when hydropower projects come on stream with higher electricity exports. However, stress tests to public debt dynamics reveal the need for fiscal consolidation and the importance of sustaining rapid economic growth.

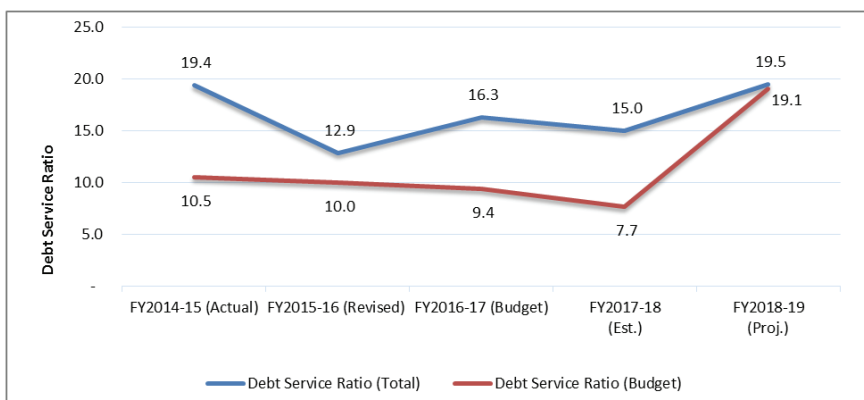
Graph 5.18: Debt Indicators



Debt service ratio indicates a country's capacity to pay off its debt obligations from its export earnings. An indicative benchmark as per the international threshold is set at 22%. Any ratio below this threshold is considered having sound and better repayment capacity for the country.

Debt service ratio (total) for the FY2016-17 is estimated at about 16.3%. It is expected to improve to 15% in the FY2017-18. On the other hand, the debt service ratio (budget) for the FY2016-17 is estimated at 9.4 % and is expected to reduce to 7.7% in FY 2017-18 as presented in the graph below.

Graph 5.19: Debt Service Ratio



By the end of FY 2016-17, the domestic debt stock is estimated at Nu.57.344 million. This loan was availed by the Government for the constructions of staff quarters at Phuentsholing hospital. It will be liquidated by 1st April 2022. The loan for the purchase of aircraft for Drukair was fully liquidated in July 2015.

During the FY, the domestic debt stock may also increase if the estimated resource gap is mobilised through internal borrowing. Issuance of treasury bills for cash flow management and development of domestic capital market could also add to the domestic debt until its redemption. Any T-bills not redeemed during the FY will add to the domestic debt stock. Further, the government may consider issuing government bonds for financing infrastructure projects which may also increase the domestic debt stock.

In the medium term, the domestic debt stock is expected to be minimal and its stock build-up will be mainly on account of financing the resource gap. However, it will be important to ensure that domestic borrowing will not crowd out the private sector credit. The government is taking various initiatives to strengthen domestic debt management and deepen capital market development in the country. In order to address the cash flow mismatch in the government consolidated fund, development of T-bills issue calendar has been initiated. Further, a strategy paper on developing government securities market in Bhutan has also been developed.

CHAPTER 6:

ROYAL MONETARY AUTHORITY

The Royal Monetary Authority (RMA) as a central bank is mandated by its Act to support macro-economic objectives of the Royal Government. The RMA continued its vigilance of the financial sector, reviewing and amending macro-prudential provisions in line with underlying economic conditions and market trends with the objectives to mitigate potential risks that may emanate from the financial sector. To achieve its objectives, the RMA has at its discretion instruments such as Cash Reserve Ratio, Statutory Liquidity Ratio and Prudential Measures and Guidelines of which, Base Rate is the most important instrument. The base rate provides a broad framework for assessment of cost of funds for the commercial banks to create desired savings and investments in the economy. The base rate is the minimum rate below which it will not be viable for financial institutions to lend.

The base rate for 2015 was computed in line with the audited annual accounts for the year 2014 and the standing provisions contained in the Revised Base Rate Operational Guidelines. For the financial year 2015, the base rate for the commercial banks ranged between 10.49% to 11.56% and 11.57% for the non-bank financial institutions. Compared to 2014, the lower limit on the base rate has increased marginally from 10.32% to 10.49%, mainly contributed by the revision of Cash Reserve Ratio from 5% to 10% in March 2015.

The RMA continued to provide the exemptions on the base rate framework to the following priority sectors to promote the flow of credit.

- Loans for the agricultural sector;
- Loans for small businesses and artisan schemes;
- Entrepreneurship Development Program (EDP) loans;
- Staff incentive loans;
- Loans against fixed deposits;
- Pension membership loans of the NPPE.

With the issuance of the Credit Information Bureau Regulation 2015, the Central Registry was de-linked and merged with the Credit Information Bureau. The Central Registry was established to encourage secured transactions and ease collateral requirements in movable and immovable property to avail any kind of loans.

On the operational front, the total operating income for the FY 2014-15 was Nu.1.6 billion, which is an increase of 33.3% from Nu.1.2 billion in 2014. The improved Indian rupee reserve position in the year resulted in a higher interest income from rupee investments, increasing from Nu.390.3 million in the previous year to Nu.850.7 million in 2015. Interest on foreign investments increased from Nu.690 million to Nu.693.3 million while interest from the ways and means advances to the Government decreased from Nu.32.6 million to Nu.10 million. On the expenditure side, total operating expenses grew by 17.6% from Nu.272.2 million in 2014 to Nu.320.2 million in 2015. As in the previous year, security printing and minting, and salaries and allowances for staff accounted for the largest share of the expenses for the year. Expenses related to security printing and minting increased to Nu.114 million an increase of 48.5%, while staff costs increased to Nu.88 million which is 14.5% increase. Interest payments on foreign deposits increased by 7.8% to Nu.59.3 million.

The surplus for the year was Nu.1,282.4 million out of which the RMA paid Nu.456.6 million as interest on the Standby Credit Facility from the Government of India that had been availed for balance of payments support. After accounting for prior period adjustments, out of the net surplus of Nu.833.4 million, Nu.36.5 million was transferred to the General Reserve. The RMA also transferred Nu.788.678 million as net surplus to the Government on 4th January 2016.

The total assets and liabilities of the RMA for the year ending 30th June 2015 was Nu.64.7 billion, up from Nu.61.8 billion as of 30th June 2014.

CHAPTER 7: STATE OWNED ENTERPRISES

In keeping with the Government's commitment, five new State Owned Enterprises (SOEs) were established namely the Royal Bhutan Helicopter Service Ltd., Royal Bhutan Lottery Ltd., Bhutan Duty Free Ltd., Farm Machinery Corporation Ltd. and Rural Enterprise Development Corporation with an overarching effective and efficient service deliveries and contribute towards the economic growth. With this, total portfolio of SOEs and linked companies have now reached 34 including wholly owned and linked companies. SOEs plays vital role in the socio-economic development of our country. Besides contributing to national revenue, SOEs are significant provider of employment opportunity to our people.

The Government has also established the Gewog banking services through BDBL to increase the outreach of banking services in the rural areas and to promote financial inclusion. As of May 2015, 184 Gewog bank branches were established.

The Ministry of Finance as the custodian of the Government investments in SOEs and linked companies has the responsibility of ownership to ensure that SOEs create value and benefit to the country and the people. In doing so, the Ministry of Finance on its part provides oversight role, and ensure that the SOEs deliver not only their commercial mandates, but also their socio-economic imperatives, in the interests of a stronger and vibrant economy.

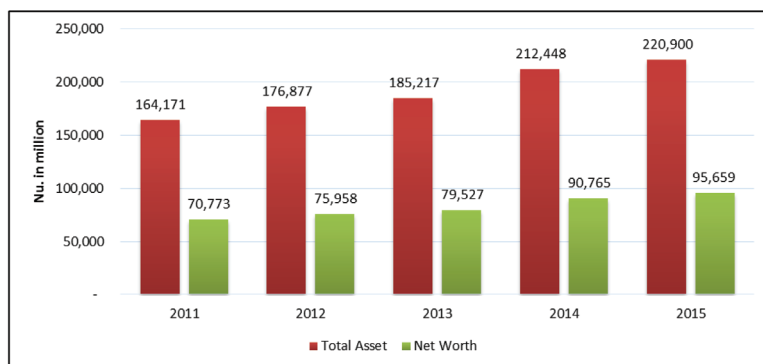
The report provides an overview of the financial and operational performance of the companies and review the overall health of the SOEs in terms of operational risks and challenges facing the companies.

7.1 Performance of SOEs

The year 2015 was another successful year for the State Owned Enterprises (SOEs). Despite the challenges, SOEs posted average revenue growth of 17%. Total assets of SOEs have grown over the years reaching Nu.220,900 million in

2015 which is about 176% of GDP. Similarly, SOEs have achieved 5% growth on Shareholders' Fund (net worth) from Nu.90,765 million to Nu.95,659 million and therefore delivered steady growth in the value of Government's investments in the SOEs. In 2015, the value of Government investments in SOEs and linked companies (net worth) has grown from Nu.80,288 million to Nu.84,071 million. Overall, improvement in the performance of SOEs has contributed towards higher tax revenue and dividend remittances to the Government. In 2015, SOEs and linked companies contributed Nu.10,077.781 million to the Government as tax (Nu.6,215.81 million) and dividend (Nu.3,861.97 million).

Graph 7.1: Asset & Net Worth



During the year, financial sector performed better than the corresponding year in terms of higher credit growth, enhanced growth in assets and higher profitability. The total asset grew by 4.8% to Nu.109,380 million compared to Nu.104,370 million in 2014 and total credit grew from Nu.62,450 million to Nu.71,990 million in the last quarter of 2015. Similarly, gross Non-Performing Loan also improved by 0.5% compared to the previous year.

Hydropower sector continues to be the major source of revenue and has been the single most important export and main source of foreign exchange in terms of Indian Rupee to the country. The four hydropower plants; Tala, Chhukha, Kurichhu and Basochhu collectively generated 7,381.60 million units (MU) of electricity in 2015, an increase of 3.28% from the aggregate generation of 7,147.10

MU in 2014. This increase in generation was on account of better hydrological flows mainly in the Wangchhu as well as the additional generation of 67.35 MU from the Tsibjalumchhu Diversion Scheme to the Tala Hydropower Plant (THP). The sector achieved net energy export of 5,149.17 MU to India in 2015 compared to 4,991.89 MU in the previous year.

Overall, as per the Audited reports, no material risks and observations were reported that would have significant implications on the operation and going concern of the SOEs and companies with Government shareholdings.

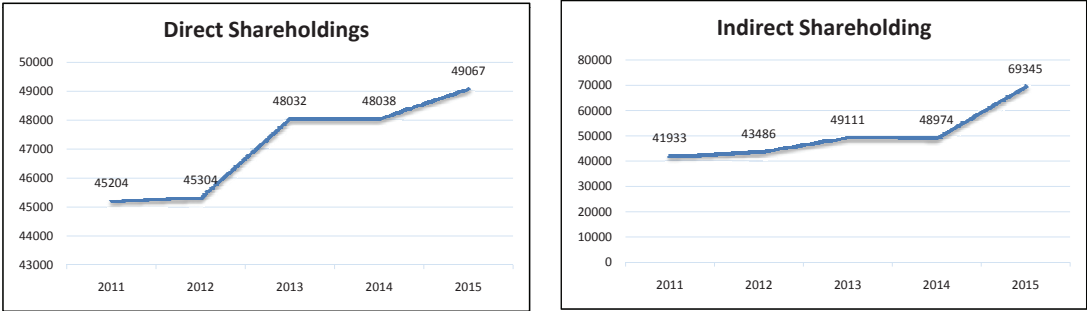
7.2 Portfolios of State Owned Enterprises and linked companies

The State Enterprises are grouped under three categories, namely:

- i. Wholly Owned Enterprises;
- ii. Majority Owned or Controlled Enterprises; and
- iii. Enterprises with minority shareholdings.

With the establishment of five new SOEs, the total number of SOEs and linked companies have now reached 34 including 22 wholly owned, 5 majority owned (more than 50%) and 7 minority owned companies. In terms of value of investment, total value of Government’s direct shareholdings in SOEs and linked companies have grown progressively mainly on account of additional equity injections from the Government and DHI in the companies (Annexure 5).

Graph 7.2: Government Paid-up Capital in SOEs

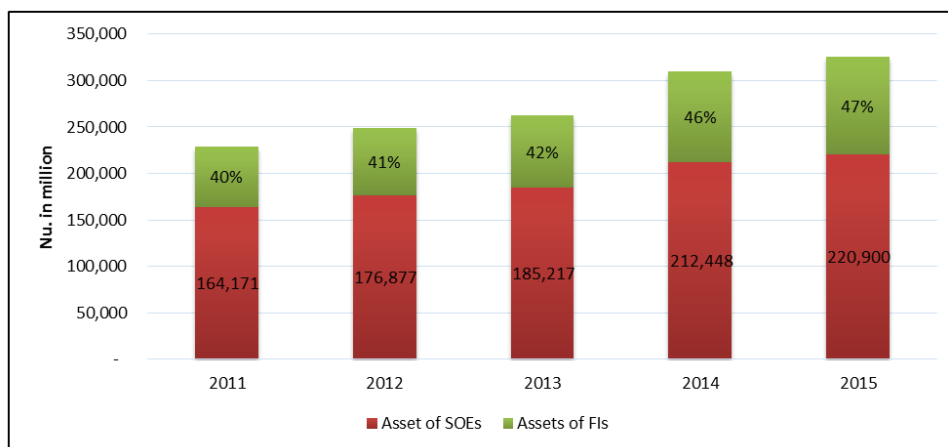


Government direct shareholdings have increased from Nu.45,204 million in 2011 to Nu.49,067 million by the end of 2015 and indirect shareholdings in DHI subsidiaries have grown from Nu.41,933 million to Nu.69,345 million in the past five years.

7.3 Asset & Investment Growth

SOEs forms large part of our economy with combined asset value exceeding 176% of the GDP (nominal GDP in FY 2014-15 - Nu. 125,426 million). Total value of assets of SOEs and linked companies grew by 4% from Nu.212,448 million in 2014 to Nu.220,900 million in 2015 (Annexure 6). The growth in assets were mainly driven by expansion in financial sector assets like BDBL which posted 15% growth in asset from Nu.16,565 million to Nu.19,072 million in 2015 mainly on account of higher credit growth. During the year, the Government invested additional Nu.200 million as equity injection to boost the capital base of the Bank for credit expansion. Similarly, RICB also posted more than 20% growth in asset from Nu.12,347 million to Nu.15,204 million.

Graph 7.3: Asset Size and Composition



Hydropower and financial sector still constitute the bulk of SOEs in terms of size and asset values. Almost 47% of the total assets of SOEs (Nu.104,345 million) pertains to financial sector and hydropower assets accounted for more than 25% amounting to Nu.55,590.88 million of the total SOE assets.

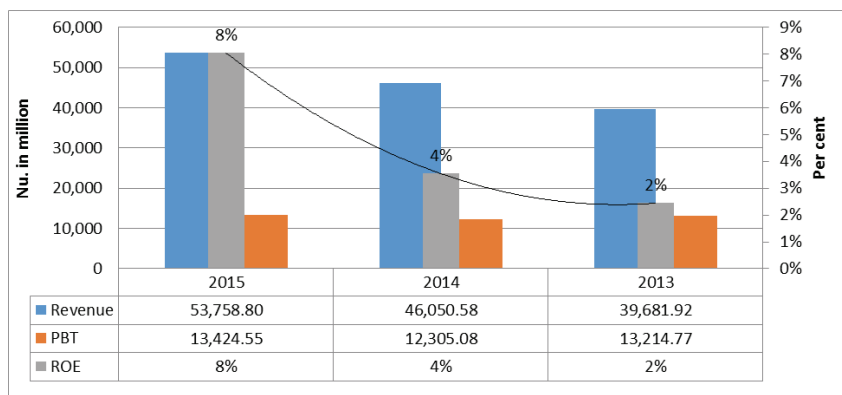
In terms of growth in shareholders' investment (net worth), combined value of net worth of SOEs and linked companies grew by Nu.1,483 million from Nu.90,765 million to Nu.92,248 million in 2015.

AWP recorded the highest rate of growth in net worth with 36% followed by BAIL and BDBL with 27% and 24% respectively.

7.4 Revenue growth and profitability

During the year (2015), the total revenue earnings of SOEs increased by 17% to Nu.53,758 million from Nu.46,050 million in 2014 (Annexure 7). Combined after-tax profit of SOEs also grew by 13% from Nu.8,046 million in the previous year to Nu.9,086 million. Hydropower continues to be the highest revenue earner with more than 40% of the total SOE earnings coming from DGPC. The company achieved total turnover of Nu.14,258 million followed by the BPC with Nu.9,769.65 million and the BOBL with Nu.2,673.41 million.

Graph 7.4: Overview of financial performance



Gross earnings and overall return on investments in terms of Returns on Equity (ROE) has also improved in 2015. The average rate of return on equity has improved from 3% in 2014 to 8% in 2015 mainly contributed by higher profitability posted by companies such as STCBL, BOBL, AWP, BAIL and Bhutan Telecom. However, start-up companies like DCCL and DHI-Infra Ltd. have experienced operational losses resulting into lower than expected returns on investment.

BAIL achieved the highest profitability in 2015 followed by AWP, STCBL, Kuensel Corporation and BOBL with average return on equity of 18%.

Table 7.1: Revenue Earnings and Profitability

Nu. in millions

Year	Revenue	Expenses	Pre-Tax Profit	Profit After Tax
2011	32,684	21,359	11,359	7,947
2012	36,912	24,752	12,230	8,565
2013	39,682	26,335	13,233	9,218
2014	46,051	33,264	12,305	8,046
2015	53,759	40,425	13,424	9,059

Source: PED, MoF

Similarly, operating cost of SOEs and linked companies are also on the rise. Average operating expenses rose by 21% from Nu.33,264.00 million in the previous period to Nu.40,386.00 million in 2015. The surge in costs was mainly driven by increased operating expenses of STCBL and BDBL mainly due to increase in import of vehicles and increased interest expenses on deposits respectively. Similarly, BPC, DCCL, RICBL and BBSC also contributed towards higher operating cost posting 37%, 34%, 30% and 18% increases respectively.

7.5 SOEs' contribution towards Government Revenue

SOEs are the major source of revenue for the Government contributing more than 40% in 2015 of the total domestic revenue. SOEs contributed total amount

of Nu.10,077 million in 2015 in the form of taxes (Nu.6,215.81 million) and dividend payout (Nu.3,861.97 million).

Graph 7.5: SOEs' contribution to Government revenue

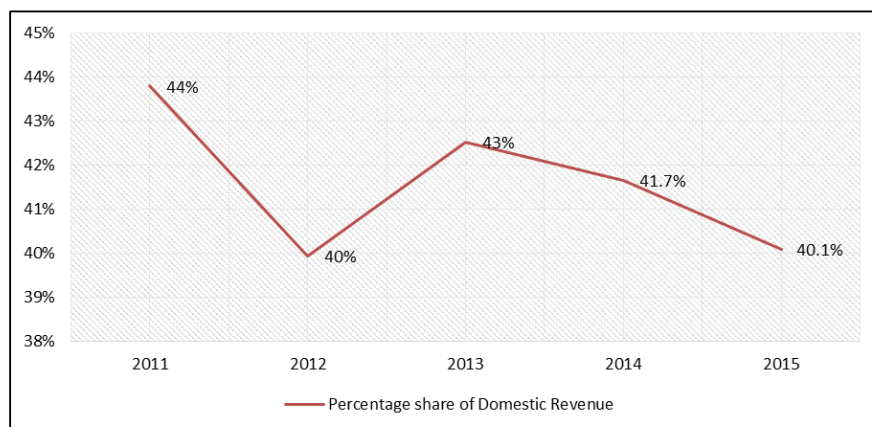


Table 7.2: Taxes & Dividends from SOEs

Year	2011	2012	2013	2014	2015
Tax Revenue	4,702.78	4,994.27	5,453.47	5,779.94	6,215.81
Dividend	2,944.37	3,135.78	3,519.90	3,902.37	3,861.97
Total Revenue from SOEs & linked Companies	7,647.15	8,130.04	8,973.37	9,682.31	10,077.78
Total National revenue	17,458.80	20,354.46	21,101.69	23,244.61	25,141.03
Percentage share to Domestic Revenue	44%	40%	43%	41.7%	40.1%

Source: PED, MoF

DGPC continues to be the highest revenue earner and major contributor towards the government revenue. The company paid Nu.2,251.602 million as tax and Nu.4,893.401 million as dividend contributing more than 20% of the total domestic revenue. BPC, Bhutan Telecom, BOB, BNB and PCA combined contributed Nu.840.39 million as taxes and Nu.700.79 million as dividend remittance to DHI in 2015.

CHAPTER 8: DRUK HOLDING AND INVESTMENTS (DHI)

8.1 Financial and Operational Highlights

Total asset of DHI grew marginally by 2.65% and similarly, net worth of the company also increased by 2.82%. The growth was mainly due to increase in investments in subsidiaries and transfer of SOEs from MoF to DHI. During the year, the Government transferred Wood Craft Center Ltd. (WCC) worth Nu.73.32 million and Construction Development Corporation Ltd. (CDCL) worth Nu.421.38 million to DHI.

Similarly, increase in total asset was also on account of improved cash and cash equivalents from Nu.5.02 million in 2014 to Nu.368.01 million in 2015.

Table 8.1: Dividend Income of DHI

Nu. in millions

Dividend income from subsidiary companies	2015	2014
Bhutan Board Products Ltd	4.678	6.683
Bank of Bhutan Ltd	300.133	269.186
Bhutan Telecom	337.011	216.007
Druk Green Power Corp.	4593.274	4760.298
Bhutan Power Corp.	702.082	260.08
Penden Cement Authority	109.686	123.397
Sub-Total	6,046.86	5,635.65
Dividend income from linked companies		
Bhutan Ferro Alloys Ltd	28.946	25.086
Bhutan National Bank Ltd	40.82	22.334
Royal Insurance Corp. of Bhutan	30.936	19.888
Sub-Total	100.702	67.308
TOTAL	6,147.57	5,702.96

Source: PED, MoF

DHI's income consists mainly of dividend remittances from its subsidiaries and linked companies which constituted more than 98% of the entire DHI's earnings. During the year, total income of DHI increased by 9.51% from Nu.5,744.67 million to Nu.6,291.271 million mainly on account of increased dividend income by about 8% from Nu.5,702.96 million in 2014 to Nu.6,147.57 million in 2015. The dividend income from Bhutan Power Corporation Ltd. (BPC) grew by 170%, from Nu.206.08 million in 2014 to Nu.702.08 million in 2015 and from Bhutan Telecom Ltd. by 56%, from Nu.216.01 million in 2014 to Nu.337.01 million in 2015.

Table 8.2: Financial Performance

<i>Nu.in millions</i>			
Particulars	2015	2014	Variance
Total Assets	52,426.97	51,071.10	2.65%
Net worth	49,766.23	48,400.43	2.82%
Income	6,291.27	5,744.67	9.51%
Expenditure	112.75	191.81	-41.22%
Profit Before Tax	6,178.53	5,552.86	11.27%
Tax	1,855.80	1,666.15	11.38%
PAT	4,322.76	3,886.70	11.22%

Source: PED, MoF

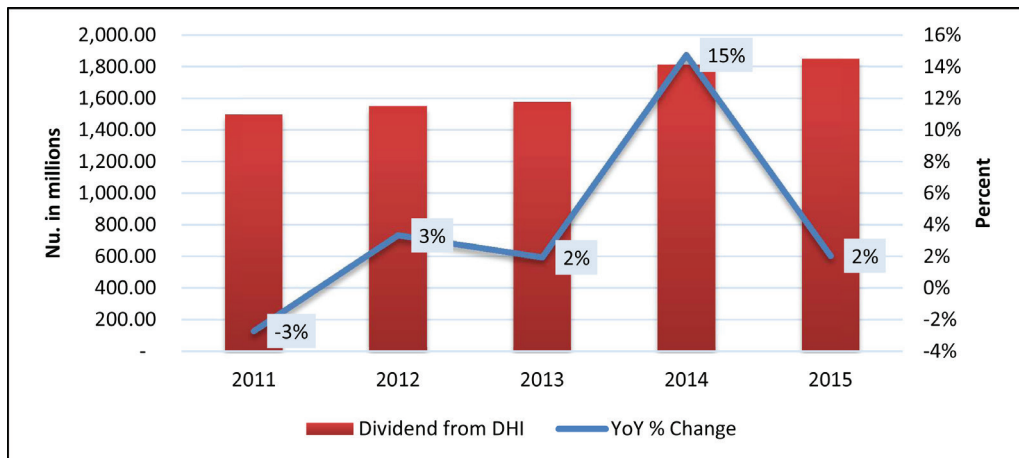
On the other hand, the total expenditure reduced by 41.22%, from Nu.191.81 million in 2014 to Nu.112.75 million in 2015. This was contributed significantly by lower finance cost, from Nu.67.71 million in 2014 to Nu.13.19 million in 2015. This impacted the PAT positively by 11.22%, from Nu.3,886.70 million in 2014 to Nu.4,322.38 million in 2015.

8.2 Dividends and Tax contributions from DHI

During the year, dividend remittance from DHI increased marginally by 2% from Nu.1,813 million to Nu.1,850 million. The rate of growth in dividend

contribution peaked to 15% in 2014 mainly because of additional profit transfers to Government from tariff revision of Chhukha Hydropower project in 2014.

Graph 8.1: Dividend Payout and Growth



While there was actual increase in profit transfer from DHI, the growth rate was marginal which dropped from 15% to 2% in 2015.

CHAPTER 9:

NATIONAL PENSION AND PROVIDENT FUND (NPPF)

In 2015, National Pension and Provident Fund (NPPF) made substantial progress both in terms of operation and financial performance. During the year, NPPF's assets grew from Nu.1,749 million to Nu.2,046 million and generated an income of Nu.1,540 million, an increase of 20% over the previous year. NPPF declared a record return of 8.50% on the Member's Fund generating long-term value to all its members, pensioners and beneficiaries.

Besides managing member's fund, NPPF also plays a significant role in the domestic financial market and has become the major source of fund in the economy. NPPF has been instrumental in financing the purchase of an additional aircraft for Drukair Corporation, corporate financing of RICBL, capital injection in Dagachhu Hydropower, refinancing of DCCL loans, financing real estate developments and other infrastructural projects.

9.1 Financial performance

NPPF's total fund size has reached Nu.20,463 million (17% growth compared to previous period) which was contributed mainly by increase in contributions from members and earnings. NPPF recorded return on investments of 8.50% compared to past 10 year average of 6.58% per annum. NPPF achieved 20% revenue growth from Nu.1,279.84 million in the previous year to Nu.1,535.59 million mainly from interest on loans and deposits, bonds, rental and dividend.

9.2 Key achievements and new product development

During the year, in celebrating the joyous occasion of the 60th Birthday Anniversary of the Fourth Druk Gyalpo, NPPF introduced new products such as new members' loan, member home loan and *Gongshu Lotedh* Scheme. Members can now avail affordable home loans for personal dwelling and pensioners can

depend on *Gongshu Lotedh* Scheme to sustain their welfare after retirement. NPPF also enhanced the student education loan limit to Nu.1 million and was made affordable with minimal interest rate of 9% per annum.

On the real estate, NPPF currently has 94 buildings in four regions (Thimphu, Phuentsholing, Samdrup Jongkhar and Samtse) and to address the housing shortages, constructions have been initiated for a 100 unit two residential buildings in Phuentsholing and a 16 unit one residential building in Samdrup Jongkhar. Further, to promote home-ownership among the members, NPPF launched pilot model houses where NPPF will provide architectural design at minimum cost and finance the project.

NPPF currently employs 151 regular employees of which 40% are female and 60% are male employees.

9.3 Investment Portfolio

As of June 2015, NPPF has achieved fund size of Nu.20,361.11 million and credit portfolio of Nu.4,930.52 million of which share of housing and education loan combined constituted 97% of the total credit portfolio.

Table 9.1: The portfolio of membership loan

Sl. No.	Nature	Loan Amount outstanding (Nu.in millions)	Loan exposure against the fund size
1	Housing Loan	2,693.61	13.23%
2	Education	2,100.83	10.32%
3	Student Loan	63.97	0.31%
4	Staff Housing Loan	38.28	0.19%
5	Staff Vehicle Loan	5.45	0.03%
6	New Members Loan	18.16	0.09%
7	Home Loan	10.22	0.05%
	Total	4,930.52	24.22%

Source: PED, MoF

9.4 Challenges confronting NPPF

Long-run fiscal sustainability of the existing partially funded pay-as-you-go defined benefit pension plan remains the key challenge for the Fund and the nation in general. The pension liabilities has been increasing steadily over the years widening the asset liability mismatch.

Table 9.2: Sustainability Indicators

Parameters	Necessary condition	Civil and Corporate	Armed Forces
Funded ratio (asset/ accrued liability)	100%	47.20%	34.43%
Current service cost (required contribution rate)	Equal to existing contribution rate or should be lowered than the existing rate	15.55% (Against 16%)	21.62% (Against 15%)
Remarks	Fund is considered solvent if both above conditions are met	Current service cost is line with existing rate	Current service cost is about 7% above the existing rate and require to revise the rate in line with service cost

Currently, the funded ratio of the civil and armed force are 47.20% and 34.43% respectively which is lower than the ideal requirement. The low funded ratio is mainly due to accrued liabilities and widening gap between the defined benefit and contribution payment.

Therefore, to mitigate the future risks, NPPF has been putting concerted effort to adequately balance risks and return.

CHAPTER 10: TRUST FUNDS

Trust Funds are established for designated purposes deemed necessary by the Government by setting aside stock of monies, securities or real property and hold in trust to ensure uninterrupted funding. Such Trust Funds are established as per Royal Charters and provisions of related laws. The management of Trust Funds are governed by relevant provisions of Public Finance Act 2012 (Amendment).

There are four Trust Funds and three Endowment Funds at present supporting to promote activities in the areas of preservation and promotion of cultural heritage, protection and conservation of environment, enhancing access to rural telecommunication, sustainability of primary health services and quality education. The status of the Trust Funds is as follows:

10.1 Trust Funds

10.1.1 Cultural Heritage Trust Fund

The Cultural Heritage Trust Fund managed by the Department of Culture is used for projects related to culture. As on 31st March 2016, its fund balance stood at Nu.59.705 million as compared to Nu.55.523 million in the previous year which is an increase of 7.5%. The Fund is currently invested in fixed deposit with the Bhutan National Bank Limited at an interest rate of 7% per annum with a deposit tenor of 366 days. The interest rate in the previous year was 6% per annum. The fixed deposit is maturing in October, 2016 earning an interest amount of Nu.4.182 million and total fund position would be Nu.63.887 million. No expenditure was made out of the Trust Fund as the initial fund has to reach USD 1.00 million as mandated by the Royal Charter.

10.1.2 Bhutan Trust Fund for Environment Conservation (BT FEC)

The BT FEC aims to promote social welfare through environmental conservation of forests, flora, fauna, diverse ecosystems and diversity of Bhutan. The fund balance as of 31st March 2016 stood at USD 50.208 million, which is 5.8% increase over the previous year. During the year, the Fund earned an income of USD 3.858 million of which USD 74,479 is interest income, USD 246,063 is dividend, USD 2,558,587 is capital gains and USD 979,013.04 is expected capital appreciation.

The Trust Fund spent USD 1,100,304 during the period for program activities (USD 988,845) and operating expenses of the Secretariat (USD 111,459). The Fund invested 92.5% of their total portfolio in mutual funds in the United States and remaining 7.48% was invested in shares and bonds in the domestic market.

10.1.3 Universal Service Fund for ICT

The Universal Service Fund was established in March, 2007 with an initial fund of Nu.194.25 million to promote rural mobile and internet connectivity. The Fund is managed by Bhutan Information Communication Media Authority (BICMA). The fund balance as of 31st March 2016 stood at Nu.253.189 million, a decrease of 13.8% over the previous year. The decrease is attributed to subsidies of Nu.127.863 million provided to the two licensed service providers (Bhutan Telecom Ltd. and Tashi Infocom Ltd.) for implementing rural communications and schools ICT programmes. The programmes include activity such as installation of internet connectivity in rural schools.

The Fund collected about Nu.48.563 million over the period as license fee from Tashi Infocom Ltd. The license fee collection of Nu.38.85 million from Bhutan Telecom Ltd. is due in May 2016.

The Fund also includes Media Development Fund (MDF) which is primarily used for development of media in the country. During the year, MDF collected Nu.3.651 million from international film producers as fees for filming in the country and its fund balance as of 31st March 2016 was Nu.31.556 million.

10.1.4 Bhutan Health Trust Fund (BHTF)

The fund balance as of 31st March 2016 stood at Nu.1,403.538 million which is an increase of 5.9% from the previous year. The increase is attributed to the Annual Health Walk of 2015 which generated Nu.18.107 million, Nu.138.354 million as health contribution from the Government and Nu.99.428 million as interest income and exchange rate gain.

The Fund spent Nu.177.636 million on vaccines and to purchase essential drugs. Starting 2016, the Fund is fully financing the pentavalent vaccines and an initial funding of Nu.6 million was also released for the vaccines. A sum of Nu.0.030 million was spent for operational expenses.

10.2 Endowment Funds

The Government to promote and encourage interested individuals and groups who lack institutional and financial support, endowment funds were established namely in education, research and art & culture.

10.2.1 Bhutan Education Endowment Fund

The Bhutan Education Endowment Fund was established in June, 2014 with an initial fund of Nu.10 million to improve access and quality of school education. The Fund will support schools in undertaking educational researches, enhancing and integrating ICT in education and other educational programs. The Fund is managed by the Ministry of Education and maintained with the Bank of Bhutan. During the year, the Fund did not have any income and the fund balance was still Nu.10.107 million.

10.2.2 Research Endowment Fund

This Fund was established to be used for research initiatives based in Bhutan for which a budget of Nu.10 million is being allocated in the new FY 2016-17.

10.2.3 Art Endowment Fund

The Art & Culture Endowment Fund has been changed to Art Endowment Fund since Cultural Heritage Trust Fund already exists. A sum of Nu.10 million is allocated as an initial fund to the Ministry of Home and Cultural Affairs. The Fund could be used to support local film producers and the Bhutan Film Association.

Table 10.1: Position of Trust Funds

Nu. in millions

Sl. No.	Name of the Fund	Opening Balance as of June, 2015	FY 2016-17			
			Income	Expenditure	Fund Balance (31st March, 2016)	% change
1	Cultural Heritage Trust Fund	55.523	4.182	Nil	59.705	7.5
2	Bhutan Trust Fund for Environmental Conservation (<i>USD in millions</i>)	47.450	3.858	1.100	50.208	5.8
3	Universal Service Fund for ICT	293.639	87.413	127.863	253.189	- 13.8
4	Bhutan Health Trust Fund	1,336.893	255.889	177.636	1,415.146	5.9
5	Bhutan Education Endowment Fund	10.107	Nil	Nil	10.107	0
6	Art Endowment Fund	10.000	Nil	Nil	10.000	0
7	Bhutan Research Endowment Fund	Nu.10.00 million is earmarked in the fiscal year for the Bhutan Research Endowment Fund.				

CHAPTER 11: HYDROPOWER DEVELOPMENT IN BHUTAN

11.1 Current Situation

This chapter highlights on the current status of the hydropower sector and its development activities. Hydropower is one of the largest sectors and main driver of our economy. Given its contribution to the overall socio-economic development and to achieve the national aspiration of economic self-reliance, the Government continues to explore the possibilities of harnessing the hydropower potential of the country. Bhutan has an estimated hydropower potential of 30,000 MW of which 23,760 MW can be techno-economically harnessed.

Currently, the country has tapped total hydroelectric generation capacity of 1,606 MW through Chhukha Hydropower Plant (336 MW), Kurichhu (60 MW), Basochhu I and II (64 MW), Tala (1,020 MW) and Dagachhu (126 MW), which accounts for only 5% of the total estimated potential.

The projects that are under construction and in the pipeline will harness another 5,178 MW of hydropower when they are fully commissioned, as shown in the table below.

Table 11.1: Construction period of the hydropower projects.

Sl. #	Project	MW	Year of start of construction	Year of completion
1	Punatsangchhu-I	1,200	2008	2019
2	Punatsangchhu-II	1,020	2010	2018
3	Mangdechhu	720	2010	2018
4	Kholongchhu	600	2015	2022
5	Nikachhu	118	2015	2020
6	Chamkharchhu-I	770	2016	2025
7	Bunakha Storage	180	2017	2023
8	Wangchhu	570	2017	2025
Total		5,178		

Source: DHPS, MoEA

While recognizing the importance of the hydropower projects, other emerging financial and security issues had to be also taken into account and necessary changes had to be made in the earlier plans.

11.2 Financing modality:

The hydropower projects involve huge investment and is implemented outside the purview of Five Year Plans and annual budget. However, the loan disbursements for hydropower project are recorded in the total debt stock and reported to the Parliament through the audited Annual Financial Statement.

The financing modality for the Inter-Governmental (IG) and Joint Venture (JV) projects are defined in the bilateral agreements between the implementing governments. The bilateral Agreement empowers the respective project authorities for implementing the project and disbursing the funds as per the work progress. The funds are directly disbursed to the project by the GoI. As per the bilateral agreement, the hydropower projects are handed over to the RGoB by the project authority within two years of completion of the projects.

As the internal capability improves, Joint Ventures are initiated between relevant companies within the country and external investors. Government also has been trying to diversify the financing sources for hydropower and infrastructure development in the country.

Government will also encourage Public Private Partnership (PPP) projects in the hydropower sector, for which the necessary policies are being developed. The existing projects being implemented are financed through Inter-Government (IG) arrangement and Joint Ventures as given in the table below:

Table 11.2: Funding modality of the hydropower projects.

Sl.	Project	MW	Completion year	Funding Modality
1	Punatsangchhu-I	1,200	2019	40% Grant and 60% Loan from GoI
2	Punatsangchhu-II	1,020	2018	30% Grant and 70% Loan from GoI
3	Mangdechhu	720	2018	30% Grant and 70% Loan from GoI
4	Kholongchhu	600	2022	30% Equity and 70% Loan (JV between DGPCL and SJVNL)
5	Nikachhu	118	2020	35% Equity and 65% Loan from ADB
6	Chamkharchhu-I	770	2025	30% Equity and 70% Loan (JV between DGPCL and NHPC)
7	Bunakha Storage	180	2023	30% Equity and 70% Loan (JV between DGPCL and THDC)
8	Wangchhu	570	2025	30% Equity and 70% Loan (JV between DGPCL and SJVNL)

Source: DHPS, MoEA

11.3 Financial Progress of on-going projects

Currently, there are five hydropower projects that are at various stages of construction namely Punatsangchhu-I, Punatsangchhu-II, Mangdechhu, Kholongchhu and Nikachhu hydroelectric projects.

A brief on the financial progress of each project are as follows:

i. Punatsangchhu - I hydroelectric project

Punatsangchhu-I hydroelectric project (1,200MW) started in 2008 and is scheduled to be commissioned in July 2019. The project is financed by the Government of India through 40% grant and 60% loan arrangement.

The cost estimate for the project has been revised to Nu.93,756 million mainly due to numerous geological setback. As on 29th February 2016, Nu.60,393.22 million was already spent on various activities of the project and as of March 2016, 77.52% of the works have been completed.

ii. Punatsangchhu - II hydroelectric project

Punatsangchhu - II hydroelectric project (1,020MW) started in 2010 and is scheduled to be commissioned in June, 2018. The project is financed through 30% grant and 70% loan arrangement by the Government of India.

Financial progress for the project has been as per the plan and the expenditure on all contract packages has been on track. The expenditure of the project as on 29th February, 2016 is Nu. 34,784.57 million.

Like Puna - I project, Puna - II has also met numerous geological issues that have financial implication. As a result, the cost of the project, as of March 2015, has been revised to Nu.72,906.2 million which is in process of acquiring sanction. As of March 2016, about 69.6% of the works of the project has been completed.

iii. Mangdechhu hydroelectric project

Mangdechhu hydroelectric Project (720 MW) in Trongsa Dzongkhag with financing arrangement of 30% grant and 70% loan from GoI was started in 2010 and is scheduled to be commissioned in March, 2018.

Financial progress of the project is in line with financial planning of the project. As of March 2016, the project spent Nu.24,667.16 million against the receipt of Nu.28,963 million from GoI. The revised project cost is Nu.40,206.3 million and 74.03% of the works has been completed as of March 2016.

iv. Kholongchhu hydroelectric project

Kholongchhu hydroelectric Project (600MW) in Trashigang Dzongkhag is scheduled to be commissioned in February 2022. The project is the first joint venture between DGPC and a public sector undertaking of India being financed through 30% equity and 70% loan and the total cost of the project is estimated at Nu. 8,688.77 million. The construction works of the main components are yet to be started, however, pre-construction works such as roads and power supply have already begun. The project has spent Nu.29.73 million in 2014 and Nu.255.23 million in 2015.

v. Nikachhu hydroelectric project

The Nikachhu hydroelectric project (118 MW) is being implemented by Tangsibji Hydro Energy Limited (THyE), a 100% subsidiary company of Druk Green Power Corporation Limited, which was incorporated on 25th April 2014 as a special purpose vehicle. The project is scheduled to be completed in July 2020. The project cost is estimated to be Nu.11,921 million with 35% equity and 65% loan arrangement from the ADB.

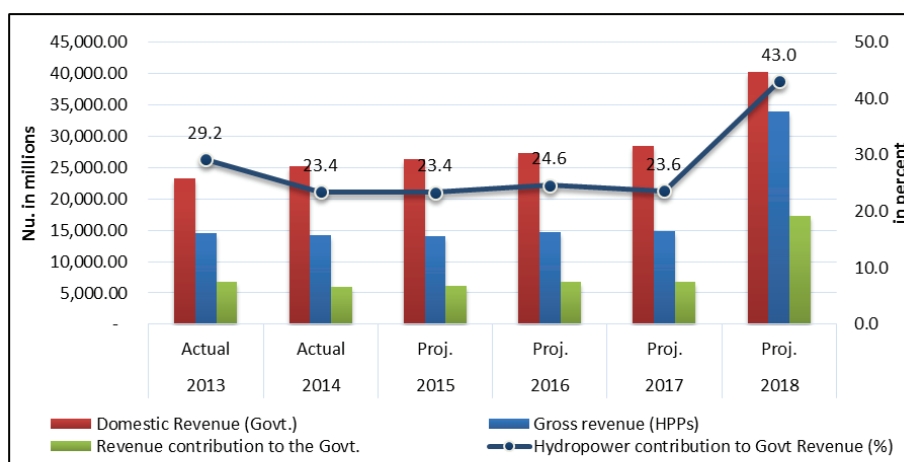
Majority of the preparatory works have been completed while the main construction works are yet to be started. The project has spent Nu.254.66 million in 2014 and Nu.661.66 million in 2015.

11.4 Hydropower revenue

The gross revenue of the hydropower sector comprises of revenue from the sale of electricity through exports and domestic consumption. After meeting their operating expenses and debt repayment, the net contribution to the Government revenue is in the form of corporate tax, dividend, profit transfers, royalty and interest receipts. On an average, the hydropower sector contributes around 45% of its gross revenue to the Government. This contribution accounts for about 25% of the government's total domestic revenue.

When Mangdechhu and Punatsangchhu - II hydropower projects are commissioned in 2018, its contribution to the Government revenue is expected to increase significantly to 43%. The revenue forecast will undergo changes if the underlying assumptions such as date of commissioning of the pipelined projects changes.

Graph 11.1: Contribution of revenue from hydropower to Government revenue



The hydropower sector not only generates revenue for the government but also invigorates the economy by boosting other sectors and related activities in the domestic economy. The impact of hydropower sector on the overall economy is enormous and it is important to harness the potential while taking account of other macroeconomic impacts of increased hydropower sector investment.

11.5 Up-coming hydroelectric projects

In order to pursue the accelerated hydropower development initiative to harness 10,000 MW by 2020, the Government is in the process of exploring and developing further hydropower projects and conduct pre-feasibility and feasibility studies on various hydropower projects. Some of the hydropower projects in pipeline are as follows:

- i. Gamri I and II (130 MW), Nyera Amari - I (125 MW) and Nyera Amari – II (317 MW) HEPs (integrated) for which pre-feasibility studies have been completed in July 2014 and the DPR works have started;
- ii. Dangchhu, Chamkharchhu II and Chamkharchhu IV for which the pre-feasibility studies have been completed;

- iii. Manas and Dagachhu II hydroelectric projects for which the pre-feasibility studies are currently being carried out;
- iv. Dorjilung Hydropower Project (1,125 MW) whose DPR is currently being undertaken, while pre-feasibility studies of Jomori-I and reconnaissance studies of Pinpingchhu, Pacchu and upper Kholongchhu are being undertaken by DHPS.
- v. Although the DPR study of Kuri-Gongri hydroelectric project was suspended in 2014, the Government is now pursuing with GoI to reinstate the DPR study.
- vi. Some of the projects had to be rescheduled or put on hold because of issues related to finance and security such as Sunkosh and Amochhu hydroelectric projects.

As the hydropower sector is the main driver of the economic growth and an important source of domestic revenue, the Government will continue to invest in the hydropower projects to realize its full potential. Hydropower development will be crucial to help the nation realize its aspiration of economic self-reliance. Therefore, the Government will explore all possible avenues of financing, besides strengthening the internal economic and technical capability.

Nevertheless, given the size of hydropower investments and magnitude of construction activities that they induce relative to the size of the economy, the Government will be extremely cautious and ensure that the economy does not experience adverse impacts of hydropower investments, if there is any.

Since, hydropower generates clean energy that is affordable and sustainable, it will go a long way in improving the livelihood of the Bhutanese and in realizing GNH. As the Government carries on with implementation of the planned hydropower projects, the implementation status and other details will be reported to the Parliament.

CHAPTER 12: FOREIGN DIRECT INVESTMENT (FDI)

12.1 Overview

This chapter outlines the Foreign Direct Investments (FDIs) and its status in the country. In recent years, FDIs have been considered as engine of growth worldwide as it brings capital, technology, knowledge and market access into the country. In Bhutan, FDIs are permitted as per the FDI Policy 2010 to fulfill the economic developmental objectives of the country as laid out in the Economic Development Policy. As per the Policy, the FDI in Bhutan is encouraged in the areas that contribute to the following;

- i. Development of green and sustainable economy;
- ii. Promotion of socially responsible and ecologically sound industries;
- iii. Promotion of culturally and spiritually sensitive industries;
- iv. Investments in services that promote Brand Bhutan;
- v. Creation of a knowledge society;

With approval of 5 projects in 2015 by the Government, there are 51 FDI projects in the country. Out of 51 projects, 33 are fully operational and 18 are in the construction stage. These projects are in various sectors of the economy as shown below.

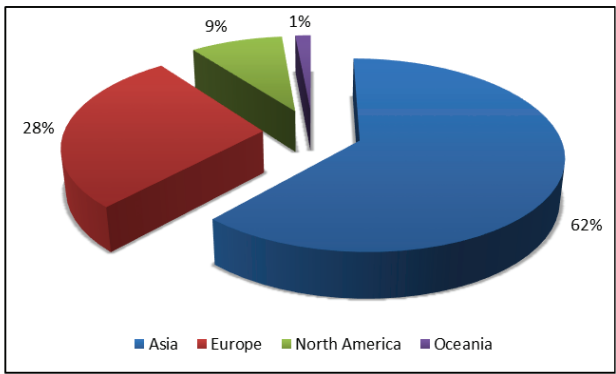
Table 12.1: FDIs in Bhutan

Sectors	No. of projects
Hotels	21
Financial Service	4
Other services	5
Dairy, Agro, water bottling & beverage projects	7
Other manufacturing sector	14
Total	51

Source: DoI, MoEA

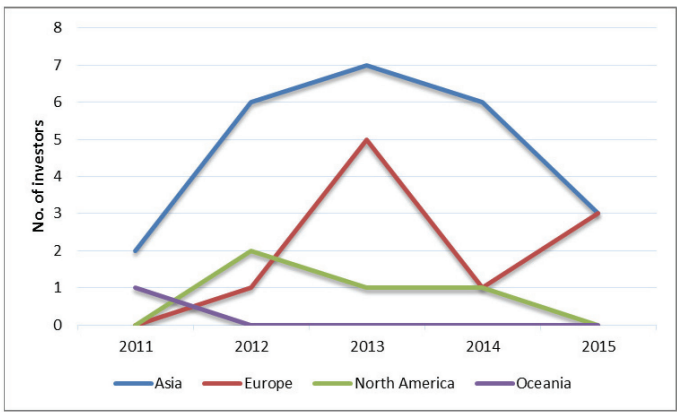
As of 31st December 2015, about 62% of the total investments (i.e. the total projects approved) were from Asia, 28% from Europe and 9% from North America.

Graph 12.1: Origin of investors



In 2015, five projects were approved of which three were received from European investors. The trend shows that during the last five years, Bhutan has received more investments from Asia. While investments have declined in numbers since 2013 due to decline in the Asian investors, the investors from Europe increased. The five projects that was approved in 2015 were promoted by six investors (3 from Asia and 3 from Europe).

Graph 12.2: Trend in source country of FDI

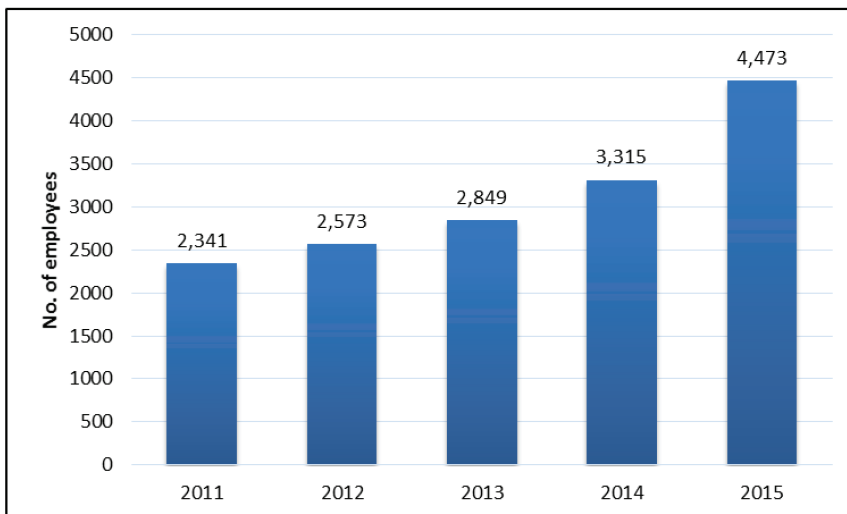


12.2 Contributions of FDI to the economy

12.2.1 Employment

One of the main contributions of FDI to the economy is employment generation. As of December 2015, a total of 4,473 employees are being employed in 33 FDI projects that have commenced operation as shown in the graph below.

Graph 12.3: Employment in FDI projects



These FDI projects are also contributing in the development of skills of the work force by providing trainings.

12.2.2 Revenue

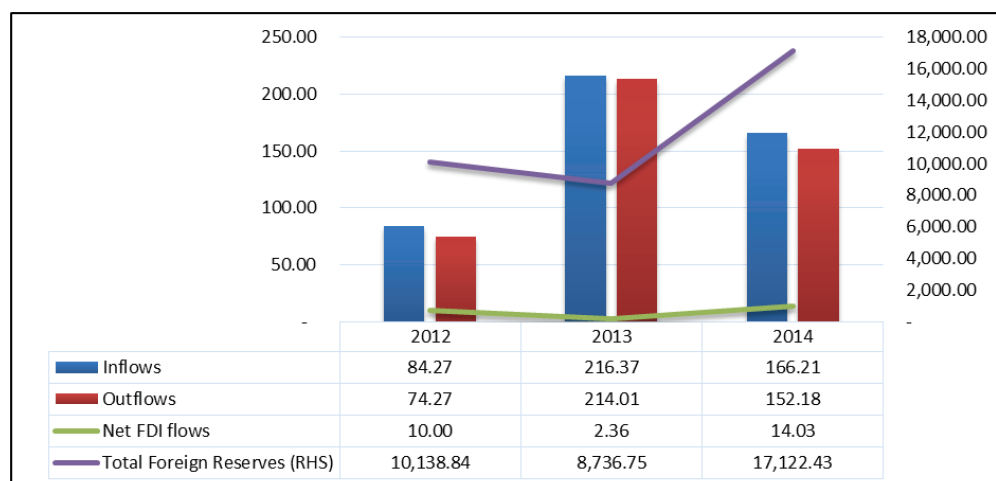
During the year 2015, the FDI projects contributed revenue of about Nu.1,178.811 million as taxes to the Government. However, the revenue contribution will be more than this as some of the FDI companies are yet to file their tax return for the income year 2015.

12.2.3 Foreign exchange reserves

Net FDI during the three year period from 2012 to 2014 was recorded at Nu.26.39 million which constituted less than 1% of the total foreign reserves accumulated in each year.

As in most developing countries, a growth in FDI increases imports with access to more foreign exchange. Although there is an inflow of foreign equity, there is equally an increase in the outflow of foreign reserve as FDI companies need to import goods and services due to non-availability in the country. The FDI companies import technology, equipment, construction and other raw materials and even patents in some cases, in addition to profit repatriation and other special fees. As such, FDI driven imports offset the surplus of the capital and financial account in the form of trade deficits thereby having no dramatic change on the level of foreign reserves. While the contribution of FDI to foreign reserves may not be very significant, FDI brings in other advantages in the form of skills and technology transfer, employment and through the inflow of non-debt creating capital. However, from the point of reserve accumulation, FDI contribution is not very significant given our current economic structure.

Graph 12.2: FDI flows (Nu. in millions)



CONCLUSION

The Budget for FY 2016-17 is a result of rigorous consultation with the budgetary agencies including local governments in keeping with the recommendations of the Finance Committee.

The Government Performance Management System has been used as the basis of budget preparation by aligning the budget with agencies' Annual Performance Agreements (APA) targets. With this, all the budgeted activities and programs are linked to 11th FYP objectives of the agencies.

On the recommendation of the Finance Committee, the Budget report for FY 2016-17 contains additional information on the Hydropower sector and Foreign Direct Investment and their contribution to the economy.

The Government has been consistently exploring avenues to generate additional revenue while ensuring steady economic growth. The prudent fiscal and monetary management will help achieve macroeconomic stability and sustainable socio-economic growth.

The report contains not only the Budget allocation to the sectors but also important information regarding the state of the economy and the prospects and future growth projections. The chapter on macroeconomic performance and outlook provides the economic prospects and challenges in the medium term. However, the projections are based on various assumptions and any change in the underlining assumptions may accordingly change the economic outlook.

The Budget for FY 2016-17 is yet another milestone in the country's journey towards participatory democracy. The allocation of resources has been aligned to the priorities of the 11th FYP for fulfilling the wishes and aspirations of the Bhutanese people.

The Government and the people of Bhutan would like to express sincere gratitude and appreciation to all our development partners, particularly the Government of India, for their continued support.

This Budget is especially dedicated to our beloved His Royal Highness the Gyalsey for his good health and long life. The Government also offers sincere prayers for good health and long life of Their Majesties, His Majesty the Fourth Druk Gyalpo, His Holiness the Je Khenpo and the members of the Royal Family. May the guardian deities of the glorious Palden Drukpa forever protect and guide the Bhutanese people and Drukyul.

ANNEXURES

Annexure 1: Annual capital budget of Dzongkhags including activities implemented by central agencies for the Dzongkhags-FY 2016-17.

Nu. in millions

Sl. No.	Dzongkhag	Dzongkhag Total	From Central Agencies	Total
1	Chhukha	320.489	141.241	461.730
2	Haa	258.054	318.921	576.975
3	Paro	202.516	150.901	353.417
4	Samtse	266.217	375.742	641.959
5	Tsirang	187.405	283.766	471.171
6	Dagana	345.268	353.564	698.832
7	Punakha	171.424	87.003	258.427
8	Wangdue Phodrang	263.538	228.865	492.403
9	Bumthang	251.830	73.476	325.306
10	Sarpang	288.775	101.108	389.883
11	Zhemgang	178.723	14.837	193.560
12	Tongsa	243.721	163.357	407.078
13	Lhuentse	197.843	45.626	243.469
14	Mongar	311.091	132.117	443.208
15	Pema Gatshel	230.296	201.333	431.629
16	Samdrup Jongkhar	240.797	248.467	489.264
17	Tashigang	366.025	91.339	457.364
18	Thimphu	112.572	130.991	243.563
19	Gasa	161.348	36.617	197.965
20	Tashi Yangtse	266.972	4.059	271.031
Total		4,864.904	3,183.330	8,048.234
Note: From the total allocation of Nu.4,864.904 million, Nu.2,751.065 million represents activities to be implemented in the Gewogs.				

Annexure 2: Annual Capital Budget allocation of Gewogs including activities implemented by central agencies & Dzongkhags for Gewogs for FY 2016-17

Nu. in millions

Sl. No.	Gewog	Gewog Total	From Central Agencies	From Dzongkhag	Total
1	Sampheling Gewog, Chhukha	15.674	-	10.130	25.804
2	Bongo Gewog, Chhukha	23.225	15.000	38.254	76.479
3	Chapchha Gewog, Chhukha	13.000	-	31.654	44.654
4	Dungna Gewog, Chhukha	6.600	15.000	33.255	54.855
5	Geling Gewog, Chhukha	16.661	24.630	8.570	49.861
6	Darla Gewog, Chhukha	34.385	-	4.410	38.795
7	Getana Gewog, Chhukha	7.671	20.000	4.231	31.902
8	Bjachho Gewog, Chhukha	10.895	-	26.026	36.921
9	Lokchina Gewog, Chhukha	18.503	-	22.486	40.989
10	Metakha Gewog, Chhukha	3.527	15.000	23.934	42.461
11	Phuentsholing Gewog, Chhukha	20.467	28.620	7.400	56.487
12	Bji Gewog, Haa	16.730	-	25.340	42.070
13	Katsho Gewog, Haa	6.000	-	2.500	8.500
14	Sombey Gewog, Haa	14.666	18.000	19.710	52.376
15	Sama Gewog, Haa	11.128	-	6.400	17.528
16	Iusu Gewog, Haa	24.500	-	26.350	50.850
17	Gakidling Gewog, Haa	9.708	18.000	29.695	57.403
18	Dobshari Gewog, Paro	4.630	-	4.000	8.630
19	Dogar Gewog, Paro	8.695	-	2.180	10.875
20	Doteng Gewog, Paro	5.953	10.150	0.350	16.453
21	Hungrel Gewog, Paro	4.000	-	21.710	25.710
22	Lango Gewog, Paro	8.000	-	3.850	11.850
23	Lungnyi Gewog, Paro	9.295	-	6.650	15.945
24	Naja Gewog, Paro	12.697	-	22.820	35.517
25	Shaba Gewog, Paro	10.933	-	6.600	17.533
26	Tsento Gewog, Paro	16.800	-	8.150	24.950
27	Wangchang Gewog, Paro	11.500	-	39.700	51.200
28	(Bara) Norgaygang Gewog, Samtse	22.000	7.318	3.654	32.972
29	(Biru) Pemaling Gewog, Samtse	20.800	-	2.354	23.154

Nu. in millions

Sl. No.	Gewog	Gewog Total	From Central Agencies	From Dzongkhag	Total
30	(Chargharey) Sangngacholing Gewog, Samtse	16.746	-	6.000	22.746
31	Chengmari) Norbugang Gewog, Samtse	22.000	-	2.500	24.500
32	Denchukha Gewog, Samtse	18.800	15.414	5.693	39.907
33	(Dorokha) Dophuchen Gewog, Samtse	22.698	9.681	10.044	42.423
34	Dumteod Gewog, Samtse	12.124	10.000	6.012	28.136
35	Yoedseltsey Gewog, Samtse	18.387	26.511	4.100	48.998
36	Namgaychheoling Gewog, Samtse	23.107	11.550	9.812	44.469
37	Tendu Gewog, Samtse	21.980	-	12.850	34.830
38	Ugyentsey Gewog, Samtse	11.000	-	1.560	12.560
39	(Pugli) Phuentshopelri Gewog, Samtse	25.549	14.361	8.100	48.010
40	Samtse Gewog, Samtse	20.301	-	10.213	30.514
41	(Sibsu) Tashicholing Gewog, Samtse	14.000	-	7.600	21.600
42	Tading Gewog, Samtse	22.238	-	3.359	25.597
43	(Beteni) Patshaling Gewog, Tsirang	6.930	-	0.250	7.180
44	Dunglagang Gewog, Tsirang	6.438	20.970	5.361	32.769
45	Barshong Gewog, Tsirang	4.989	19.285	8.055	32.329
46	Goseling Gewog, Tsirang	5.400	-	2.720	8.120
47	Rangthangling Gewog, Tsirang	6.000	-	0.900	6.900
48	Kilkhorthang Gewog, Tsirang	7.000	0.450	45.100	52.550
49	Mendelgang Gewog, Tsirang	7.000	1.000	2.505	10.505
50	(Pataley) Sergithang Gewog, Tsirang	8.493	10.600	19.407	38.500
51	Phuentenchhu Gewog, Tsirang	6.000	13.500	2.950	22.450
52	Shemjong Gewog, Tsirang	13.320	14.880	5.524	33.724
53	Tsholingkhar Gewog, Tsirang	7.786	-	7.200	14.986
54	Tsirangteod Gewog, Tsirang	7.740	7.700	0.768	16.208
55	Dorona Gewog, Dagana	8.970	16.400	16.780	42.150
56	Dujeyang Gewog, Dagana	11.908	-	17.149	29.057

Nu. in millions

Sl. No.	Gewog	Gewog Total	From Central Agencies	From Dzongkhag	Total
57	Gesarling Gewog, Dagana	6.324	-	16.785	23.109
58	Goshi Gewog, Dagana	8.991	-	3.075	12.066
59	Kana Gewog, Dagana	7.665	14.500	7.375	29.540
60	Khebisa Gewog, Dagana	10.119	-	20.225	30.344
61	Lajab Gewog, Dagana	7.278	-	12.398	19.676
62	Trashiding Gewog, Dagana	11.885	-	0.575	12.460
63	Tsendagang Gewog, Dagana	7.643	-	5.060	12.703
64	Tsangkha Gewog, Dagana	8.540	-	9.043	17.583
65	Tseza Gewog, Dagana	10.128	10.150	19.684	39.962
66	Karmaling (Deorali) Gewog, Dagana	5.965	18.000	11.241	35.206
67	Lhamoizingkha Gewog, Dagana	6.965	1.500	17.206	25.671
68	Nichula Gewog, Dagana	13.261	4.083	14.166	31.510
69	Chhubu Gewog, Punakha	9.600	-	22.345	31.945
70	Goenshari Gewog, Punakha	6.757	-	15.899	22.656
71	Guma Gewog, Punakha	14.483	-	17.515	31.998
72	Kabjisa Gewog, Punakha	9.620	8.870	20.215	38.705
73	Limgbukha Gewog, Punakha	4.518	-	1.943	6.461
74	Shengana Gewog, Punakha	6.600	-	1.140	7.740
75	Talo Gewog, Punakha	6.476	-	6.386	12.862
76	Teowang Gewog, Punakha	9.004	-	3.346	12.350
77	Dzoma Gewog, Punakha	7.584	-	5.441	13.025
78	Baap Gewog, Punakha	8.538	-	4.151	12.689
79	Toebesa Gewog, Punakha	9.556	-	3.961	13.517
80	Bjena Gewog, Wangdue Phodrang	40.022	-	9.660	49.682
81	Dangchhu Gewog, Wangdue Phodrang	8.082	-	7.023	15.105
82	Daga Gewog, Wangdue Phodrang	12.537	-	2.813	15.350
83	Gangteod Gewog, Wangdue Phodrang	8.889	-	0.950	9.839
84	Gasetshogongm Gewog, Wangdue Phodrang	10.210	-	33.315	43.525

Nu. in millions

Sl. No.	Gewog	Gewog Total	From Central Agencies	From Dzongkhag	Total
85	Gasetshowgm Gewog, Wangdue Phodrang	5.454	-	5.100	10.554
86	Kazhi Gewog, Wangdue Phodrang	10.820	26.321	2.150	39.291
87	Nahi Gewog, Wangdue Phodrang	4.198	32.480	8.860	45.538
88	Nyisho Gewog, Wangdue Phodrang	9.941	23.200	30.000	63.141
89	Phangyuel Gewog, Wangdue Phodrang	4.044	11.600	3.144	18.788
90	Phobji Gewog, Wangdue Phodrang	8.582	-	28.734	37.316
91	Rubesa Gewog, Wangdue Phodang	11.893	17.400	-	29.293
92	Sephu Gewog, Wangdue Phodrang	23.796	1.168	13.260	38.224
93	Athang Gewog, Wangdue Phodrang	13.614	20.300	11.620	45.534
94	Theedtsho Gewog, Wangdue Phodrang	6.875	8.035	12.750	27.660
95	Chhoeckhor Gewog, Bumthang	20.285	0.724	53.326	74.335
96	Chhumey Gewog, Bumthang	13.330	-	8.052	21.382
97	Tang Gewog, Bumthang	11.360	16.220	35.539	63.119
98	Ura Gewog, Bumthang	11.101	-	47.397	58.498
99	Samteyling Gewog, Sarpang	7.285	1.650	17.679	26.614
100	Chuzargang Gewog, Sarpang	12.249	18.270	4.700	35.219
101	Dekidlng Gewog, Sarpang	12.866	-	4.000	16.866
102	Chhuzom Gewog, Sarpang	10.075	35.000	6.000	51.075
103	Tareythang Gewog, Sarpang	2.271	14.210	7.100	23.581
104	Gelegphu Gewog, Sarpang	31.192	0.500	4.900	36.592
105	Gakidling Gewog, Sarpang	11.494	-	9.600	21.094
106	Jigmedchheoling Gewog, Sarpang	14.257	113.039	13.032	140.328
107	Umling Gewog, Sarpang	15.830	68.270	20.024	104.124
108	Singye Gewog, Sarpang	4.008	34.285	4.300	42.593
109	Shompangkha Gewog, Sarpang	6.744	-	17.463	24.207
110	Sershong Gewog, Sarpang	7.454	23.548	-	31.002

Nu. in millions

Sl. No.	Gewog	Gewog Total	From Central Agencies	From Dzongkhag	Total
111	Bardo Gewog, Zhemgang	21.193	18.225	7.010	46.428
112	Bjoka Gewog, Zhemgang	4.755	12.157	22.505	39.417
113	Nangkor Gewog, Zhemgang	14.993	5.000	6.950	26.943
114	Ngangla Gewog, Zhemgang	8.900	0.225	27.432	36.557
115	Phangkhar Gewog, Zhemgang	11.885	1.500	2.730	16.115
116	Shingkar Gewog, Zhemgang	10.006	12.000	14.657	36.663
117	Tong Gewog, Zhemgang	20.249	-	62.050	82.299
118	Goshing Gewog, Zhemgang	9.425	10.000	8.400	27.825
119	Dagteng Gewog, Tongsa	11.170	0.100	4.191	15.461
120	Korphu Gewog, Tongsa	5.988	30.500	0.206	36.694
121	Langthel Gewog, Tongsa	10.600	-	35.530	46.130
122	Nubi Gewog, Tongsa	17.270	35.539	9.589	62.398
123	Tangsibji Gewog, Tongsa	12.504	0.150	40.444	53.098
124	Gangzur Gewog, Lhuentse	18.182	2.213	22.447	42.842
125	Jarey Gewog, Lhuentse	9.250	9.800	10.200	29.250
126	Khoma Gewog, Lhuentse	15.522	-	29.014	44.536
127	Kurteod Gewog, Lhuentse	14.887	25.000	11.500	51.387
128	Minjay Gewog, Lhuentse	10.410	25.991	5.800	42.201
129	Menbi Gewog, Lhuentse	12.322	-	24.874	37.196
130	Metsho Gewog, Lhuentse	9.965	31.364	12.000	53.329
131	Tsenkhar Gewog, Lhuentse	8.876	11.688	20.571	41.135
132	Balam Gewog, Mongar	18.279	18.311	2.910	39.500
133	Chhali Gewog, Mongar	10.071	17.098	1.142	28.311
134	Chaskhar Gewog, Mongar	14.630	11.300	2.822	28.752
135	Dametse Gewog, Mongar	16.381	20.000	58.302	94.683
136	Daypung Gewog, Mongar	8.531	9.000	0.648	18.179
137	Gongdue Gewog, Mongar	17.000	-	9.860	26.860
138	Jurmey Gewog, Mongar	4.800	-	1.471	6.271
139	Kengkhar Gewog, Mongar	14.098	49.393	1.156	64.647
140	Mongar Gewog, Mongar	15.962	-	42.906	58.868
141	Ngatshang Gewog, Mongar	10.438	-	3.171	13.609
142	Saleng Gewog, Mongar	13.076	-	24.499	37.575
143	Sherimuhung Gewog, Mongar	11.075	19.300	4.201	34.576

Nu. in millions

Sl. No.	Gewog	Gewog Total	From Central Agencies	From Dzongkhag	Total
144	Silambi Gewog, Mongar	12.200	-	7.644	19.844
145	Thangrong Gewog, Mongar	15.029	18.000	0.117	33.146
146	Tsakaling Gewog, Mongar	6.700	23.030	8.791	38.521
147	Tsamang Gewog, Mongar	6.297	19.300	22.030	47.627
148	Narang Gewog, Mongar	8.112	-	0.211	8.323
149	Chongshing Gewog, Pema Gatshel	4.000	25.000	13.162	42.162
150	Chhimung Gewog, Pema Gatshel	6.969	-	9.862	16.831
151	Dungmin Gewog, Pema Gatshel	3.135	6.043	14.612	23.790
152	Khar Gewog, Pema Gatshel	4.254	15.000	21.962	41.216
153	Shumar Gewog, Pema Gatshel	16.812	1.134	18.272	36.218
154	Yurung Gewog, Pema Gatshel	5.509	-	3.250	8.759
155	Zobel Gewog, Pema Gatshel	6.678	1.782	28.221	36.681
156	Dechhenling Gewog, Pema Gatshel	15.379	12.500	14.128	42.007
157	Norbugang Gewog, Pema Gatshel	16.635	-	20.111	36.746
158	Nanong Gewog, Pema Gatshel	13.398	-	1.762	15.160
159	Choekhorling Gewog, Pema Gatshel	8.580	15.000	0.950	24.530
160	Phuentshothang Gewog, Samdup Jongkhar	16.970	93.068	30.074	140.112
161	Pemathang Gewog, Samdup Jongkhar	9.420	-	0.956	10.376
162	Gomdar Gewog, Samdup Jongkhar	9.756	5.326	7.068	22.150
163	Wangphu Gewog, Samdup Jongkhar	14.705	-	11.382	26.087
164	Langchenphu Gewog, Samdup Jongkhar	7.350	3.814	34.822	45.986
165	Lauri Gewog, Samdup Jongkhar	17.448	9.200	13.674	40.322
166	Martshala Gewog, Samdup Jongkhar	16.884	-	6.336	23.220
167	Dewathang Gewog, Samdup Jongkhar	17.120	4.050	21.568	42.738
168	Orong Gewog, Samdup Jongkhar	17.250	6.689	16.478	40.417

Nu. in millions

Sl. No.	Gewog	Gewog Total	From Central Agencies	From Dzongkhag	Total
169	Samrang Gewog, Samdup Jongkhar	3.300	6.944	0.754	10.998
170	Serthi Gewog, Samdup Jongkhar	16.000	26.500	20.316	62.816
171	Bartsham Gewog, Tashigang	7.064	-	27.814	34.878
172	Bidung Gewog, Tashigang	9.260	6.155	14.223	29.638
173	Kanglung Gewog, Tashigang	16.550	-	43.816	60.366
174	Kangpara Gewog, Tashigang	10.400	26.000	3.689	40.089
175	Khaling Gewog, Tashigang	15.025	-	12.783	27.808
176	Lumang Gewog, Tashigang	21.600	11.300	16.238	49.138
177	Merag Gewog, Tashigang	14.543	1.509	8.200	24.252
178	Yangnyer Gewog, Tashigang	12.627	17.946	7.550	38.123
179	Phongmey Gewog, Tashigang	11.402	29.645	18.570	59.617
180	Radi Gewog, Tashigang	14.638	7.600	1.321	23.559
181	Sagteng Gewog, Tashigang	12.610	19.229	1.370	33.209
182	Samkhar Gewog, Tashigang	12.384	24.070	22.900	59.354
183	Shongphu Gewog, Tashigang	17.048	12.760	3.113	32.921
184	Thimshing Gewog, Tashigang	10.786	20.540	1.671	32.997
185	Udzorong Gewog, Tashigang	14.380	40.000	21.869	76.249
186	Soe Gewog, Thimphu	5.140	10.150	1.793	17.083
187	Chang Gewog, Thimphu	7.500	-	9.497	16.997
188	Dagala Gewog, Thimphu	8.337	-	4.352	12.689
189	Ganyey Gewog, Thimphu	5.350	10.150	5.570	21.070
190	Kawang Gewog, Thimphu	9.263	-	16.680	25.943
191	Lingzhi Gewog, Thimphu	7.960	0.500	3.320	11.780
192	Mewang Gewog, Thimphu	14.991	-	14.505	29.496
193	Naro Gewog, Thimphu	4.715	-	2.243	6.958
194	Geonkhamed Gewog, Gasa	6.480	0.400	37.160	44.040
195	Geonkhateod Gewog, Gasa	5.215	-	23.967	29.182
196	Laya Gewog, Gasa	12.667	-	17.100	29.767
197	Lunana Gewog, Gasa	15.981	-	2.200	18.181
198	Bumdeling Gewog, Tashi Yangtse	11.020	24.650	25.380	61.050
199	Jamkhar Gewog, Tashi Yangtse	7.160	17.600	6.970	31.730
200	Khamdang Gewog, Tashi Yangtse	12.820	-	77.301	90.121

Nu. in millions

Sl. No.	Gewog	Gewog Total	From Central Agencies	From Dzongkhag	Total
201	Ramjer Gewog, Tashi Yangtse	6.270	16.000	14.032	36.302
202	Teodtsho Gewog, Tashi Yangtse	10.330	5.500	13.510	29.340
203	Tongmizhangtsha Gewog, Tashi Yangtse	5.107	2.700	17.798	25.605
204	Yalang Gewog, Tashi Yangtse	8.111	44.345	4.019	56.475
205	Yangtse Gewog, Tashi Yangtse	7.536	-	42.299	49.835
	Total	2,394.658	1,904.326	2,751.065	7,050.049

Annexure 3: Proposed and Recommended budget of Legislative, Judiciary and Constitutional Bodies

JUDICIARY

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
1	Establishment cost, Supreme Court	42.599		42.599	40.813		40.813
2	Establishment cost, High Court	22.971		22.971	22.005		22.005
3	Establishment cost, 20 Dzongkhag Courts	168.062	4.239	172.301	146.063	-	146.063
4	Establishment cost, 15 Dungkhag Courts	63.541	4.837	68.378	55.898	0.700	56.598
5	General Provisions	25.000		25.000	4.000		4.000
6	Procurement of library books and printing of law text books	2.303	-	2.303	1.000		1.000
7	SAARC LAW and other mandatory meeting and travels	0.488		0.488	0.488		0.488
8	National Judicial Commission and Council Meeting	0.329		0.329	0.329		0.329
9	SAARC LAW Conference	0.812		0.812	0.812		0.812
10	National Judicial Conference	2.000		2.000	2.000		2.000

JUDICIARY

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
11	Legal aid to indigent accused	0.200		0.200	0.050		0.050
12	Cost sharing training programs		0.500	0.500		1.000	1.000
13	Set up of IP-VPN		1.000	1.000		1.000	1.000
14	Construction of Punakha Dzongkhag Court		15.000	15.000		10.000	10.000
15	Construction of Wangdue Phodrang Dzongkhag Court		15.000	15.000		10.000	10.000
16	Construction of Haa Dzongkhag Court		5.000	5.000		5.000	5.000
17	Construction of Sarpang Dzongkhag Court			-		8.000	8.000
18	Construction of Drangpon's residence at Punakha		2.000	2.000		2.000	2.000
19	Construction of Drangpon's residence at Wangdue Phodrang		2.000	2.000		2.000	2.000
20	Construction of toilets and public amenities at Thimphu Dzongkhag Court		1.000	1.000		1.000	1.000
21	Renovation of Samdrup Jongkhar Dzongkhag Court		0.800	0.800		0.800	0.800
22	Renovation of Drangpon's residence, Gelephu		0.500	0.500		0.500	0.500
23	Maintenance of compound lighting, Samtse		0.090	0.090		0.090	0.090
24	Furnishing of Pemagatshel Dzongkhag Court		0.500	0.500		0.500	0.500
25	Setting up of internet connection (Tashigang and Bumthang)		2.200	2.200		0.400	0.400
26	Compound development and rehabilitation of water supply, Pangbang		0.696	0.696		0.696	0.696
27	Maintenance of water supply line, Thrimshing			-		0.080	0.080
28	Renovation of Dungkhag Court, Nganglam		0.170	0.170		0.170	0.170

JUDICIARY

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
29	Set up documentation management system		2.000	2.000	-		-
30	Up gradation of Judicial employee information system		0.500	0.500	-		-
31	Trainings for bench clerks, lawyers and judges		4.000	4.000		-	-
32	Long term HRD trainings		1.500	1.500		-	-
33	Construction of retaining wall at Drangpon's residence, Tashigang		5.000	5.000	-		-
34	Construction of garage, Chhukha		0.300	0.300	-		-
35	Re-construction of approach road, Lheuntse		0.600	0.600	-		-
36	Construction of approach road, Gasa		2.361	2.361	-		-
37	Construction of Drangpon's residence, Gasa		2.841	2.841			-
38	Construction of Drangpon's residence, Samdrup Jongkhar		10.000	10.000			-
39	Renovation of Dungkhag Court, Jomotshangkha		0.300	0.300			-
40	Construction of public toilet, Jomotshangkha		0.300	0.300			-
41	Renovation of Dungkhag Court, Samdrupchholing		1.300	1.300			-
42	Internet connection, Samdrup chholing		0.200	0.200			-
43	Internet connection, Sakten		2.000	2.000			-
44	Renovation of water supply pipe lines, Dorokha		0.250	0.250			-
45	Construction of Drangpon's residence, Bumthang		8.000	8.000			-
46	Construction of garage, Bumthang		0.500	0.500			-
47	Renovation of Dungkhag Court, Pangbang		0.200	0.200			-

JUDICIARY

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
48	Construction of Dzongkhag Court, Tashiyangtse		2.000	2.000		-	-
49	Purchase of vehicles		17.000	17.000			-
	Total	328.305	116.684	444.989	273.458	43.936	317.394

NATIONAL ASSEMBLY OF BHUTAN

Nu. in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
1	Establishment cost (Secretariat Services)	21.479	3.502	24.981	21.479	0.160	21.639
2	Establishment Cost (Parliamentary Services)	75.194	0.220	75.414	65.788	0.220	66.008
3	Assembly Session Services	4.880	-	4.880	4.880	-	4.880
4	Committee Services	2.445	0.200	2.645	1.659	-	1.659
5	Maintenance of Security and fire services in and around Gyelyong Tshokhang	1.500	-	1.500	1.400	-	1.400
6	Training of Committee Secretaries on basic interpretation of legal provisions	-	0.305	0.305	-	0.350	0.350
7	Dzongkha Development Program	-	0.300	0.300	-	0.150	0.150
8	Establishment of Parliament Radio Station	3.751	28.550	32.301	-	-	
9	Parliamentary Exchange Programme	-	-	-	9.206	-	9.206
	Total	109.249	33.077	142.326	104.412	0.880	105.292

NATIONAL COUNCIL

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
1	Establishment Cost (Secretariat Services)	21.788	2.000	23.788	17.748	1.220	18.968

NATIONAL COUNCIL

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
2	General Provision for new appointments	0.400		0.400	0.400		0.400
3	Construction of additional NC Block		60.000	60.000			
4	Dzongkha development program		0.150	0.150		0.150	0.150
5	Advocacy program on the roles and functions of NC and Parliament	1.202		1.202	0.350		0.350
6	Establishment Cost (Council services)	74.013	2.800	76.813	52.573	1.800	54.373
7	Baggage X-Ray machine scanner	0.650	1.500	2.150	0.650	1.500	2.150
8	Portable door frame metal detector		0.300	0.300		0.300	0.300
9	Hand held metal detector		0.040	0.040		0.040	0.040
10	Explosive vapour detector		2.600	2.600		2.600	2.600
11	Maintenance of security surveillance system	0.360		0.360	0.360		0.360
12	Capacity building of police personnel		2.000	2.000			
13	Printing of Acts, resolutions, Q&A, etc.	1.800		1.800	1.800		1.800
14	Committee services	0.900		0.900	0.900		0.900
15	National Council Session services	1.800		1.800	1.800		1.800
16	Honorarium and purchase of gift items for parliament delegations	0.550		0.550			
	Total	103.463	71.390	174.853	76.581	7.610	84.191

ANTI CORRUPTION COMMISSION (ACC)

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
1	Establishment Cost	44.547		44.547	44.547		44.547
2	General Provisions for New Appointments	1.000		1.000	1.000		1.000

ANTI CORRUPTION COMMISSION (ACC)

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
3	ACC Commission Meeting	0.200		0.200	0.200		0.200
4	Setting up of workstations		0.700	0.700		0.700	0.700
5	Preparatory works for construction of ACC office building in Phuentsholing		5.000	5.000		5.000	5.000
6	Conduct investigation (both proactive and reactive) and share reports for prosecution	4.815		4.815	4.815		4.815
7	Enhance Case Management System		4.000	4.000		2.500	2.500
8	Strengthening of Technical Support Division	1.132	2.500	3.632	1.132	2.500	3.632
9	Strengthen surveillance infrastructure		7.000	7.000		7.000	7.000
10	Implement Media Strategy	0.500		0.500	0.500		0.500
11	Conduct advocacy programs in Gewogs, agencies & schools	3.000		3.000	1.500		1.500
12	Develop information, education and communication materials	1.300	2.450	3.750	1.400	1.000	2.400
13	Implement Business Code of Conduct; Corporate Integrity Pledge and Other Integrity Instruments in Private Firms		1.000	1.000		1.500	1.500
14	Implement Integrity Promotion Tools including Training	1.500	4.500	6.000		5.700	5.700
15	Administer Social Accountability Tools	0.600	1.500	2.100	-	-	-
16	Coordinate Youth Related Integrity Programs		1.000	1.000		1.000	1.000
17	Strengthen Asset Declaration online System and revise rules		1.800	1.800		-	-
18	Train Asset Declaration System on Managing Asset Declaration		1.500	1.500		1.500	1.500
19	Conduct Anti-Corruption and Good Governance Research (Election/Land/ Construction)		5.000	5.000		5.000	5.000

ANTI CORRUPTION COMMISSION (ACC)

Nu.in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
20	Conduct Public Organization Integrity Assessment (3rd National Integrity Assessment)		3.600	3.600		3.600	3.600
21	Human Resource Developments (short Term and Long Term Trainings Aailed)		13.000	13.000		13.000	13.000
22	Operationalize Internal Communication Strategy	0.300		0.300	0.150		0.150
23	Formulate monitoring and evaluation tools for National Integrity & Anti-Corruption Strategies		3.000	3.000		1.650	1.650
24	Coordinate and Facilitate Institutional Networking/Col-laboration With International/ Regional Agencies	2.500		2.500	2.500		2.500
25	Host 21st Steering Group Meeting and the Regional Seminar	8.700		8.700	8.700		8.700
26	Amend Gift Rule	1.300		1.300	1.300		1.300
27	Implement provisions of UN Convention Against Corruption	1.000		1.000	-		-
28	Publish Annual Report	1.300		1.300	1.300		1.300
29	Implement Human Resource Development Master Plan 2015-2020		2.500	2.500		2.500	2.500
	Total	73.694	60.050	133.744	69.044	54.150	123.194

ELECTION COMMISSION OF BHUTAN (ECB)

Nu. in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
1	Establishment Cost	34.017	0.600	34.617	33.430	0.484	33.914
2	General Provision for New Appointments	0.600	-	0.600	0.600	-	0.600
3	Procurement of Disaster Equipment (Fire fighting Equipment)	-	0.192	0.192	-	-	-

ELECTION COMMISSION OF BHUTAN (ECB)

Nu. in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
4	Establishment of Day Care	-	0.231	0.231	-	-	-
5	Professional Security Service	-	0.288	0.288	-	-	-
6	Preparation of prototype structural drawings for Election offices in 20 Dzongkhags	-	1.500	1.500	-	-	-
7	Fencing of the land allotted to ECB in 6 Dzongkhags	-	1.500	1.500	-	-	-
8	Providing of railing and filling of gaps between wall and glass façade	-	3.000	3.000	-	-	-
9	Procurement of vehicle	-	5.100	5.100	-	-	-
10	Replacement of old vehicles	-	4.500	4.500	-	-	-
11	Procurement and Subscription of E-Library	0.300	0.227	0.527	0.300	0.227	0.527
12	Training on handling of Electronic Voting Machine	-	0.240	0.240	-	-	-
13	Replacement of server equipment	-	1.550	1.550	-	1.550	1.550
14	Secure Storage of Election Commission Data for Disaster Recovery	-	0.600	0.600	-	-	-
15	Maintenance of networking equipment	0.900		0.900	0.200	-	0.200
16	Capacity building of Election Commission officials	-	2.650	2.650	-	-	-
17	Electoral education and training	-	-	-	-	-	-
18	Bhutan Children's Parliament Session	1.558	0.392	1.950	1.700		1.700
19	Electoral Experience Sharing and Collaboration – Network	-	0.380	0.380	-	0.380	0.380
20	Voter Information, Communication and Education (Volunteer-Voice)	-	1.492	1.492	-	1.492	1.492
21	Bye-Election of Member of Bhutan Children Parliament	-	0.500	0.500	-	-	-
22	Update & prepare electoral rolls	0.745	-	0.745	0.745	-	0.745

ELECTION COMMISSION OF BHUTAN (ECB)

Nu. in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
23	Delimitation of Parliamentary Demkhongs	0.516	-	0.516	0.516	-	0.516
24	Bye Election for Parliamentary and Local Government Demkhongs	10.000	-	10.000	10.000	-	10.000
25	Conduct of Local Government Election in Vacant Demkhongs	7.787	-	7.787	7.787	-	7.787
26	Conduct of functional Literacy Test in Vacant Demkhongs	1.140	-	1.140	1.140	-	1.140
27	Dzongkhag Development Services	-	0.100	0.100	-	0.100	0.100
28	Training of Party Functionaries and Members	-	0.300	0.300	-	0.300	0.300
29	Study Tour, Conference and Observations, Bhutan Democracy Dialogue	-	2.000	2.000	-	2.000	2.000
30	Strengthening Bhutan Democracy Dialogue Secretariat	-	0.600	0.600	-	-	-
31	Bhutan Democracy Dialogue Steering Committee Meetings	0.100	-	0.100	0.100	-	0.100
32	National Voter's Day Celebration	1.485		1.485	1.484	-	1.484
33	Research and Publication to Enhance Electoral System	0.683	0.500	1.183	0.683	-	0.683
34	Review of Electoral Documents	1.273	-	1.273	1.273	-	1.273
35	Learning from 2nd Local Government Election Experience Program	7.605	-	7.605	7.605	-	7.605
36	Election Commission Conference	1.820	-	1.820	1.820	-	1.820
37	Development of Personal Information Management System		0.250	0.250		-	-
	Total	70.529	28.692	99.221	69.384	6.533	75.917

ROYAL AUDIT AUTHORITY (RAA)

Nu. in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
1	Establishment cost	87.067	1.300	88.367	84.325	1.300	85.625
2	Establishment Cost (four regional offices)	61.095	1.630	62.725	59.263	0.880	60.143
3	Printing of Annual Audit Reports	0.645	-	0.645	0.645	-	0.645
4	Production of audit reports of various sectors	0.920	-	0.920	0.800	-	0.800
5	General Provision for New Appointments	1.700	-	1.700	1.700	-	1.700
6	Mandatory Meetings/Conferences/Seminars/ Workshops Outside Bhutan	4.299	-	4.299	4.299	-	4.299
7	Visit of Comptroller and Auditor General of India	1.029	-	1.029	1.029	-	1.029
8	Preparation of Annual Audit Schedule/Plan	-	0.613	0.613	-	0.613	0.613
9	Participate in Trans-Regional Audits	-	0.500	0.500	-	0.500	0.500
10	Outsourcing of Audit Services	-	2.500	2.500	-	2.500	2.500
11	Keeping abreast of ISSAIS in Collaboration to INTOSAI/IDI	-	0.500	0.500	-	0.500	0.500
12	Conducting refresher course on interactive data extraction and analysis audit software	-	0.315	0.315	-	0.315	0.315
13	Capacity Building in Performance Audit	-	2.000	2.000	-	2.000	2.000
14	Carrying out Audit Awareness and Advocacy in Selected Gewogs	1.925		1.925	1.925		1.925
15	Engaging External Expertise in Auditing	-	0.500	0.500	-	0.500	0.500
16	Capacity Building in Construction and Procurement Audits	-	1.943	1.943	-	1.943	1.943
17	Installing Toll Free Number in the Royal Audit Authority Head office	0.066		0.066	0.066	-	0.066
18	Purchase of pool vehicle	-	8.200	8.200	-	-	-

ROYAL AUDIT AUTHORITY (RAA)

Nu. in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
19	Installing emergency exit staircase at head office	-	4.500	4.500	-	4.500	4.500
20	Continuing Professional Development for Auditors	-	1.000	1.000	-	1.000	1.000
21	Dzongkha Development Programme	-	0.200	0.200	-	0.100	0.100
22	Computers and Portable Accessories for Field Audit Team	-	3.000	3.000	-	3.000	3.000
23	Sensitization on Financial Resources Management Accountability Index	0.500	-	0.500	0.500	-	0.500
24	Exchange of expertise with Comptroller & Auditor General office, India	-	2.000	2.000	-	2.000	2.000
25	Exchange of visits with relevant Supreme Audit institutions	-	1.000	1.000	-	1.000	1.000
26	Construction of Professional Development Centre at Tsirang	-	98.380	98.380	-	60.000	60.000
27	Site development and construction of faculty block	-	32.000	32.000	-	32.000	32.000
28	Furnishing of Training Center	-	15.000	15.000	-	10.000	10.000
29	Strengthening capacity of Royal Audit Authority	-	31.848	31.848	-	31.848	31.848
	Total	159.246	208.929	368.175	154.552	156.499	311.051

ROYAL CIVIL SERVICE COMMISSION (RCSC)

Nu. in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
1	Establishment Cost	56.284	-	56.284	53.046	-	53.046
2	Professionalising Civil Service	-	240.825	240.825	-	140.825	140.825
3	Nehru-Wangchuck Scholarship	-	20.600	20.600	-	20.600	20.600
4	Cost sharing & other HRD program	-	32.451	32.451	-	25.000	25.000
5	Young Professional Leadership Program	-	5.000	5.000	-	5.000	5.000

ROYAL CIVIL SERVICE COMMISSION (RCSC)

Nu. in millions

Sl. No.	Activity	Proposed			Recommended		
		Current	Capital	Total	Current	Capital	Total
6	PhD. Program (Economics)	-	5.960	5.960	-	-	-
7	Organisational Development exercise	1.425	-	1.425	1.425	-	1.425
8	Civil Service Award		2.500	2.500		2.500	2.500
9	Bhutan Civil Service Examination	12.780		12.780	12.780		12.780
10	Improvement of web based services	0.115	3.300	3.415	0.115	3.300	3.415
11	Human Resource Auditing service	0.264	-	0.264	0.264	-	0.264
12	Bhutan Civil Service System reforms	0.213	-	0.213	0.213	-	0.213
13	Conduct Executive Forum	-	1.000	1.000	-	1.000	1.000
14	Bhutan Executive Services Training	-	4.600	4.600	-	4.600	4.600
15	Ex-Country Executive Training	-	9.100	9.100	-	9.100	9.100
16	Managing for Excellence	2.995	2.500	5.495	2.996	2.500	5.496
17	Consultative Meeting on BCSR 2016	0.338	-	0.338	0.338	-	0.338
18	Dzongkha Development Services		0.100	0.100		0.100	0.100
19	Royal Civil Service Commission meeting	0.312	-	0.312	0.201	-	0.201
20	Civil Service well-being program	0.750	-	0.750	0.750	-	0.750
21	International Volunteers Program	0.425	-	0.425	0.301	-	0.301
	Total	75.901	327.936	403.837	72.429	214.525	286.954

Annexure 4: Economic classification of expenditure for FY 2016-17

Nu. in millions

Sl. No.	Classification	Amount
	Current Expenditure	
1	Pay and Allowances	8,788.643
2	Other Personnel Emoluments	788.444
3	Medical Benefits - Incountry	0.412
4	Medical Benefits - Outside Bhutan	308.902
5	Special Allowance	81.000
6	Special Allowance - Kidu/Pensioners	5.110
7	Stipends	569.029
8	Travel - Incountry	1,716.328
9	Travel - Outside Bhutan	214.853
10	Utilities -Telephones, Telex, Fax, E-mail, Internet	274.766
11	Utilities -Telegram, Wireless Transmission, Postage	35.752
12	Utilities - Electricity, Water, Sewerage	208.796
13	Utilities - Fuelwood	57.149
14	Rental of Properties - Buildings	200.564
15	Rental of Properties - Vehicles	17.189
16	Rental of Properties - Others	0.775
17	Rental of Properties - Furniture, Equipment & Land	3.019
18	S & M - Office Supplies, Printing, Publications	299.521
19	S & M - Medicines & Laboratory Consumables	553.663
20	S & M - Fertilizers, Chemicals, Manures, Innoculants	19.095
21	S & M - Seeds, Seedlings	40.512
22	S & M - Animal Feeds	140.139
23	S & M - Uniforms, Extension Kits, Linens	114.158
24	S & M - Text Books, Library Books, Stationeries & Sports Item	217.805
25	S & M - Patient Diet	30.039
26	S & M - Diet	125.011
27	Maintenance of Property - Buildings	154.131
28	Maintenance of Property - Vehicles	283.467
29	Maintenance of Property - Roads	308.265
30	Maintenance of Property - Bridges	7.620

Nu. in millions

Sl. No.	Classification	Amount
31	Maintenance of Property - Equipment	126.416
32	Maintenance of Property - Plantations	35.006
33	Maintenance of Property - Computers	33.516
34	Maintenance of Property - Water supply, Sewerage, Playfield	9.404
35	Op. Exp. - Advertising	47.695
36	Op. Exp. - Taxes, Duties, Royalties, Handling Charges, Bank Charges	57.300
37	Op. Exp. - Transportation	108.214
38	Op. Exp. - Energy/Propulsion Charges	0.270
39	Op. Exp. - Items for Processing/Manufacturing	13.605
40	Op. Exp. - Incountry Meetings and Celebrations	533.815
41	Op. Exp. - Survey/Census	71.355
42	Hospitality & Entertainment	70.267
43	Current Grants - Individuals/Non-profit Orgs.	3,281.914
44	Current Grants - Sungchop	341.878
45	Current Grants - Rural Life Insurance Scheme	57.065
46	Current Grants - Financial Institutions	15.000
47	Current Grants - Non-Financial Institutions	326.479
48	Subscriptions to International Organisation	90.849
49	Contributions - Provident Fund	690.161
50	Retirement Benefits	134.712
51	General Provisions	1,785.638
52	Interest Payment - Internal	104.980
53	Interest Payment - External	1,887.338
	Total Current Expenditure	25,387.034
	Capital Expenditure	
1	Acquisition of Immovable Property - Land	2.915
2	Training - Human Resource Development	1,029.327
3	Training - Others	1,497.472
4	Exp. on Structure - Buildings	6,450.186
5	Exp. on Structure - Roads (including culverts and drains)	6,710.610
6	Exp. on Structure - Bridges	573.093

Nu. in millions

Sl. No.	Classification	Amount
7	Exp. on Structure - Irrigation Channels	507.326
8	Exp. on Structure - Drainage Systems	40.514
9	Exp. on Structure - Water Supply & Sanitation	1,096.902
10	Exp. on Structure - Plantations	265.217
11	Exp. on Structure - Others	1,604.020
12	Plant & Equipt. - Roads	5.580
13	Plant & Equipt. - Power Generation	34.031
14	Plant & Equipt. - Power Trans. & Dist.	34.767
15	Plant & Equipt. - Telecommunications	106.585
16	Plant & Equipt. - Agricultural Machineries	94.907
17	Plant & Equipt. - Livestock	148.189
18	Plant & Equipt. - Hospital/Lab. Equipment	213.459
19	Plant & Equipt. - General Tools, Instruments	809.712
20	Purchase of Vehicles	277.435
21	Furniture	153.206
22	Office Equipment	143.122
23	Computers & Peripherals	148.533
24	Professional Services	714.759
25	General Provisions	2,040.000
26	Capital Grants - Individuals/Non-Profit Orgs.	1,181.688
27	Capital Grants - Financial Institutions	50.000
28	Capital Grants - Non-Financial Institutions	280.675
29	Acquisition of Equities/Shares	283.100
	Total Capital Expenditure	26,497.330
	Lending Expenditure	
1	Loans - Enterprises	120.766
	Total Lending Expenditure	120.766
	Repayment Expenditure	
1	Repayment of Debt Principal - Internal	9.194
2	Repayment of Debt Principal - External	2,813.904
	Total Repayment Expenditure	2,823.098
	Total Budget Appropriation	54,828.228

Annexure 5: Statement of Government Equity Portfolio for the year ended 31 December 2015

Direct Shareholdings

Sl. No.	Corporations	Shareholding as on 31/12/2015		
		No. of shares	Value (Nu. in millions)	% Holding
I	Manufacturing		48,296	
1	Army Welfare Project	25,000	25.00	100%
2	Bhutan Agro Industries Limited	290,636	29.06	100%
3	Construction Development Corp.	4,213,830	401.38	100%
4	National Housing Development Corp	2,648,092	2,648.09	100%
5	Wood Craft Centre Limited		98.82	100%
6	Kuensel Corporation	255,000	25.50	51%
7	Druk Holding & Investments Ltd	450,677,169	45,067.72	100%
II	Trading		15.00	
8	Food Corporation of Bhutan	15,000	15.00	100%
III	Services		469.00	
9	Bhutan Postal Corporation	235,952	23.5952	100%
10	Bhutan Broadcasting Service Limited	1,308,351	130.835	100%
11	Royal Bhutan Helicopter Services Ltd	3,145,683	314.568	100%
IV	Financial Institutions		287.00	
12	Bhutan Development Bank	287,000	287.00	95.67%
	TOTAL	-	49,066.57	

Indirect shareholdings through DHI

Sl. No.	Corporations	Shareholding as on 31/12/2015		
		No. of shares	Value (Nu. in millions)	% Holding
I	Manufacturing		37,717.12	
1	Penden Cement Authority Limited	1,521,074	152.107	44.74%
2	Bhutan Board Products Limited	668,334	66.83	47.74%
3	Bhutan Ferro Alloys Limited	385,946	38.59	25.73%
4	Natural Resource Development Corp.	450,000	45.00	100%
5	Dungsam Cement Corporation	63,739,479	6,373.95	100%

Indirect shareholdings through DHI

Sl. No.	Corporations	Shareholding as on 31/12/2015		
		No. of shares	Value (Nu. in millions)	% Holding
6	Dungsam Polymers	421,890	42.19	51%
7	DHI Infra	2,000,000	200.00	100%
8	DHI Hospitality Ltd	250,000	25.00	100%
9	Druk Green Power Corporation	30,712,866	30,712.87	100%
10	Koufuku International Pvt. Ltd	150,000	15.00	30%
11	State Mining Corporation	455,800	45.58	100%
II	Trading		91.76	
12	State trading Corporation of Bhutan	917,605	91.76	51.00%
III	Services		30,142.86	
13	Drukair Corporation	22,252,111	2,225.21	100.00%
14	Bhutan Telecom Corporation	854,082	854.082	100.00%
15	Bhutan Power Corporation	8,225,118	8,225.12	100.00%
16	Thimphu TechPark	188,384,500	18,838.45	100.00%
IV	Financial Institutions		1,392.88	
17	Bhutan National Bank	14,578,552	145.786	11.50%
18	Bank of Bhutan	1,200,000	1,200.00	80.00%
19	Royal Insurance Corporation of Bhutan Ltd.	4,709,750	47.10	39.25%
	TOTAL	-	69,344.62	

Annexure 6: Summary of Assets, Liabilities and Net-Worth of SOEs and linked Companies

Nu. in millions

Corporation	Total Assets	Total Liabilities	Net Worth
DHI	52,426.969	2,660.736	49,766.233
AWP	1,912.736	732.738	1,179.998
BAIL	114.896	18.314	96.582
DGPC	55,590.884	12,713.323	42,877.561
BFAL	1,559.593	616.665	942.928
PCA	1,362.999	240.368	1,122.631
DCCL	11,751.315	7,023.459	4,727.856
DPL	216.725	185.391	31.334
BBPL	313.703	25.916	287.787
NRDC	696.109	112.968	583.141
WCC	138.991	23.847	115.144
Bhutan Post	282.208	134.512	147.696
Bhutan Telecom	4,769.018	1,054.326	3,714.692
CDC	823.944	371.174	452.770
DHI Infra	290.631	85.127	205.504
Thimphu TeckPark	306.938	137.998	168.940
NHDC	3,062.796	299.552	2,763.244
BoB	39,138.317	34,380.029	4,758.288
BDB	19,072.600	16,008.831	3,063.769
BNB	30,929.453	23,560.543	7,368.910
RICBL	15,204.747	12,136.141	3,068.606
BBS	697.590	90.432	607.158
Kuensel	261.492	81.695	179.797
Drukair	5,616.380	3,165.830	2,450.550
RBHSL	315.62	1.99	313.64
BPC	25,185.459	11,467.888	13,717.571
FCB	493.824	163.512	330.312
Koufuku Intrnl	97.45	73.51	23.94
STCB	693.403	339.228	354.175

Annexure 7: Summary of Year-to-Year Comparison of Revenue, Expenses, Profitability of SOEs and linked Companies

Nu. in millions

Corporation	Year	Gross Revenue	Op. Ex- pense	Profit Before Tax	Net Profit	RoE
DHI	2013	4,756.156	218.088	4,538.068	3,176.421	7%
	2014	5,744.669	191.813	5,552.856	3,887.358	8%
	2015	6,291.271	112.746	6,178.525	4,322.756	9%
AWP	2013	926.706	687.841	208.591	142.823	15%
	2014	1,177.657	892.452	254.667	174.111	20%
	2015	1,319.970	962.581	357.389	250.172	21%
BAIL	2013	122.409	103.341	15.205	10.273	15%
	2014	144.814	121.639	17.885	12.028	16%
	2015	166.575	129.365	30.484	21.719	22%
DGPC	2013	13,051.662	5,533.945	7,526.465	5,254.189	13%
	2014	13,905.772	6,686.264	7,219.507	5,031.383	12%
	2015	14,258.085	6,855.535	7,402.550	5,150.948	12%
BFAL	2013	2,298.539	2,134.069	164.470	115.791	13%
	2014	2,025.086	1,739.331	285.755	189.347	19%
	2015	2,053.414	1,957.320	96.094	66.515	7%
PCA	2013	1,937.539	1,516.080	421.458	272.039	25%
	2014	1,747.243	1,438.363	308.880	208.011	21%
	2015	1,635.223	1,478.673	173.733	118.819	11%
DCCL	2014	1,598.433	2,728.195	- 1,129.7	- 1,129.7	-29%
	2015	2,600.831	3,655.158	- 1,054.3	- 1,054.3	-22%
DPL	2013	81.451	93.264	- 24.9	- 24.9	-38%
	2014	105.348	133.428	- 28.0	- 28.1	-76%
	2015	145.991	151.527	- 5.5	5.536	18%
BBPL	2013	331.172	287.830	55.894	45.710	15%
	2014	329.935	321.044	8.890	6.223	2%
	2015	340.724	330.113	10.610	7.502	3%
NRDC	2013	409.080	366.228	42.852	30.833	5%
	2014	396.600	387.224	9.376	7.077	1%
	2015	428.382	401.180	27.202	18.533	3%

Nu. in millions

Corporation	Year	Gross Revenue	Op. Ex- pense	Profit Before Tax	Net Profit	RoE
WCC	2013	72.131	63.072	7.171	4.213	4.05%
	2014	80.412	70.868	9.544	6.095	6%
	2015	79.355	73.385	5.969	4.357	4%
Bhutan Post	2013	125.526	103.415	21.720	15.741	11%
	2014	115.398	109.596	8.316	4.419	3%
	2015	131.177	124.605	6.572	4.639	3%
Bhutan Tele- com	2013	2,328.431	1,654.642	675.250	420.969	13%
	2014	2,401.465	1,701.634	697.033	474.744	13%
	2015	2,717.140	1,967.658	748.692	516.004	14%
CDC	2013	526.192	523.400	2.792	1.954	0%
	2014	402.535	401.785	0.749	- 1.9	-0.43%
	2015	475.391	435.050	40.341	28.238	6.24%
DHI Infra	2013	27.489	16.930	10.559	7.359	3.5%
	2014	84.089	78.981	5.107	3.289	2%
	2015	11.407	21.977	- 10.5	- 7.3	-4%
Thimphu TeckPark	2013	5.035	29.582	- 24.5	- 24.5	-73.0%
	2014	13.004	19.748	11.257	11.257	7%
	2015	16.257	14.504	13.345	13.345	8%
NHDC	2013	74.325	61.614	12.711	12.711	0.5%
	2014	106.387	99.864	6.524	5.374	0%
	2015	130.715	123.983	6.731	5.616	0%
BoB	2013	2,176.400	1,219.132	957.268	673.218	19%
	2014	2,430.413	1,405.576	1,180.667	750.334	17%
	2015	2,673.410	1,582.815	1,136.559	827.571	17%
BDB	2013	1,021.272	742.004	279.268	279.268	13%
	2014	1,374.532	432.567	281.960	284.040	12%
	2015	1,831.623	1,422.428	392.529	392.529	13%
BNB	2013	2,216.914	1,305.519	704.734	482.733	8%
	2014	2,344.239	1,287.399	1,056.840	742.708	11%
	2015	2,648.617	1,361.997	1,286.619	785.880	11%
RICBL	2013	562.167	40.510	521.657	365.160	21%
	2014	2,894.234	2,323.353	570.881	401.784	14%
	2015	3,727.301	3,009.335	731.337	510.647	17%

Nu. in millions

Corporation	Year	Gross Revenue	Op. Ex- pense	Profit Before Tax	Net Profit	RoE
BBS	2013	291.219	293.4	- 2.9	- 2.9	0%
	2014	290.008	293.28	- 3.4	- 3.4	-1%
	2015	307.005	347.353	- 40.6	- 40.6	0%
Kuensel	2013	184.316	177.435	6.214	6.024	4%
	2014	199.939	172.804	25.686	17.926	11%
	2015	228.198	189.552	38.583	27.129	15%
Drukair	2013	2,985.460	2,889.240	217.300	124.890	5%
	2014	2,895.640	3,040.410	- 102.8	- 135.9	-5%
	2015	2,697.750	2,745.460	- 21.5	- 21.5	-1%
RBHSL	2015	11.55	12.49	-0.93	-0.93	0%
BPC	2013	6,420.292	5,047.836	1,372.456	963.274	8%
	2014	7,275.058	5,681.971	1,593.086	1,002.974	8%
	2015	9,769.648	7,798.030	1,971.618	1,380.741	10%
FCB	2013	955.518	903.214	52.432	36.306	10%
	2014	996.156	990.946	5.209	3.974	1%
	2015	1,054.425	1,050.833	3.591	1.110	0%
Koufuku Intrnl	2015	0.586	26.648	- 26	- 26	-109%
STCB	2013	550.679	541.773	8.906	4.592	2%
	2014	716.186	704.909	11.277	7.969	3%
	2015	2,298.044	2,195.369	102.675	71.821	20%

