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**MINISTRY OF FINANCE
ROYAL GOVERNMENT OF BHUTAN**

MoF/Budget Call/2019-20
25th Jan 2019

Sub: Budget Call Circular for Fiscal Year (FY) 2019-20

The Ministry of Finance is pleased to issue Budget Call Circular for Fiscal Year 2019-20 in accordance with section 23(b) of the Public Finance (Amendment) Act 2012.

As budgetary bodies are aware, the Government approved the 12FYP with an outlay of Nu. 310.016 billion of which Nu. 116.121 billion is for capital expenditure and Nu. 193.895 billion for current expenditure. The estimated resources for the 12FYP is Nu. 280.773 billion of which Nu. 217.728 billion is expected from domestic revenue and Nu. 63.104 billion is expected as grants. The fiscal deficit for the 12FYP is estimated at Nu. 29.243 billion which is about 2.4% of GDP.

For the FY 2019-20, the Government has approved the **capital budget ceiling at 20%** of the capital outlay of the 12FYP. Accordingly, estimated budget for the FY 2019-20 is Nu. 60,940.282 million, of which Nu. 37,684.914 is current and Nu. 23,255.368 million is capital. The resource envelope estimated by the Macroeconomic Fiscal Coordination Committee (MFCC) is Nu. 56,091.398 million of which Nu. 45,316.437 million is domestic revenue and Nu. 10,774.961 million is expected from external and internal grants. The fiscal deficit for FY 2019-20 is estimated at Nu. 4,848.884 million which is about 2.23% of the GDP and the deficit will be financed through external and domestic borrowings.

While preparing the budget, the agencies shall be guided by the Royal Address to the nation on the occasion of the 111th National Day, where His Majesty the Druk Gyalpo highlighted that:

“As a developing country, we have limited resources. We must manage our available resources wisely, minimize waste, and ensure that all our resources are directed at improving the well-being of the people, and in fulfilling our national vision. The civil service is tasked with the oversight, management, administration, and disbursement of funds for governance. So the responsibility falls squarely on the shoulders of our civil servants to ensure efficiency and effectiveness in utilizing our scarce resources”.

In obedience to the Royal Address and for promoting financial thrift, the Government has approved the institution of Finance Committee at the agency level, mandatory requirement of pre-requisite studies for all development works above Nu. 1 million, and rationalization of non-

