



NATIONAL BUDGET FINANCIAL YEAR 2021-22

**MINISTRY OF FINANCE
MAY 2021**



“COVID-19 will cause great disruptions to the global economy, and Bhutan will not be an exception. The economic repercussions will not just impact a select few sectors, but each and every one of us. At such a time, we must exhibit the strength that comes out of our smallness, remain united and support one another. During such exceptional circumstances, the Government will take the responsibility of alleviating any suffering to the people due to the virus.”

His Majesty The King, Address to the Nation, 22nd March 2020

BUDGET FY 2021-22

HIGHLIGHTS

ECONOMIC OUTLOOK

- ❖ The economy experienced its largest contraction in 2020 triggered by the COVID-19 pandemic.
- ❖ Economic growth for FY 2021-22 is projected at 4.1 percent.
- ❖ Further, the Druk Gyalpo's Relief Kidu in the form of income and interest payment support to affected individuals, along with fiscal and monetary measures effectively mitigated the adverse impact to a large extent.
- ❖ The FY 2021-22 Budget aims to *'Ensure Sustained Economic Stability for a Resilient Recovery'*.

RESOURCES

- ❖ Total resources are estimated at Nu. 56,765.582 million, of which domestic revenue is Nu. 35,600 million, external grants are Nu. 20,525.311 million, and other receipts is Nu. 640.271 million.
- ❖ Domestic revenue is expected to grow by 7 percent during the fiscal year mainly on account of estimated growth from income taxes, followed by increased consumption taxes.
- ❖ Tax-to-GDP ratio is expected to improve from 10 to 11 percent during the fiscal year.
- ❖ To maintain adequate inflows of domestic revenue, the MHP shall be maintained under profit transfer modality during the FY.
- ❖ Stronger than expected tax buoyancy indicates efficient and better performance of tax revenues.

EXPENDITURE

- ❖ Total expenditure is estimated at Nu. 73,919.335 million, which is 7 percent increase from the previous FY.
- ❖ Capital expenditure of Nu. 38,320.671 million, 33 percent of the 12FYP outlay- highest annual allocation during the plan period and recurrent expenditure of Nu. 35,598.664 million.

MAJOR ACTIVITIES

- ❖ COVID-19 Response: The Government has earmarked a budget of Nu. 3,000 million to meet COVID-19 containment related expenses and support economic revival initiatives.
- ❖ Flagship programs: Health, Education, Water, CSI development, Digital Drukyl, National Organic, Tourism, Waste and Stray Management amounting to Nu. 3,064.769 million.

- ❖ Road Connectivity: Construction of 36 Chiwog Road amounting to Nu. 266.452 million, On-going Improvement of Farm Roads (GSB and drainage) amounting to Nu. 1,135.527 million, Construction of 27 Farm Roads amounting to Nu. 157.010 million and Blacktopping of 22 Gewog Center Roads amounting to Nu. 1,257.075 million.
- ❖ Foreign Relations: Establishment of Royal Bhutanese Embassy (RBE) at Canberra, Australia amounting to Nu. 357.600 million.
- ❖ RNR: Training of 500 youths and grant support for Youth Enterprise Development Nu. 44.320 million, and Construction and Renovation of Irrigation Channels Nu. 515.893 million.
- ❖ Supply Chain Management: Construction of two warehouses and one cold storage amounting to Nu. 140.500 million and Construction of Pack Houses Nu. 37.500 million.
- ❖ Trade Facilitation: Development of dry ports at Pasakha, Nganglam and Gelephu amounting to Nu. 560.740 million, Development of POL Depot in Eastern and Central Bhutan Nu. 70 million, and Development of industrial parks at Jigmeling, Dhamdum, Pasakha, Bjemina and Motanga Nu. 531.272 million.
- ❖ Promoting Green and Sustainable Transport: Implementation of Electric Vehicle (EV) discount program and Construction and Installation of EV charging station Nu. 128.134 million.
- ❖ Education and Civil Service Reforms: Replication of Teachings and Learnings from The Royal Academy in 22 schools Nu. 50 million and Civil Service Reform Nu. 19 million.
- ❖ Employment Creation: Build Bhutan Project Nu. 416.578 million, Critical Skills Development and Youth Engagement for Livelihood and Leadership Program amounting to Nu. 175.042 million and On-going construction and expansion of TTIs at Thimphu and Samthang Nu. 226.244 million.

DEBT SITUATION AND OUTLOOK

- ❖ Fiscal deficit is estimated at 8.59 percent of GDP in FY 2021-22 to support economic recovery besides responding to containment measures.
- ❖ Total public debt stands at Nu. 224,909.609 million at the end of March 2021, accounting for 120.5 percent of GDP. Of the total public debt stock Nu. 215,822.826 million is external debt and Nu. 9,086.783 million is domestic debt.
- ❖ Hydropower debt amounts to Nu. 160,035.778 million, constituting 74.2 percent of total external debt.
- ❖ The non-hydro debt is Nu. 55,787.048 million accounting for 29.9 percent of total external debt.

KEY BUDGET STATISTICS FY 2021-22

RESOURCE ESTIMATE FOR FY 2021-22	
	Nu. In Million
Taxes on Income & Profits	9,650.366
<i>CIT</i>	7,089.897
<i>BIT</i>	1,022.903
<i>PIT</i>	1,537.565
Taxes on Property	36.202
Taxes on Goods and Services	7,342.266
<i>Sales Tax</i>	5,187.921
<i>Domestic Excise Duty</i>	765.325
<i>Green Tax</i>	961.563
Taxes on International Trade and Transactions	485.743
<i>Customs Duty</i>	485.743
Other Taxes	5,416.611
<i>Royalty</i>	5,234.388
Other Revenue	11,515.203
External Grants	20,525.311
Internal Grants	640.271

Macroeconomic Performance and Outlook					
Year	2019	2020	2021	2022	2023
Percentage change	Actual	Estimate	Projection		
Public Consumption	10.8	3.1	3.6	5.3	5.6
Private Consumption	10.2	-24	-12.9	12.7	12.2
Govt. Investment	-31.2	26.2	63	-33.8	-72
Private Investment	-12.3	-2.8	2.7	5.8	3.6
Exports of Goods and Services	1	-1.2	4.7	3.8	9.8
Imports of Goods and Services	-10.1	-17.3	-5.1	0.9	-6.9
Real GDP Growth	5.5	-6.3	4.2	3.9	6.3

Expenditure Performance and Outlook (Nu. In Million)				
Particulars	2020/21	2021/22	2022/23	2023/24
	Revised	Estimate	Projection	
Total Expenditure	70,549.915	73,919.335	44,689.443	58,817.733
<i>o/w Recurrent Expenditure</i>	32,788.824	35,598.664	36,323.562	40,437.998
<i>o/w Capital Expenditure</i>	37,761.091	38,320.671	8,365.881	18,379.735

Financing and Debt Situation (Nu. In Million)				
Particulars	2020/21	2021/22	2022/23	2023/24
	Revised	Estimate	Projection	
Financing	13,554.886	17,153.753	-776.102	-1,248.924
Net Lending	52.299	-3,085.586	-3,279.327	-9,217.353
Net external borrowing	2,694.591	444.822	-2,762.260	-10,462.274
Net internal borrowing	10,912.594	13,623.345	-1,293.169	-4.004
Percent of GDP				
<i>Total Public Debt</i>	<i>124.73</i>	<i>124.95</i>	<i>130.86</i>	<i>117.08</i>
<i>Total External Debt</i>	<i>120.94</i>	<i>119.44</i>	<i>125.87</i>	<i>113.69</i>

Summarized Fiscal Framework (Nu. In Million)				
Particulars	2020/21	2021/22	2022/23	2023/24
	Revised	Estimate	Projection	
Total Resources	56,995.029	56,765.582	45,465.545	60,066.657
Total Expenditure	70,549.915	73,919.335	44,689.443	58,817.733
Fiscal deficit	-13,554.886	-17,153.753	776.102	1,248.924
FB % of GDP	-7.26	-8.59	0.35	0.51

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Introduction

The impact of the COVID-19 pandemic continues globally with far reaching consequences on lives and economy. Bhutan has been fortunate as His Majesty The King, with deep compassion and extraordinary leadership has worked tirelessly to safeguard people from the devastating impact of the pandemic. Indeed, His Majesty has risked grave personal danger travelling frequently across the country, particularly high-risk zones, to implement COVID-19 preventive measures and mitigation plans. Under the guidance of His Majesty, the Government placed highest priority to reinforce containment measures for not letting the guards down.

In order to respond to the challenges posed by the pandemic, the budget for the Financial Year 2021-22 has been formulated with the goal to ensure ***‘Sustained Economic Stability for a Resilient Recovery’*** underpinned by five broad objectives of *i) Maintaining Public Confidence, ii) Sustaining Economic Activities, iii) Transforming Health and Education System, iv) Leveraging on ICT and Innovation, and v) Enabling Reform Initiatives.*

With the effective containment measures including lockdowns, the spread of the virus has been minimized. However, the economy experienced the highest share of contraction triggered by the pandemic during 2020, as the growth estimate plummeted to -6.3 percent. For the FY 2021-22, with the vaccination drive and positive global outlook, growth of 4.1 percent has been projected.

The grant of Druk Gyalpo’s Relief Kidu (DGRK) by His Majesty in the form of income and interest payment support, has alleviated the economic difficulties besides boosting the morale and enhancing psychological resilience. The Royal Command to continue the DGRK for another 15 months has further enhanced public confidence for ensuring livelihood and wellbeing of people during such unprecedented times.

The fiscal and monetary measures have to a certain extent, ensured business continuity and stability in the economy. Further, the Government will review the existing measures and implement targeted interventions to stimulate economic activities and boost private sector participation.

In order to enhance access to credit, the Government has established the National Credit Guarantee Scheme (NCGS) as a counter-cyclical policy measure in response

to the pandemic. Under the NCGS, the Government extended guarantee to SOE Banks for supporting viable projects that generate employment besides promoting exports and substituting imports. During the FY, NCGS will be provided all necessary support to upscale operation as a strategy for economic recovery.

With the increasing unemployment, the Government initiated various programs to meaningfully engage the displaced, overseas returnees and the unemployed youths under the Economic Contingency Plan (ECP). To a large extent, the unemployment situation has been eased by the Accelerated De-suung Integrated Training Programs initiated under His Majesty's leadership, as many unemployed youths were engaged in various specialized programs.

For the first time, the Government has provided capital budget without ceiling at the agency level. Such reform facilitated the agencies in receiving adequate budget for supporting priority activities for a resilient economic recovery. The system of providing Annual Grants to the LGs and Block Grants to other Budgetary Bodies shall be continued during the FY as it promotes ownership with flexibility and accountability.

Considering the revenue performance and the constitutional requirement of having to meet the recurrent expenditure from internal resources, the Government has adjusted the recurrent budget within the estimated domestic revenue. In this regard, the Government will continue to implement measures to contain the recurrent expenditure within the estimated domestic revenue and maintain Mangdechhu Hydro-power Project (MHP) under profit transfer modality.

In order to simplify and restructure the customs duty to promote trade, the Government has decided to rationalize the customs duty rates. In this regard, customs duty rate bill will be presented for consideration by the house. The customs duty rationalization will enhance compliance, eliminate direct human interface and improve revenue collection over the medium term. In addition to the CD rationalization, development of e-CMS is at an advanced stage, which will facilitate trade and simplify customs clearances.

With respect to development of GST automation system, delays have been experienced due to the pandemic. As such, roll out of GST may have to be deferred for which an amendment to the GST Act will be submitted to the house for consideration.

The Royal Kasho on Civil Service reform has underscored the importance of restructuring the budget process, financial norms and procurement system to fast track our transition towards a knowledge based and tech-driven economy.

Therefore, to strengthen Public Financial Management, the e-PEMS (Electronic Public Expenditure Management System) has been stabilised and e-DATS (Electronic Daily Allowance and Travel System) has been launched. Such reforms will ensure timely payment to contractors and suppliers besides promoting financial thrift. For providing efficient and seamless budgeting and accounting services, the Government has piloted the Cluster Finance Services (CFS) in Bumthang, Paro and Tashiyangtse. As the CFS promotes sharing of common services through optimal utilization of finance personnel by leveraging the use of ICT, it will be rolled out in a phased manner to all the Budgetary Bodies during the FY.

In order to simplify and fast track procurement during the pandemic, the Government has issued Simplified Procurement Rules and Regulations (SPRR) supported by e-GP. Further reforms will be implemented to ensure procurement system and rules remain relevant and user friendly with changing times.

As the pandemic continues to impact health and livelihood and to prepare for any eventualities, the Government has earmarked a budget of Nu. 3,000 million, of which Nu. 2,000 million has been kept under General Reserve and Nu. 1,000 million is being mobilized to support quarantine, COVID-19 test kits, PPE, vaccines etc.

The budget for the FY 2021-22 reflects the outcome of the Mid-Term Review of the 12FYP and response to COVID-19 pandemic. The Government has strengthened and deepened the linkage between the budget and Annual Performance Agreement (APA) through a rigorous process which will be further sharpened and upscaled in the future budget.

The FY 2021-22 budget is a milestone as it captures the essence of the Royal Kasho for Civil Service and Education Reforms and provides budget to embark on the reform initiatives.

The Budget Report presents the economic overview, broad fiscal policies, budget policy and fiscal framework statement, budget allocation for the FY 2021-22, public debt situation, fiscal risks, and update on the financial position of the public sector institutions and investment.

Along with the Budget Report for the FY 2021-22, Budget Appropriation Bill for FY 2021-22, Supplementary Budget Appropriation Bill for FY 2020-21 and Audited Financial Statements for FY 2019-20 are submitted to the House for consideration.

Chapter 1

Economic Performance and Outlook

1.1 Overview

The economy experienced largest contraction in 2020 triggered by the COVID-19 pandemic. The growth is expected to drop to an all-time low of -6.3 percent as output from tourism-related services, construction, and manufacturing sectors deteriorated. Severity of the impact was largely offset by exceptional performance in the electricity sector with substantial increase in export earnings in 2020.

The grant of Druk Gyalpo's Relief Kidu in the form of income support to individuals directly affected and interest payment support to individual borrowers and business entities, along with fiscal and monetary measures, effectively mitigated the adverse impact to a large extent.

However, as the risk of new infection heightens in the region and with the detection of community transmission and subsequent lockdowns in the border towns, economic recovery might be slower than anticipated. The current developments are likely to exacerbate the risk of prolonging the economic downturn. Amidst such uncertainties, the FY 2021-22 budget aims to ensure '***Sustained Economic Stability for a Resilient Recovery***'.

1.2 Global and Regional Situation

As per the IMF estimates (April 12, 2021), the global economy in 2020 is estimated to contract to -3.3 percent, lower by 6.1 percentage points than 2019. Whereas, with the anticipated availability of vaccines by summer 2021 and additional fiscal stimulus in a few large economies, the global growth is projected to rebound to 6.0 percent in 2021 and 4.4 percent in 2022.

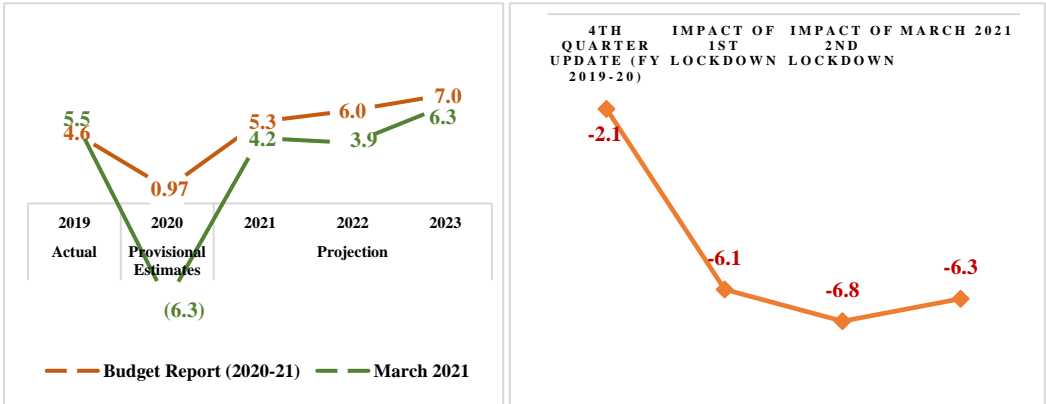
For emerging and developing countries, the growth forecast in 2020 is -1.0 percent and projected to grow at 8.6 percent in 2021 and 6.0 percent in 2022, reflecting a stronger than expected recovery for larger economies like China and India.

With an estimated 8 percent contraction in 2020, the IMF has projected the Indian economy to rebound with growth estimates of 12.5 percent in 2021 and 6.9 percent in 2022 as economic activity normalizes, helped by strong policy support. However, the recent surge in virus cases in India due to the second wave is likely to slow down the anticipated economic recovery. The growth prospects therefore, remains highly volatile and uncertain.

1.3 Domestic Growth and Outlook

Strong growth in pre-COVID-19. Economy grew by 5.5 percent in 2019 compared to 3 percent in 2018, an increase of 2.4 percentage points. The growth was mainly driven by steady performance in the services sector, higher output in the industry sector, primarily with the commissioning of Mangdechhu Hydro Power (MHP), and increased government spending.

Figure 1.1: Growth Performance and Outlook Figure 1.2: Growth Revision: 2020



Economic growth estimated to register largest contraction in 2020 triggered by the pandemic. While various containment measures including two nationwide lockdowns effectively controlled the number of COVID-19 cases in the country, economic activities almost came to a standstill. Service sector experienced its steepest decline (7.9 percent) as demand in consumer-driven sectors like retail, accommodation, and transport were affected. Industries that rely on foreign labor and raw materials led to a decline in industrial output further aggravated by a fall in demand, both international and domestic. Against this backdrop, the economy entered a brief recessionary period in 2020 as the growth estimate was downgraded from -2.1 percent to -6.3 percent. As such, the economy loss in 2020 from economic sectors relative to 2019 is estimated at Nu. 4,524.046 million.

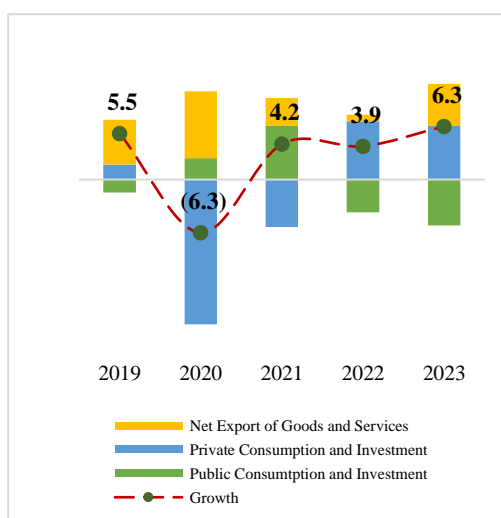
The aggregate demand also remained subdued as household and public consumption is estimated to fall by -24 percent and 3.1 percent respectively. However, the fiscal and monetary measures underpinned by DGRK has provided the necessary impetus to minimize the immediate impact on household and public consumption.

Mass vaccination program and expansionary fiscal stance to stimulate economic activities in 2021. With the successful vaccination program seen as a significant step towards providing herd immunity, economic activities are expected to pick up. A gradual economic recovery is anticipated, supported by the mass vaccination program of the second dose, higher capital investment and Government consumption, and ongoing fiscal support. Therefore, GDP growth in 2021 is projected to rebound to 4.2 percent and moderate to 3.9 percent in 2022.

Table 1.1: Macroeconomic Performance

Year	2019	2020	2021	2022	2023
Percentage change	Actual	Estimate	Proj.	Proj.	Proj.
Public Consumption	10.8	3.1	3.6	5.3	5.6
Private Consumption	10.2	-24.0	-12.9	12.7	12.2
Govt. Investment	-31.2	26.2	63.0	-33.8	-72.0
Private Investment	-12.3	-2.8	2.7	5.8	3.6
Exports of Goods and Services	1.0	-1.2	4.7	3.8	9.8
Imports of Goods and Services	-10.1	-17.3	-5.1	0.9	-6.9
Real GDP Growth	5.5	-6.3	4.2	3.9	6.3

Figure 1.3: Contributions to Growth Y-o-Y (%)



On the supply side, scaling up of investments through government capital spending is expected to generate economic activities and induce private investment growth. The fiscal stimulus of allocating a higher share of the capital budget (about 33 percent of the plan outlay for FY 2021-22 budget) is expected to boost government construction besides inducing aggregate demand. Both the public and private demand is expected to rise in the medium term as economic activities pick up, resulting in increased export and import of goods and services.

Furthermore, the implementation of projects under the National Credit Guarantee Scheme (NCGS) is expected to support and sustain the economic recovery and provide a boost to the economy.

1.3.1 Inflation

Inflation has accelerated in the second half of 2020. From the second half of 2020, commodity prices have significantly increased owing to supply disruptions and high food inflation, reaching a peak of 8 percent in September before falling to 7.7 percent in December. Inflationary pressure has been building up in recent months as domestic and imported food prices continue to rise due to limited supply and higher transport costs. While the non-food price remained modest at 1.2 percent, the food price increased to 11.1 percent in 2020 over the previous year of 3.4 percent, mainly attributed to increase in the price of vegetables, dairy and poultry products. As a result, the annual inflation in 2020 increased to 5.6 percent from 2.7 percent in 2019.

Figure 1.4: CPI Inflation M-o-M

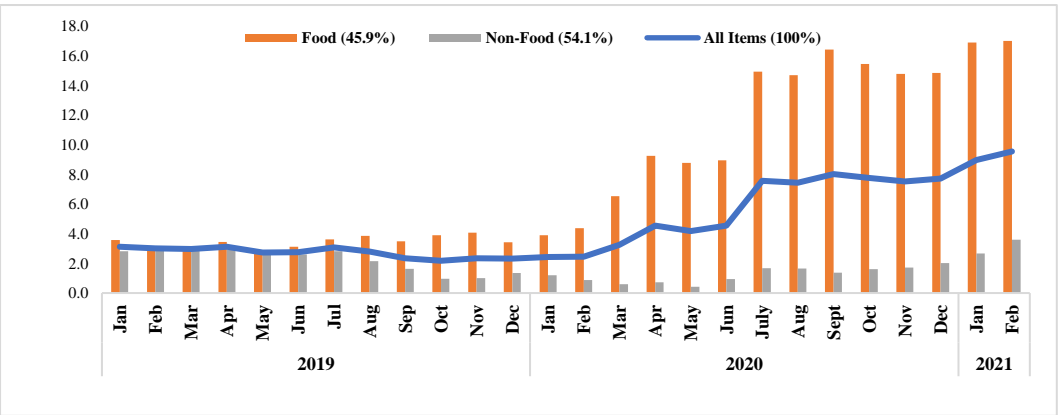
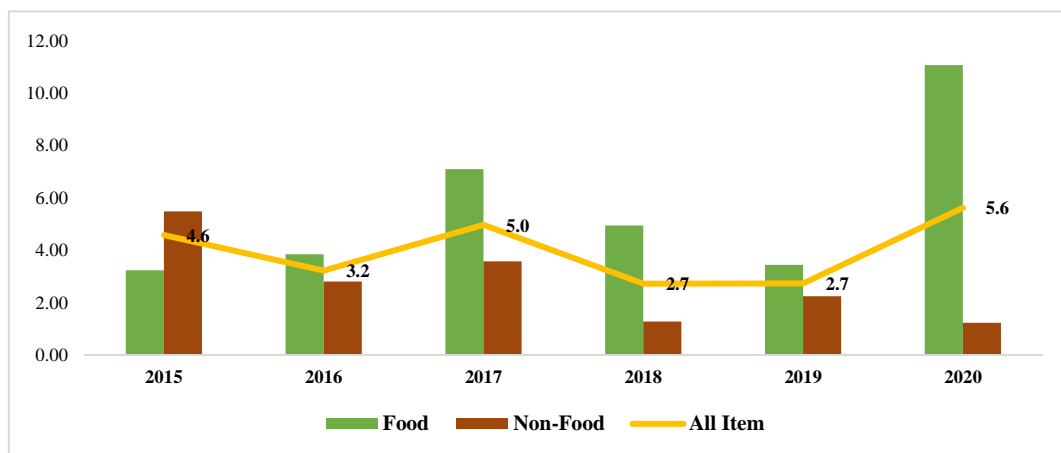


Figure 1.5: CPI Inflation Y-o-Y



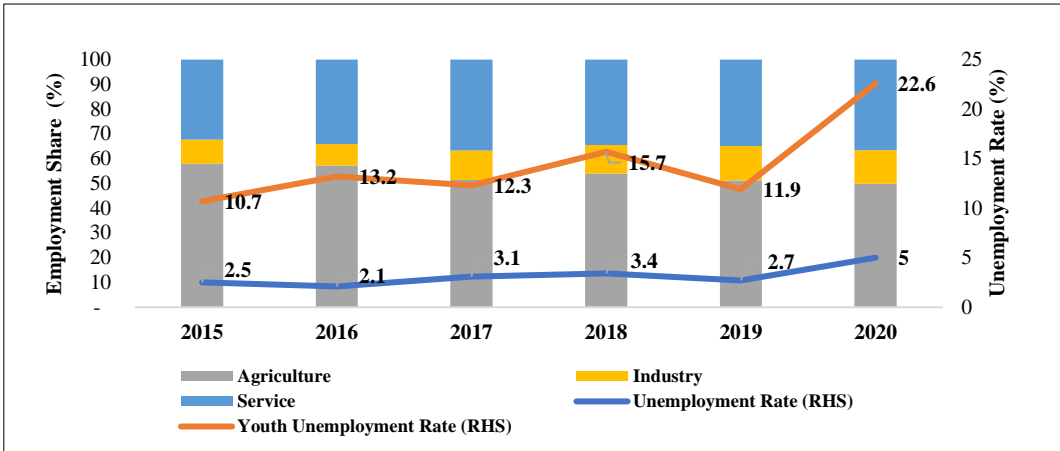
Since, 54.9 percent of the Consumer Price Index (CPI) basket is imported and with the rising infection cases in the region, inflationary pressure is expected to keep pushing up food prices in the medium term. The y-o-y CPI for February 2021 reached a peak of 9.5 percent largely on account of rise in prices of food, beverages, and betel nuts. Non-food prices increased from 2.7 percent in January 2021 to 3.6 percent in February 2021, while food prices increased from 16.8 percent to 16.9 percent during the same period. The annual inflation rate in 2021 is projected to be around 6.8 percent.

1.3.2 Employment

The impact of the pandemic on employment was immediate and widespread. Unemployment rate almost doubled in 2020 as the pandemic resulted into loss of jobs, particularly in the tourism and allied sectors. Besides existing unemployed, the displaced due to the pandemic, and overseas returnees have further aggravated the unemployment situation.

As per the 2020 Labour Force Survey Report, the overall unemployment rate peaked at 5 percent (16,660 persons) in 2020 from 2.7 percent (8,698 persons) in 2019. Similarly, the overall youth unemployment rate increased significantly from 11.9 percent (3,626 persons) in 2019 to 22.6 percent (6,922 persons) in 2020.

Figure 1.6: Employment



Considering the steep decline in economic output, unemployment rate would have been much higher. However, the Accelerated De-suung Integrated Training Programs absorbed a large number of unemployed youths and those displaced due to the pandemic. Through this training program about 7,922 people were trained in the general category, and 3,947 in the specialized water management category.

Further, the Government also provided job opportunities through the ECP program in tourism, agriculture, and construction industries. Around 1,330 individuals were deployed under tourism, and 930 under the Build Bhutan Project.

With the implementation of the various initiatives to respond to COVID-19 and prospects of positive outlook, the employment situation is expected to improve.

1.3.3 External Sector

Enhanced hydropower exports and subdued imports to narrow trade deficit. On the external front, the current account deficit is expected to narrow in FY 2020-21, with the reduction in imports having a greater overall impact on the trade balance. Amidst COVID-19 disruptions, hydropower generation peaked in 2020 as energy export earnings increased by 87.3 percent during the year.

Figure 1.7: Export 2020 vs 2019

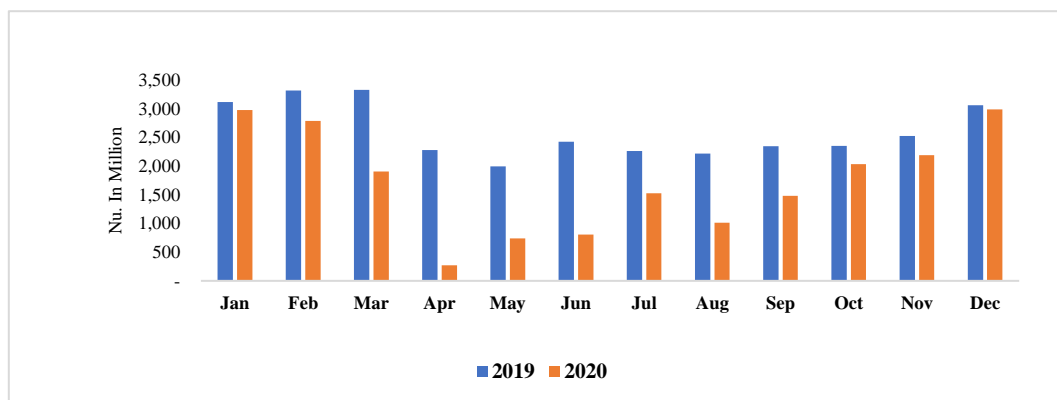
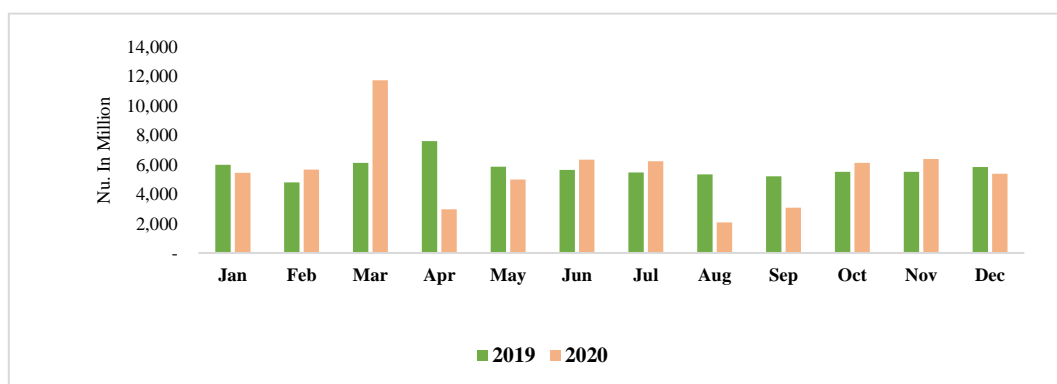


Figure 1.8: Import 2020 vs 2019



In 2020, the total non-hydro exports of goods dropped by 33.7 percent, while imports fell by 3.6 percent, compared to the previous year. In terms of trade with India, non-hydro exports declined by 32.2 percent impacted by the border closure and lower external demand. Total imports from India also declined by 9.3 percent as the pandemic slowed public investment projects and delayed hydropower construction. The overall export and import value in 2020 stood at Nu. 48,990.883 million and Nu. 66,519.879 million.

Hydropower exports as a share of GDP increased by 18.7 percent, accounting for 58 percent of total exports in 2020, offsetting the decline in non-hydro exports. As a result, the overall total export value in 2020 increased by 5.7 percent. In all circumstances, the hydropower sector remains a stable pillar of the economy.

Non-hydro exports are projected to increase by 37.3 percent in 2021 through trade facilitation measures such as a single-window system and the establishment of containment zones at border areas. These measures are expected to support and boost the export of boulders, mines, and minerals among others.

Improvement in current account balance primarily driven by lower trade deficit and higher inflows. The commissioning of MHP since 2019 has improved the goods and services balance as electricity exports significantly increased. The improvement in goods and services, therefore, is expected to improve the current account balance from a deficit of 12.1 percent of GDP to 10.1 percent of GDP in FY 2020-21 and further narrow down to a deficit of 7.3 percent of GDP in FY 2021-22. Capital and Financial inflows in the form of hydropower disbursements and budgetary grants are estimated to remain positive and sufficient to finance the current account deficit. As a result, the overall balance of payment is expected to remain positive at 8.5 percent in FY 2020-21, resulting in the accumulation of reserves.

Figure 1.9: Export (Hydro vs Non-hydro)

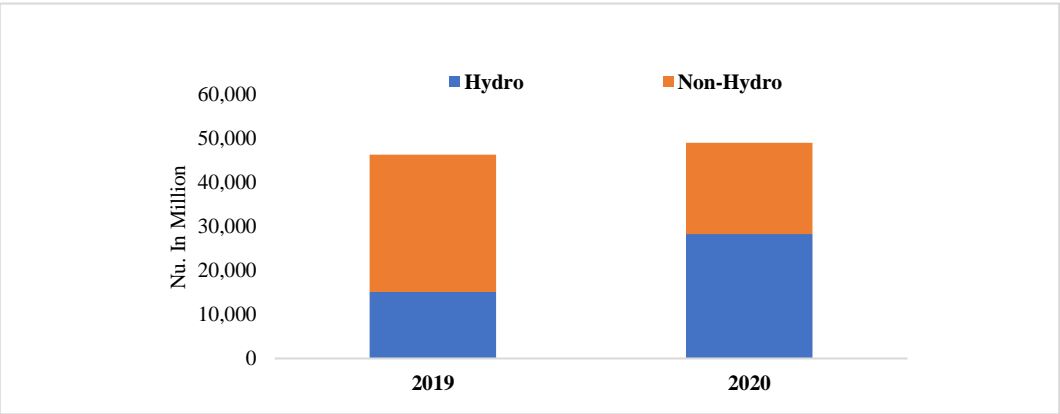
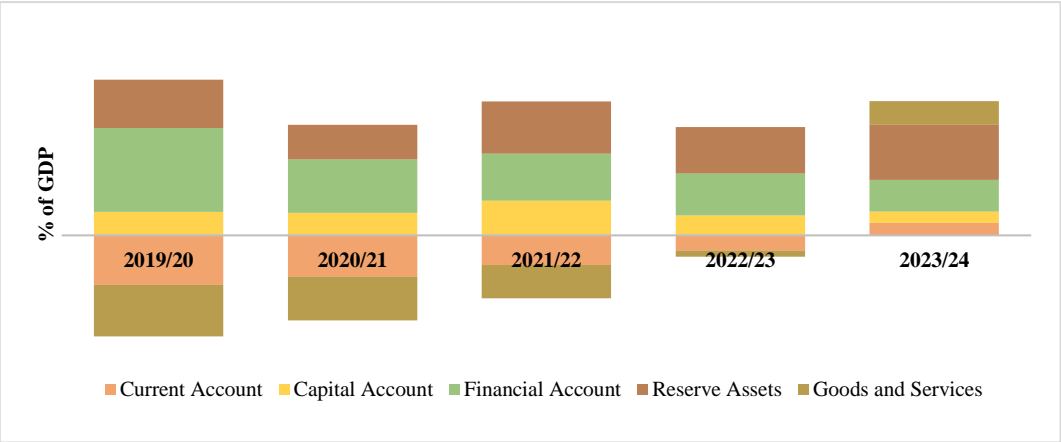


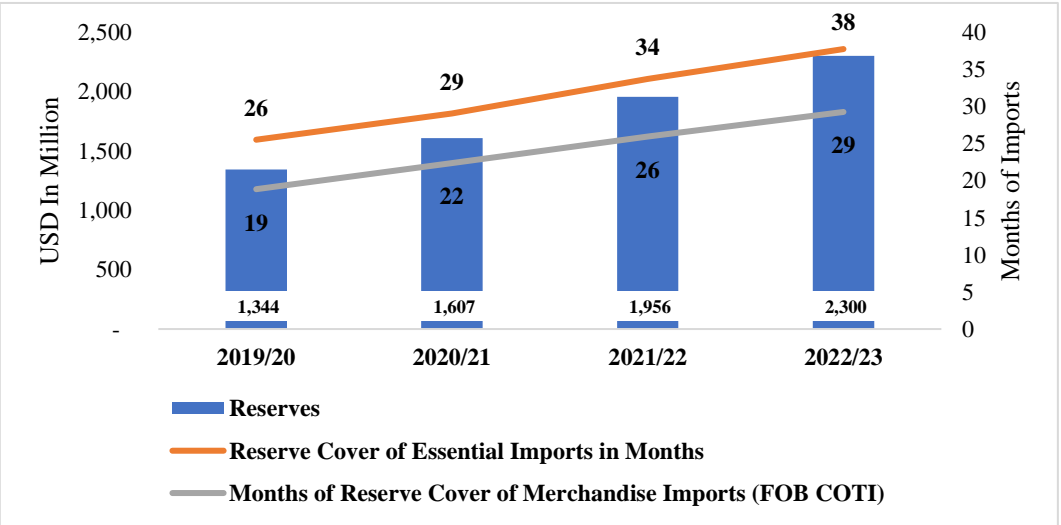
Figure 1.10: Balance of Payments



1.3.4 Reserve Position

With the positive overall balance of payment for FY 2019-20, the reserves as of 31st March 2021 stood at US\$ 1,507.338 million (US\$ 1,170.100 million in CC and INR 27,764.00 million), which is adequate to cover 27 months of essential imports fulfilling the constitutional requirement on reserve adequacy.

Figure 1.11: Total Reserves



Despite the import of large amount of essential items, medical equipment and COVID-19 test kits, the reserve position improved due to the additional flow of ODA loans and grants. Further, continued prudent management of the reserves will

be important to build resilience against such emergencies and to meet debt service obligations.

1.3.5 Monetary and Credit

Despite slowdown in the economy and high inflation, monetary and credit situation remained favorable, supported by accommodative monetary and expansionary fiscal policies. Money supply, measured by broad money (M2) grew by 19.3 percent in FY 2019-20 owing to substantial increase in total deposits (19.2 percent) held by the commercial banks, which accounts for about 90 percent of money supply components. However, growth in M2 is expected to moderate at 16.9 percent in FY 2020-21 as monetary base declines and slower growth in total deposits.

On the asset side, growth in M2 was mainly driven by increased inflows under Net Foreign Asset (NFA) in FY 2019-20. While the NFA continues to drive the money supply growth in FY 2020-21, the contribution is expected to be lower than the previous year.

Table 1.2: Monetary Aggregates

Items	2019/20	2020/21	2021/22	2022/23	2023/24
% Change (YoY)	Revised	Estimate		Projection	
Broad Money (M2)	19.3	16.9	19.7	16.7	16.4
Net Foreign Asset	32.6	16.0	8.7	13.3	10.0
Domestic Credit	7.6	6.7	19.1	12.7	13.4
Credit to Private Sector	13.8	10.4	13.1	15.5	12.8
% of GDP					
Broad Money (M2)	80.7	90.7	101.6	107.5	113.5
Net Foreign Assets	46.8	52.3	53.1	54.6	54.5
Domestic Credit	68.0	69.8	77.8	79.5	81.8
Credit to Private Sector	65.8	69.9	73.9	77.5	79.3
Money Multiplier (M2/M0)	3.2	3.3	3.3	3.3	3.3

Owing to limited economic activity, credit growth is expected to slow down. Credit to the private sector constituting 85 percent of GDP is expected to slow down from 13.8 percent to 10.4 percent in FY 2020-21. Of the total credit to private sector, the service & housing sector which accounts for 27 percent of the total credit, continues to receive the highest credit, followed by trade and commerce, and manufacturing sector. The monetary measures supported in sustaining credit growth with the

provision of bridging loan for business continuity and working capital for stocking essential items. As of December 2020, total loans sanctioned under monetary measures amounts to Nu. 3,731.600 million.

While the interest payment support and loan deferment has helped maintain stability in the financial sector, the Non-Performing Loans (NPLs) increased from Nu. 16,756.238 million in 2019 to Nu. 24,396.885 million in 2020. In the absence of such relief and interventions, NPLs would have been over 50 percent as tourism and related sectors accounts for 80 percent of regular loans. The three tier NPL Committee Framework, which is designed to counter rising NPLs, is expected to provide relief to both financial institutions and borrowers in the short to medium term, besides allowing for new credit supply in the economy.

As of 23rd April, 2021, the excess liquidity available for domestic borrowings is Nu. 34,427.438 million. The implementation of various measures has largely contributed in providing an undisrupted flow of liquidity in the financial sector.

1.4 Sector Performance

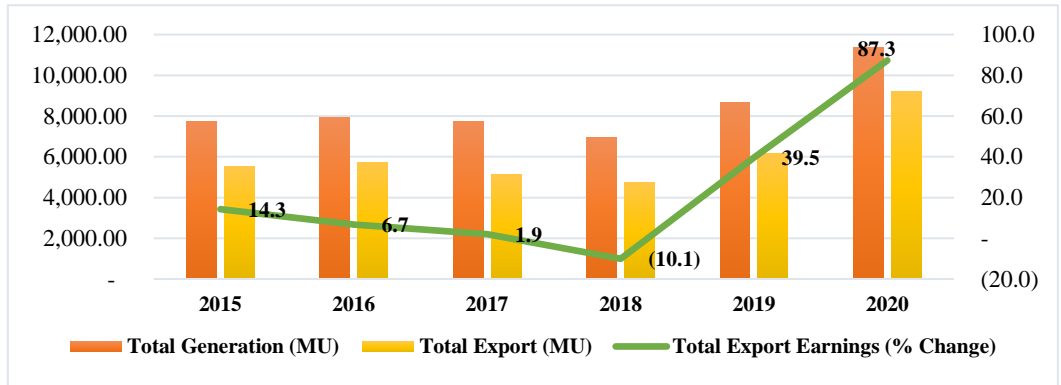
The agriculture sector remains unaffected by the pandemic. Agriculture, livestock, and forestry remains unaffected by the pandemic as the focus has been to ensure uninterrupted food supply under the ECP. Various initiatives like the buy-back program, commercialization of agriculture and livestock production mainly supported by FMCL and BLDCL provided the agriculture sector with renewed goals to achieve self-sufficiency and import substitution. Through such initiatives, the agriculture sector is estimated to grow at 2.6 percent in 2020 and 6.7 percent in 2021, contributing about 17.1 percent and 17.8 percent of GDP in 2020 and 2021. In the medium term, the sector is projected to grow at a rate of 4.4 percent on average.

The industry sector output falls despite a boost in Hydropower. Electricity has been the main driver of growth in the industry sector with export earnings remaining inelastic to economic disruptions. Substantial increase in electricity export earnings enhanced by MHP coming on stream have offset the setback in industry sector to a large extent.

As a result, the industry sector contribution to GDP is estimated to increase by 38.5 percent in 2020 attributed to increased electricity generation and partly due to higher budget allocated for planned activities during the current FY. However, its

growth is expected to contract to -4.4 percent as output of other sub-sectors such as manufacturing, mining, construction, and non-hydro exports have declined. The sector is expected to contribute 38.8 percent to GDP in 2021 and 36.8 percent of GDP in 2022. In the medium term, the sector’s contribution to GDP is expected to remain stable at 39.8 percent, with an average growth of 5.4 percent.

Figure 1.12: Electricity Generation and Earnings



The service sector severely hit by COVID-19 containment measures. The service sector mainly driven by tourism, finance, and government services, accounted for 43.4 percent of GDP and grew by 12.5 percent in 2019. The annual growth and share of Wholesale and Retail Trade; Hotels and Restaurants; Transport, Storage & Communication; Finance, Insurance & Real Estate; and Government Services in 2019 remained equally robust and stable, contributing to a distributed and broad-based service sector growth.

However, the sector’s performance declined substantially in 2020 as tourism and allied sectors were impacted by the pandemic. Total international arrivals in 2020 fell by 91.2 percent as foreign travels were restricted and remained closed since March 2020. The gross earnings that include receipts from the Minimum Daily Package Rate (MDPR) applicable to international tourists and out-of-pocket spending amounted to USD 13.793 million only compared to USD 170.100 million in 2019. Hotels and restaurants as a share of GDP is estimated to fall from 2.6 percent in 2019 to 0.3 percent in 2020. Similarly, Transport, Storage, and Communication sector’s share are estimated to fall from 10.7 percent in 2019 to 8.9 percent in 2020, the impact largely being in the transport sector. As a result, service sector growth is expected to decline by -7.9 percent compared to 12.5 percent in 2019. Its overall contribution to GDP is also estimated to fall from 43.4 percent in 2019 to 40.6 percent in 2020. Further, the use of hotels as quarantine facilities and

contribution from Government Services (14.5 percent of GDP) have minimized the impact on service sector.

The service sector is expected to grow at least by 4.3 percent on average over the medium term, accounting for 41.8 percent of GDP, with the assumption tourism sector reopens by end of 2021 based on the efficacy of the vaccination program as second dose would be completed in most of the countries in the region.

Figure 1.13: Sectors' Contribution to GDP, 2020

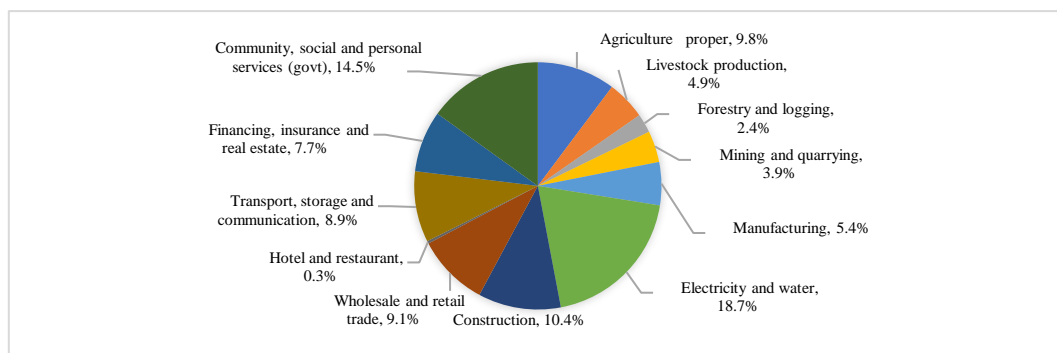


Table 1.3: Sector Performance

	2019		2021	2022	2023
Percentage Change	Actual	Estimate	Projection		
Agriculture, livestock, and forestry	1.3	2.6	6.7	3.1	3.3
Crops	2.1	4.8	7.1	4.3	4.4
Livestock production	2.7	1.6	7.9	4.1	4.4
Forestry and logging	(3.1)	(1.1)	3.3	(2.0)	(2.1)
Industry	2.0	(4.4)	7.4	(0.2)	8.8
Mining and quarrying	33.1	(19.0)	7.5	7.9	8.2
Manufacturing	0.0	(25.9)	2.3	3.9	3.2
Electricity and water	12.1	18.9	(6.4)	4.0	38.0
Construction	(14.7)	(9.5)	31.4	(9.4)	(24.0)
Services	12.5	(7.9)	1.1	6.5	5.2
Wholesale and retail trade	13.2	(10.1)	(5.9)	5.8	5.1
Hotel and restaurant	11.7	(88.3)	43.9	378.1	59.7
Transport, storage, and communications	13.2	(16.4)	5.0	6.6	4.3
Financing, insurance, and real estate	0.3	(3.3)	4.4	4.7	4.8
Community, social and personal services (govt.)	23.0	15.7	0.2	(1.1)	(0.2)
Share to GDP					
Agriculture, livestock, and forestry	15.8	17.1	17.8	18.0	19.6
Agriculture proper	8.9	9.8	10.2	10.4	11.4
Livestock production	4.6	4.9	5.3	5.4	6.0
Forestry and logging	2.3	2.4	2.4	2.2	2.2
Industry	36.1	38.5	38.8	36.8	43.8

Percentage Change	2019		2021	2022	2023
	Actual	Estimate	Projection		
Mining and quarrying	4.8	3.9	4.1	4.2	4.7
Manufacturing	7.1	5.4	5.4	5.3	5.6
Electricity and water	12.7	18.7	16.3	16.2	25.1
Construction	11.5	10.4	13.0	11.0	8.5
Services	43.4	40.6	39.8	41.0	44.6
Wholesale and retail trade	9.8	9.1	8.4	8.7	9.5
Hotel and restaurant	2.6	0.3	0.5	2.2	3.6
Transport, storage and communications	10.7	8.9	8.9	8.9	9.3
Financing, insurance and real estate	7.6	7.7	7.9	8.0	8.6
Community, social and personal services (govt.)	12.3	14.5	14.0	13.2	13.5
GDP	5.5	(6.3)	4.2	3.9	6.3

1.5 Per Capita Income

Gross Domestic Product per capita, which is a measure of living standard, prosperity, and overall well-being of a country, registered an increase of 2.4 percent (USD 3,411.936) in 2019. Whereas in 2020, GDP per capita is estimated to decrease to USD 3,221.629 indicating a decline in the country's economic output per person by 5.6 percent. Likewise, Gross National Income (GNI) per capita is expected to decrease from USD 3,012.436 in 2019 to USD 2,930.686 in 2020, reflecting a drop in the income level by 5.5 percent.

1.6 Risk and Challenges

External Risks could dampen the near-term Growth outlook: As the risk of new infection heightens, especially due to the second wave in India, economic recovery for 2021 might be slower than anticipated, given the country's significant tourism and trade links. The cross-border spillover could affect manufacturing and exporting industries and reduce demand for non-hydro exports. The construction sector, that is already faced with acute labor shortage and escalating prices is likely to experience persistent slowdown in the medium-term. Further, with the pegged exchange rate regime, any depreciation of Indian rupee against USD would raise the cost of imports from third countries and increase cost of convertible currency debt servicing. As a result, spillover impact of the slowdown could result in a 0.42 percentage points drop in domestic output.

Other external risks could emanate through trade and finance if global output continues to decline. Further, attracting Foreign Direct Investment (FDI) would also be challenging due to uncertainty of investment climate. The revival of the tourism industry is completely dependent on external environment and changing consumer behavior.

Domestic Risk are high given the continued pandemic related uncertainties: Due to the pandemic and localized lockdowns in the southern Dzongkhags, there is uncertainty on the growth trajectory. The most severe risk to the outlook is a scenario of large-scale community transmission with prolonged mobility restrictions that would result in substantial loss of economic output.

While the hydropower sector has mitigated the impact on growth to a large extent, associated risks due to climate change and the need to generate adequate employment opportunities for the youth have heightened the need for diversification. As electricity generation is heavily reliant on rainfall and weather patterns, lower-than-expected rainfall and hydropower production (due to any technical breakdown) will impact growth and government revenues. Further, the shortage in supply of skilled labors is expected to delay completion of hydro power projects.

Other domestic risks include deterioration in revenue performance due to underperformance of corporations and business entities on account of lockdown and supply-chain disruption.

Chapter 2

Fiscal Policy

2.1 Overview

Globally, the COVID-19 pandemic has prompted an unprecedented fiscal response to support public health systems and provide lifelines to affected individuals and firms. The contraction in output and ensuing fall in revenues resulted in increased Government deficits and financing requirements. While attaching utmost priority to support livelihood and ensure business continuity, the objective of an effective fiscal policy is to stimulate economic growth with stability. Therefore, the fiscal stance for the FY 2021-22 takes an expansionary approach to propel the economy towards a recovery path.

The rollout of mass vaccination programs has provided positive outlook for the economy based on which domestic revenue is estimated to grow marginally by 7 percent.

2.2 Fiscal Policy Statement

The Government shall maintain sustainable fiscal balance through effective management of public finance, while pursuing an expansionary fiscal stance. As a prudent financing strategy and to ensure debt sustainability, the Government shall resort to borrowings at lowest possible costs only after exhausting the possibilities of obtaining the required financing in the form of grants.

2.3 Fiscal Policy Targets FY 2021-22

In keeping with the fiscal policy statement, maintaining appropriate fiscal support remains critical to ensure that the recovery does not unravel, but with an eye toward sustainability and longer-term objectives. Hence, FY 2021-22 budget aims to fulfill the fiscal objectives by setting the following fiscal targets:

- i. Contain fiscal deficit below 5 percent of GDP;
- ii. Minimum GDP growth of 3 percent;
- iii. Tax to GDP ratio of at least 11 percent;
- iv. Recurrent expenditure to be covered by domestic revenue; and
- v. Non-hydro debt maintained below 35 percent.

To achieve the above policy targets for FY 2021-22, the Government will pursue the following strategic measures:

2.3.1 Strengthen Resource Mobilization

As the economy rebounds, domestic revenue performance is expected to improve. In addition, the Government will continue to mobilize additional resources such as grants, concessional borrowings, and other sources including new and innovative financing windows.

Domestic revenue has always covered recurrent expenditure and some portion of capital expenditure. Given its importance, the Government will continue to strengthen tax administration to enhance compliance and revenue collection. Considering the impact of the pandemic on businesses and personal incomes, the Government will review (Fiscal Incentive (Amendment) Act 2020, tax exemptions, deferrals, and waiver of specific fees) and implement targeted fiscal measures to ensure business continuity and growth. The Government has decided to rationalize the multi-structure customs duty through simplification for enhancing compliance to broaden tax base. The roll out of the GST ACT 2020 will be expedited within the revised time frame. With these measures, the domestic revenue for FY 2021-22 is estimated to improve by 7 percent from the previous year.

2.3.2 No Capital Budget Ceiling- “Expansionary Fiscal Stance”

In order to ensure ‘*Sustained Economic Stability for a Resilient Recovery*’, expansionary fiscal stance has been adopted. Accordingly, 33 percent of the planned capital outlay has been allocated for the FY which is one of the highest during the plan period. The practice of capital budget ceiling at the agency level has been discontinued to ensure that budgetary bodies receive adequate capital budget for priority activities to support resilient economic recovery.

2.3.3 Stimulating Aggregate Demand

The pandemic called for substantial fiscal stimulus to support economic activities, boost private sector participation, generate employment and improve aggregate demand. The Government will continue to provide budget in the form of annual grants to the Local Government and block grants to the Budgetary Bodies to provide flexibility, ownership and accountability in budget execution. In addition, the targeted fiscal and monetary measures will be continued to ensure business continuity. However, the containment measures including lockdowns may affect capital budget utilization that may slow down consumption and aggregate demand.

2.3.4 Sustainable Level of Fiscal Balance

Maintaining fiscal balance at a sustainable level has always been the key anchor of the fiscal policy. In line with this goal, average fiscal deficit for the last two fiscal years has been contained within 3 percent of GDP. For the FY 2021-22, considering the need for high level of investment in the economy to support economic recovery, the estimated fiscal deficit is 8.59 percent of GDP. However, the fiscal target is to contain within 5 percent of GDP to ensure sustainable fiscal balance and debt sustainability through optimal utilization of the budget besides mobilizing additional resources.

2.3.5 Managing Public Debt

The public debt management is guided by the constitutional mandate of ensuring “that the servicing of public debt will not place an undue burden on future generations.” Further, in accordance with the Public Debt Policy 2016, the

Government ensures that the financing decisions are prudent and public debt is maintained at a sustainable level.

The Government will continue managing public debt in such a manner that the public sector's financing needs and debt service obligations are met in a timely manner, at the lowest possible cost, while also supporting development of an efficient domestic capital market.

Therefore, the Government will prioritize borrowing from external concessional windows to lower the financing cost, while meeting balance funding needs from the domestic market through issuance of T-Bills and long-term bonds to facilitate development of a vibrant domestic debt market.

2.4 Fiscal Performance

2.4.1 Fiscal Year 2019-20: Performance

As per the Audited Annual Financial Statement for the FY 2019-20, the actual fiscal deficit decreased to 1.8 percent of GDP from the revised estimates of 5.7 percent, as implementation of capital activities have been impacted by the containment measures. During the FY 2019-20, the actual expenditure was Nu. 57,572.283 million from a revised budget of Nu. 67,534.352 million, resulting in a variation of about 14.75 percent. Of the total expenditure, regular recurrent expenditure is Nu. 33,023.265 million and capital expenditure is Nu. 22,046.930 million. In addition, expenditure on account of DGRK under the National Resilience Fund (NRF) is Nu. 2,502.088 million. On the resource side, the actual realized resources are Nu. 54,603.868 million against the revised estimate of Nu. 56,781.837 million. Of the total resources, Nu. 5,390 million is from NRF.

Table 2.1: Fiscal Performance for the FY 2019-20

Sl. No	Particulars	Nu. In Million			% Variance		
		Original Budget	Revised Budget	Actual Outcomes	Original Vs Revised	Revised Vs Actual	Original Vs Actual
A	RESOURCES	54,619.197	56,781.837	54,603.868	3.96	-3.84	-0.03
1	Domestic Revenue	43,299.071	38,495.848	36,218.876	-11.09	-5.91	-16.35
2	Other Receipts (Net)	428.816	2,634.050	1,959.242	514.26	-25.62	356.90
3	Grants	10,891.310	15,651.939	16,425.750	43.71	4.94	50.82
B	Total Expenditure	61,197.307	67,534.352	57,572.283	10.36	-14.75	-5.92
1	Current	34,652.765	37,129.019	35,525.353	7.15	-4.32	2.52
	<i>Regular Current</i>	34,652.765	34,501.119	33,023.265	-0.44	-4.28	-4.70
	<i>DGRK Activities</i>	0.000	2,627.900	2,502.088	-	-4.79	-
2	Capital	26,544.542	30,405.333	22,046.930	14.54	-27.49	-16.94
3	Advance/Suspense (Net)	-	0.000	416.959	-	-	-
C	FISCAL BALANCE	-6,578.110	-10,752.515	-3,385.374	63.46	-68.52	-48.54
D	FINANCING	6,578.110	10,752.515	3,385.374	63.46	-68.52	-48.54
1	Net External Borrowing	1,474.528	3,304.551	3,527.087	124.11	6.73	139.20
2	Net Internal Borrowing	3,008.807	6,202.196	-870.963	106.13	-114.04	-128.95
3	Net Lending	2,094.775	1,245.768	729.250	-40.53	-41.46	-65.19

Source: AFS 2019-20

During the FY, the net borrowing amounted to Nu. 2,656.124 million of which net external borrowing was Nu. 3,527.087 million and the net internal borrowing was negative Nu. 870.963 million, which was mainly on account of positive Government Consolidated Fund balance. The fiscal deficit of Nu. 3,385.374 million was financed through external concessional borrowings and issuance of Treasury Bills (T-Bills). The principal amount of T-Bills outstanding at the end of the FY was Nu. 1,600 million.

2.4.2 Fiscal Year 2020-21: Revised

The resource position for the FY has been revised to Nu. 56,995.029 million from Nu. 53,822.073 million. The increase is mainly attributed to the increase in the external grants from Nu. 20,142.848 million to Nu. 23,034.714 million based on the activities incorporated.

The total budget excluding Lending and Repayments has been revised from Nu. 69,151.122 million to Nu. 70,549.915 million. The upward revision is about 2 percent mainly on account of increase in capital expenditure.

Table 2.2: Revised Budget Summary for FY 2020-21 as of 30th April 2021

Nu. In Million

Sl. No	Particulars	Approved	Revised
A	RESOURCES	53,822.073	56,995.029
1	Domestic Revenue	33,189.392	33,281.000
2	Other Receipts (Net)	489.833	679.315
3	Grants	20,142.848	23,034.714
B	Total Expenditure	69,151.122	70,549.915
1	Recurrent Expenditure	32,900.000	32,788.824
2	Capital Expenditure	36,251.122	37,761.091
C	Fiscal Balance	-15,329.049	-13,554.886
D	Financing	15,329.049	13,554.886
1	Net Lending	1,316.666	52.299
2	Net External Borrowings	422.154	2,694.591
3	Net Domestic Borrowings	13,590.229	10,912.594
	Fiscal Balance % of GDP	-7.36	-7.26

With this revision, the fiscal deficit is estimated at 7.26 percent of GDP amounting to Nu. 13,554.886 million. The fiscal deficit shall be financed through external concessional borrowing and domestic borrowing. The details of revenue, expenditure and debt management performance are presented in Chapter 3, 4 and 5 respectively.

Box Item 1: Fiscal Policy in Supporting the Economy

Policy Response to COVID-19 pandemic

To tide over the difficult period of the pandemic, fiscal and monetary measures were announced in phases (I and II). To assess the impact of such measures on the economy and public finance, a cyclically adjusted primary balance (CAPB) is used to ascertain the fiscal stance or fiscal position. Discounting the interest component, the CAPB determines the true fiscal position of the economy if such policies have been expansionary or contractionary.

Figure 2.1: Fiscal Stance March_2020

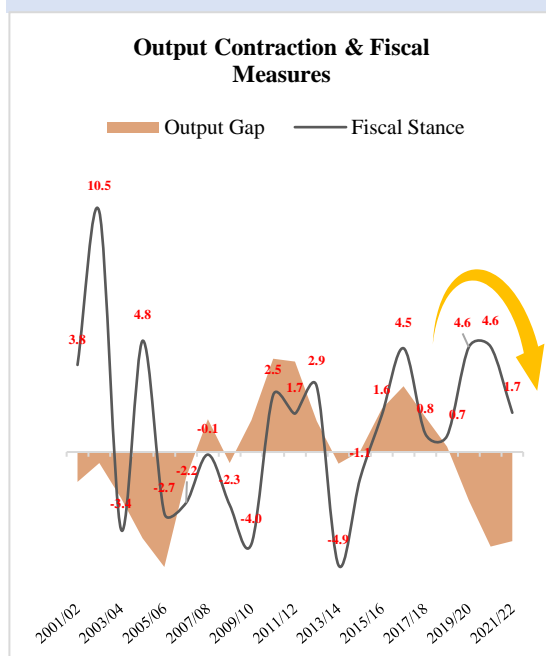
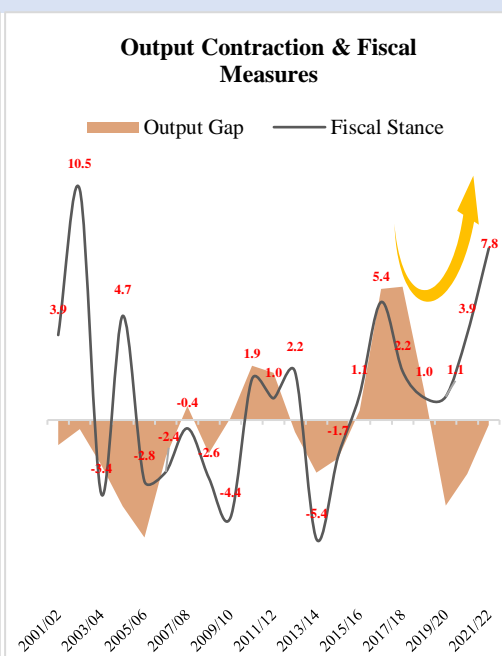


Figure 2.2: Fiscal Stance April_2021



From the figure above (figure 2.1), it is evident that while the output contracted during FY 2020-21 indicated by the blue bar graph, the measures put in place at that particular period have had a lesser impact in mitigating the anticipated loss in output mainly because the measures were just being rolled out and the extent of such measures were early to quantify. This means that the fiscal stance, although has remained expansionary (indicated by the red line), the rate of expansion was inadequate to narrow down the output contraction. Fiscal stance remained between 4.6 percent during FY 2019-20 and FY 2020-21 and decelerated to 1.7 percent during FY 2021-22 estimates.

However, as the pandemic situation persisted, different fiscal-monetary measures were rolled out during FY 2020-21 as a countercyclical measure. Such measures were imperative to cushion the impact of the pandemic as well as stimulate the economy and enhance the recovery process. Figure 2.2 exhibits the positive impact such measures had on the economy and the expansionary fiscal policy adopted by the Government at a time when the output was decelerating. The rate of expansion (fiscal stance) indicated by the red line significantly increased from a low 3.9 percent in FY 2020-21 to 7.8 percent during FY 2021-22 mainly attributed to the loose expansionary measures and substantial fiscal stimulus during FY 2021-22 in the form of capital budget (investments). As a result, the magnitude of output loss is minimized significantly as indicated by the size of the blue bar graph. Such timely and effective fiscal policy measures and stimulus supported by the accommodative monetary policy have been crucial in providing the required stimulus for the economy.

2.5 Fiscal Outlook: FY 2021-22

As a response to the pandemic, the Government will continue to focus on targeted measures to support economic recovery. Accordingly, budget allocations will be channeled towards more targeted programs and activities that transmit high multiplier effect to ensure value-for-money. The Government will continue to invest in public infrastructure projects to boost private sector participation and stimulate economic growth.

During FY 2021-22, the domestic revenue is estimated to grow by 7 percent from a drop of -8 percent in FY 2020-21. Domestic revenue is estimated at Nu. 35,600 million of which 64 percent is tax revenue and 36 percent is non-tax revenue. The positive revenue projection is based on the expected increase in tax revenues mainly attributed to improved direct tax performance. With accelerated Government investment activities coupled with the mass inoculation programs, economic activities are anticipated to pick up in various sectors, contributing to the growth in tax revenues. Besides improved performance in direct taxes, indirect taxes such as sales tax, domestic excise duty, and green tax are also expected to grow proportionately. The increase in indirect taxes is mainly due to the Government's expansionary fiscal approach through intensive capital investment activities and increased Government consumption. As a result, tax revenue during the FY 2021-22 is expected to grow by 25 percent from -19 percent in FY 2020-21.

Total expenditure is estimated at Nu. 73,919.335 million or 37 percent of GDP. From the total expenditure, Nu. 35,598.664 million is allocated for recurrent expenditure and Nu. 38,320.671 million for capital expenditure. Recurrent expenditure allocation is in line with the adequacy of domestic revenue whereas, capital expenditure will be steered towards accelerating impactful public infrastructure activities, primarily geared towards generating employment, import substitution, export promotion, promotion of ICT and innovation and enabling reform initiatives.

Table 2.3: Fiscal Outlook for FY 2021-22

<i>Nu. In Million</i>	
Particulars	Amount
Total Resources	56,765.582
1. Domestic Revenue	35,600.000
2. Other Receipts	640.271
3. Grants	20,525.311
Total Expenditure	73,919.335
1. Recurrent Expenditure	35,598.664
2. Capital Expenditure	38,320.671
OVERALL BALANCE	-17,153.753
FINANCING	17,153.753
<i>Net Lending</i>	-3,085.586
<i>Net external borrowings</i>	444.822
<i>Net internal borrowings</i>	13,623.345
<i>GDP</i>	199,654.659
<i>Fiscal balance % of GDP</i>	-8.59

The fiscal deficit for FY 2021-22 is estimated at Nu. 17,153.753 million which accounts for 8.59 percent of GDP. The fiscal deficit will be financed through a mix of external concessional borrowings and internal borrowings. With the net lending of negative Nu. 3,085.586 million, the net financing need amounts to Nu. 14,068.167 million, which will be financed through net external borrowings of Nu. 444.822 million and net internal borrowings of Nu. 13,623.345 million.

2.6 Budget Policy and Fiscal Framework Statement (BPFFS)

The BPFFS provides a macro-fiscal projection over two years based on Macroeconomic Framework Coordination Committee (MFCC) updates considering the impact of COVID-19. The framework also consists of fiscal outcomes for the last two fiscal years and estimates for the current year. The targets formulated for revenue and expenditure will serve as a basis for determining the resource envelope for a sustainable fiscal path. Hence, the BPFFS is an important tool for fiscal policy and fiscal management, promoting fiscal discipline, thereby ensuring appropriate resource allocation and forecast beyond the annual planning horizon.

Amidst the current pandemic situation, the fiscal deficit is estimated at 8.59 percent of GDP for FY 2021-22. However, in the medium term, the fiscal balance is projected to be positive mainly due to grants, as a result fiscal balance of 0.35 percent and 0.51 percent of GDP is estimated for FY 2022-23 and FY 2023-24 respectively. With the contraction in output vis-à-vis economic activities during FY 2020-21, capital investment activities are being front-loaded during FY 2021-22, hence the external grants for the two outer years are projected to decline unless additional resources are mobilized. With the assumption that economy will return to normalcy, prospects on the domestic revenue outlook appears to remain favorable. Domestic revenue is expected to increase by 4 percent in FY 2022-23 and 41 percent in FY 2023-24 mainly on account of estimated profit transfer from PHP II.

The capital expenditure is projected to decline as a share of the total outlay by 7 percent in the last fiscal year of the plan period. This is based on the assumption that the capital outlay for FY 2021-22 is fully utilized. However, recurrent expenditure remains within the estimates of domestic revenue and fulfills the constitutional requirement.

As the total outlay is expected to be fully utilized towards the end of the plan period, borrowings will gradually slow down. This is assuming no additional capital activities are undertaken and the total outlay remains within the approved 12FYP.

Table 2.4 Budget Policy and Fiscal Framework Statement

Nu. In Million

Particulars	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Revised	Estimates	Projection	Projection
Total Resources	54,603.868	56,995.029	56,765.582	45,465.545	60,066.657
1. Domestic Revenue	36,218.876	33,281.000	35,600.000	37,199.986	52,400.554
2. Other Receipts	1,959.242				
3. Grants	16,425.750	23,714.029	21,165.582	8,265.559	7,666.103
Total Expenditure	57,989.242	70,549.915	73,919.335	44,689.443	58,817.733
1. Current Expenditure	35,525.353	32,788.824	35,598.664	36,323.562	40,437.998
<i>i. Primary current</i>	34,693.723	30,840.640	32,250.384	33,007.480	34,657.854
<i>ii. Interest payments</i>	831.631	1,948.184	3,348.280	3,316.082	5,780.144
2. Capital Expenditure	22,046.930	37,761.091	38,320.671	8,365.881	18,379.735
Advance/Suspense (Net)	416.959				
OVERALL BALANCE	-3,385.374	-13,554.886	-17,153.753	776.102	1,248.924
FINANCING	3,385.374	13,554.886	17,153.753	-776.102	-1,248.924
<i>Net Lending</i>	-729.250	52.299	-3,085.586	-3,279.327	-9,217.353
<i>Net external borrowings</i>	3,527.087	2,694.591	444.822	-2,762.260	-10,462.274
<i>Net internal borrowings</i>	-870.963	10,912.594	13,623.345	-1,293.169	-4.004
GDP	179,567.999	186,652.996	199,654.659	220,162.162	242,548.751
<i>Fiscal balance % of GDP</i>	-1.89	-7.26	-8.59	0.35	0.51

Source: MFCC

2.7 Annual Financial Statement for FY 2019-20: Audited

The fiscal outcomes and operational result of the FY 2019-20 has been audited by the Royal Audit Authority. A copy of the Audited Annual Financial Statement for FY 2019-20 is distributed along with this report.

Chapter 3

Resource Performance and Outlook

3.1 Overview

The total resources realized for FY 2019-20 is Nu. 54,603.868 million, which is an increase of 29.91 percent as compared to the previous FY. Of the total revenue, 66.33 percent was domestic revenue and the remaining 33.67 percent was grants.

Of the total resources, domestic revenue was Nu. 36,218.876 million and was able to finance about 3 percent of the capital expenditure after meeting the entire recurrent expenditure.

During the year, the Government received external grants of Nu. 16,425.750 million, an increase of 56.19 percent from the previous year.

3.2 Resource Performance in FY 2019-20

The total domestic revenue realized during the FY 2019-20 was Nu. 36,218.876 million accounting for 20.2 percent of GDP. The domestic revenue increased by 4.3 percent as compared to the previous fiscal year.

Taxes on International Trade and Transaction (customs duty) was recorded at Nu. 467.997 million showing a decrease of 31 percent as compared to the previous fiscal year. This was mainly due to lower customs duty collection and a decline in imports. The duties collected from customs contributed approximately 1 percent to the total revenue.

While on the other hand, other revenue increased by 90 percent from Nu. 6,321.851 million in FY 2018-19 to Nu. 12,014.096 million in FY 2019-20. The increase was mainly attributed to Net Profit transfer from MHP. The other revenues contributed 22 percent to the total revenue collection.

3.2.1 Tax-to-GDP Ratio

During FY 2019-20, tax to GDP ratio was 12.69 percent, a decrease of 3 percentage points as compared to the previous FY. This was mainly due to the deferment of CIT and BIT till June end, 2020. The corporate income tax and non-tax revenue were the highest contributors to the overall domestic revenue comprising of 4.2 percent and 7.5 percent of total GDP respectively.

Taxes from income and profits, specifically personal income tax and business income tax stood at 1.3 percent and 0.6 percent of GDP respectively, wherein the decline in the collection from business income tax as against FY 2018-19 (0.65 percent of GDP) was evident following the losses incurred due to the pandemic. Under taxes on goods and services, sales tax, excise duty, green tax, and taxes on permission to use goods or perform activities contributed 2.8 percent, 0.4 percent, 0.5 percent, and 0.2 percent of total GDP. Revenues from other direct taxes such as royalty revenue from tourism (SDF), hydro-power, forest products, and mines and minerals contributed 2.4 percent to the total GDP.

Fig 3.1: Tax to GDP

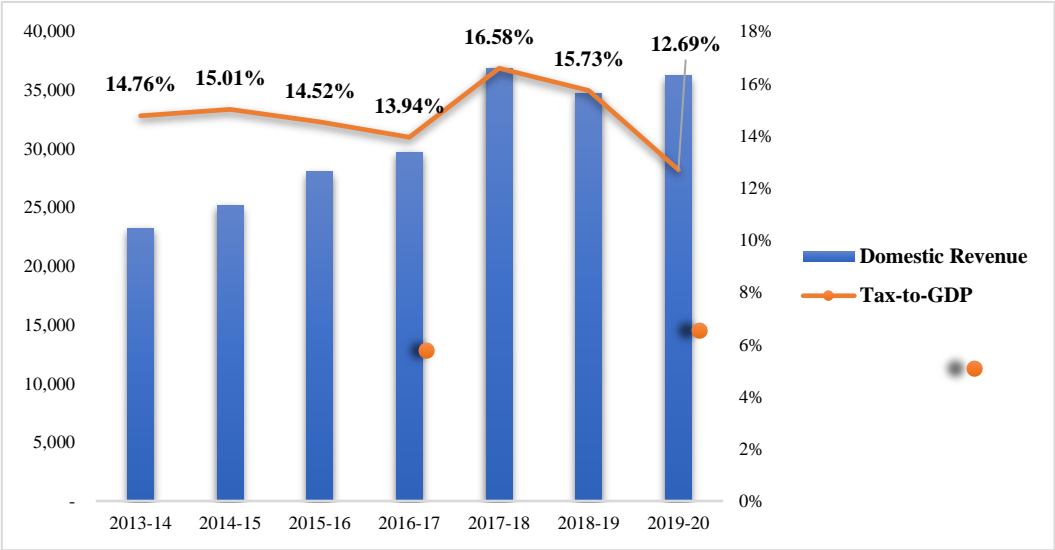
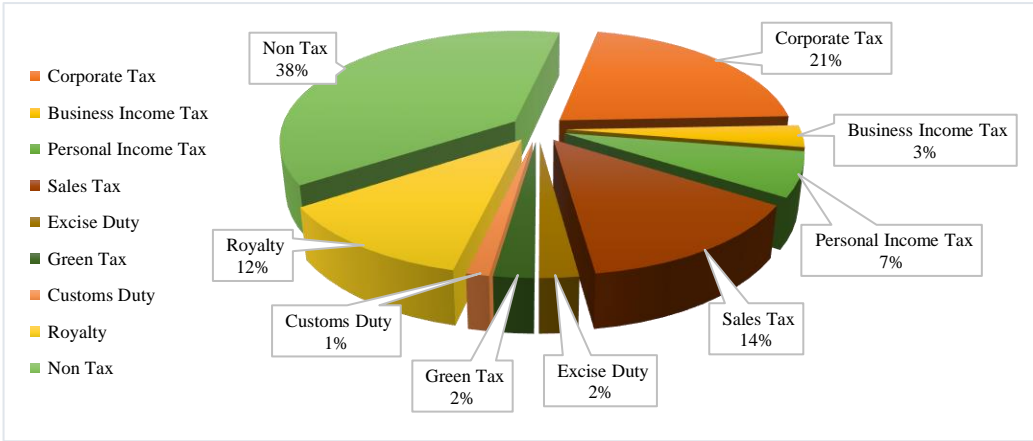


Fig 3.2: Revenue Structures as a percentage of GDP

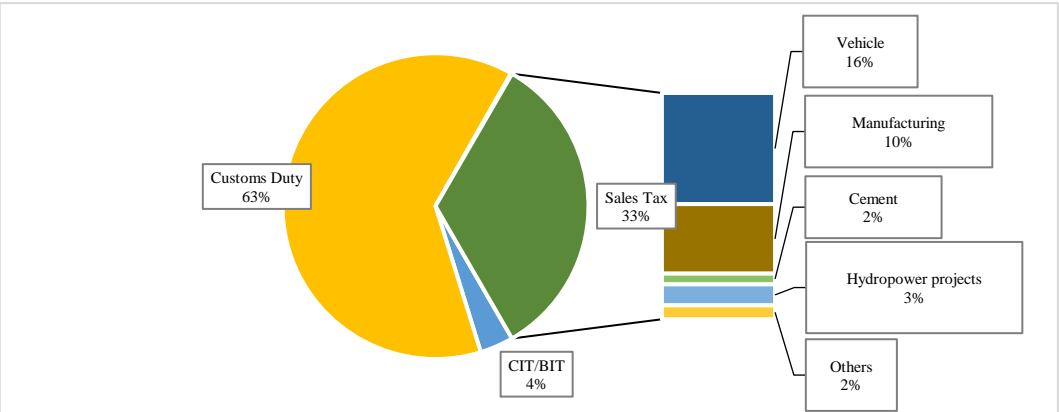


3.2.2 Taxes Forgone

Fiscal Incentives Act 2017 gives effect to the fiscal incentives (tax exemptions and concessions) to stimulate economic growth, boost private sector development, and generate employment.

Tax revenue foregone in 2019 was estimated at Nu. 4,686.105 million, accounting for 2.6 percent of GDP. Of the total taxes forgone, the Customs Duty foregone under the Fiscal Incentives Act was Nu. 2,952.307 million.

Figure 3.3: Tax Foregone in 2019



3.3 Revised Resource in FY 2020-21

The total resources for FY 2020-21 are revised from Nu. 53,822.073 million to Nu. 56,995.029 million, which is about 6 percent increase from the approved estimates, mainly due to the increase in grants.

While the domestic revenue is revised upwards, the increase is attributed to profit transfers from MHP. On the contrary, tax revenue has decreased on account of closure of business entities due to implementation of containment measures, and restriction on movement of goods across borders.

Table 3.1: Revised Resource Summary for FY 2020-21 as of 30th April 2021
Nu. In Million

Particulars	Approved	Revised
TOTAL RESOURCES	53,822.073	56,995.029
I. DOMESTIC REVENUE	33,189.392	33,281.000
i. Tax	20,569.603	18,357.755
ii. Non-Tax	12,619.789	14,923.245
II. OTHER RECEIPTS	489.833	679.315
III. GRANTS	20,142.848	23,034.714
i. Program Grants	3,036.644	4,437.286
a) GoI	3,036.644	4,437.286
ii. Project-tied Grants	17,106.204	18,597.428
a) GoI	13,465.779	13,321.492
b) Others	3,640.425	5,275.936

**Other receipts include internal grants*

3.3.1 Domestic Revenue

The total domestic revenue for FY 2020-21 is revised from Nu. 33,189.392 million to Nu. 33,281 million, an increase of about 0.3 percent as compared to the approved budget.

The decline in the tax revenue from Nu. 20,569.603 million to Nu. 18,357.755 million is mainly due to the decrease in the collection from CIT, BIT and PIT. The decrease in CIT and BIT collection is mainly due to contraction in economic activities coupled with the reduction in CIT rate from 30 percent to 25 percent.

On the other hand, revenue from Personal Income Tax decreased due to revision of the basic PIT exemption limit from Nu. 200,000 to Nu. 300,000. The non-tax revenue increased from Nu. 12,619.789 million to Nu. 14,923.245 million mainly attributable to the estimated profit transfer from MHP which amounts to Nu. 7,392.147 million. The surplus transfer from the RMA decreased from Nu. 3,011.435 million to Nu. 2,001 million.

3.3.2 Grants

Grant estimate for FY 2020-21 is increased to Nu. 23,034.714 million from the approved estimate of Nu. 20,142.848 million. Over the fiscal year, Nu. 2,783.703 million was incorporated, consisting of GoI grant Nu. 719.923 million, Nu. 562.675 million from ADB and balance from other development partners. The summary of the incorporations made during the year is shown in Table 3.2.

Table 3.2: Summary of Incorporations

		<i>Nu. In Million</i>
Sl. No	Name of Donors	Amount
1	ADB	562.675
2	UNICEF	65.749
3	GoI	719.923
4	WHO	120.245
5	EU	605.974
6	ADHOC	2.324
7	US/US AID	31.579
8	ICIMOD/ ICIMD	2.707
9	UNDP	19.814
10	BTSEC	42.483
11	GCF	122.123
12	BF	2.120
13	WWF	3.052
14	Austrian	66.394
15	Others	416.541
Total		2,783.703

3.4 Resource Estimates for FY 2021-22

The total resources for FY 2021-22 are estimated at Nu. 56,765.582 million, of which domestic revenue is Nu. 35,600 million, internal grants of Nu. 640.271 million and external grants of Nu. 20,525.311 million.

3.4.1 Domestic Revenue

Total domestic revenue for FY 2021-22 is estimated at Nu. 35,600 million, which is an increase of 7 percent from the previous FY. The estimated growth in revenue is mainly attributed to anticipated improvement in trade and economic activities. With the mass vaccination and containment measures, the economic activities may pick up including tourism receipts (SDF and Visa Fees). Consequently, sales tax collection from hotels, airport tax, CIT and BIT from tourism allied businesses are expected to gradually improve.

Direct taxes are estimated to grow by 15 percent mainly due to anticipated rebound in economic activities. Similarly, tax collection from goods and services are expected to improve by 64.9 percent resulting in increase in the tax revenue by 25 percent as compared to -19 percent in the previous FY.

Furthermore, the improvement in the domestic revenue estimate is also attributed to non-tax revenue such as current revenue from Government agencies which is estimated to increase by 21 percent compared to the previous FY.

In order to ensure stability in the revenue flow, MHP shall be maintained under profit transfer modality for the FY.

Table 3.3: Domestic Revenue for FY 2021-22

Nu. In Million

	Particulars	Amount	% of Total Resource
	Domestic Revenue	35,600.000	62.71%
A	Taxes	22,931.188	40.40%
1	Taxes on Income, Profits and Capital Gains	9,650.366	17.00%
	Corporate Tax	7,089.897	12.49%
	DHI	2,102.843	3.70%
	DGPC	2,100.639	3.70%
	BPC	443.472	0.78%
	Others	2,442.945	4.30%
	Business Income Tax	1,022.903	1.80%
	Personal Income Tax	1,537.565	2.71%
2	Taxes on Property	36.202	0.06%
3	Taxes on Goods and Services	7,342.266	12.93%
	<i>Sales Tax</i>	5,187.921	9.14%
	<i>Excise Duty</i>	765.325	1.35%
	<i>Green Tax</i>	961.563	1.69%
	Taxes on International Trade and		
4	Transactions	485.743	0.86%
	<i>Customs Duty</i>	485.743	0.86%
5	Other Taxes	5,416.611	9.54%
	Royalty	5,234.388	9.22%
B	Other Revenue	11,515.203	20.29%
	Interest receipt from corporation	2,541.621	4.48%
	Dividend	3,677.000	6.48%
	<i>o/w DHI Dividend</i>	3,658.800	6.45%
	Net Profit Transfer	-	-
	<i>o/w RMA</i>	1,500.000	2.64%
	<i>o/w MHP</i>	3,746.623	6.60%
	Current Revenue from Government		
C	Agencies	1,071.206	1.89%
	Capital Revenue from Government		
D	Agencies	82.403	0.15%

3.4.2 Grants

External Grant comprises of program grants and project tied grants received from development partners. Major portion of the grant is from GoI followed by ADB, GCF, EU and others. In FY 2021-22, the estimated grant is Nu. 20,525.311 million.

Table 3.4: Summary of Grants for FY 2021-22

		<i>Nu. In Million</i>
Sl. No	Donors	Amount
1	Asian Development Bank	1,062.650
2	Bhutan Foundation	39.821
3	European Union (EU)	364.310
4	Global Fund to fight Aids, Tuberculosis & Malaria	3.193
5	Government of Austria (GoA)	173.176
6	Government of India (GoI)	16,770.855
7	Green Climate Fund (GCF)	724.823
8	Swiss Development Organization (Helvetas)	29.336
9	International Fund for Agricultural Development (IFAD)	89.646
10	SAARC Development Fund (SDF)	0.670
11	Save the Children	21.875
12	The Netherlands	60.000
13	United Children's Fund	132.010
14	United Nations Development Program (UNDP)	26.427
15	UN Environmental Program	31.049
16	UN Fund for Population Activities	14.702
17	World Bank	404.267
18	World Food Program (WFP)	112.006
19	World Health Organization (WHO)	57.166
20	World Wildlife Foundation (WWF)	11.791
21	Other Development Partners	395.538
Total		20,525.311

3.5 Medium Term Resource Outlook

Over the medium term, domestic revenue is projected to grow at an average of 17.4 percent. The tax revenue is expected to increase by 20.6 percent and the non-tax revenue by 37.4 percent. The notable increase in the medium-term resource outlook is expected from direct taxes (CIT, BIT, and PIT) which are expected to increase by 17 percent, 24.4 percent, and 20.3 percent respectively. Based on the evolving situation of the pandemic, if the tourism sector reopens by end of 2021 or early 2022, some tourism receipt is expected.

An amount of Nu. 15,202.206 million is estimated as external grants for the medium term (FY 2022-23 to FY 2023-24) while the expected receipts from Trust Funds is estimated at Nu. 729.456 million. The total grants constitute 14.4 percent of the total resources and will cover 56.8 percent of the total capital expenditure in the medium term.

Table 3.5: Medium-term Resource Outlook

Nu. In Million

	Actual	Revised	Estimates	Outlook		Average Growth
	2019-20	2020-21	2021-22	2022-23	2023-24	
Resources	54,603.868	56,995.029	56,765.582	45,465.545	60,066.657	3.9%
Domestic Revenue	36,218.876	33,281.000	35,600.000	37,199.986	52,400.554	17.4%
Taxes	22,792.988	18,357.755	22,931.188	27,504.242	32,171.220	20.6%
Taxes on Income & Profits	10,941.288	8,425.878	9,650.366	12,941.471	13,752.102	18.3%
Corporate Tax	7,511.681	6,166.212	7,089.897	9,297.600	9,759.911	17.0%
Business Income Tax	1,138.905	1,016.002	1,022.903	1,549.227	1,875.235	24.4%
Personal Income Tax	2,290.702	1,243.664	1,537.565	2,094.645	2,116.956	20.3%
Taxes on Property	27.239	98.187	36.202	39.810	43.525	-14.6%
Taxes on Goods and Services	6,916.825	4,451.455	7,342.266	7,820.229	8,496.297	26.7%
Taxes on International Trade and Transactions	467.997	513.994	485.743	493.960	518.658	0.4%
Customs Duty	467.997	513.994	485.743	493.960	518.658	0.4%
Other Taxes	4,439.639	4,868.241	5,416.611	6,208.771	9,360.637	25.6%
Royalty	4,307.934	4,852.087	5,234.388	6,008.389	9,145.415	25.0%
Other Revenue	12,014.096	14,011.803	11,515.203	8,563.351	18,993.706	26.1%
Interest receipt from corporation	887.388	1,531.294	2,541.621	2,573.592	5,117.320	55.4%
Dividend	4,605.708	3,062.000	3,677.000	4,416.040	5,328.060	20.3%
Withdrawals from income of quasi-corporations	6,515.193	9,393.147	5,246.623	1,518.781	8,489.318	114.6%
Current Revenue from Government Agencies	1,333.344	884.962	1,071.206	1,037.977	1,136.049	9.1%
Capital Revenue from Government Agencies	78.448	26.480	82.403	94.415	99.580	77.1%
External Grants	15,958.432	23,034.714	20,525.311	8,126.239	7,075.967	-28.1%
Other Receipts	2,426.560	679.315	640.271	139.320	590.136	79.9%

Source: MFCC

3.6 Tax Buoyancy for the Medium-term

Tax buoyancy is an indicator to measure the efficiency of tax revenue mobilization in response to economic growth. A percent change in GDP should translate to a one percent change in domestic revenue. If it is greater than 1, it indicates a more than proportionate response of the revenue to rise in GDP and if it is less than 1, it shows a less than proportionate response of the revenue to growth in GDP.

As evident from the table, the buoyancy for domestic revenue is -2.24 percent and -2.06 during FY 2019-20 and FY 2020-21, a year in which the economy has been impacted by the pandemic. With the anticipated improvements in economic activities during FY 2021-22, the buoyancy for the overall domestic revenue is expected to improve to 1 percent and the buoyancy for tax revenue is also estimated to improve by 3.58 percent.

Table 3.6: Tax Revenue and Buoyancy

Nu. In Million

Particulars	2019/20 (Actual)	2020/21 (Revised)	2021/22 (Estimates)	2022/23 (Projection)	2023/24 (Projection)
Domestic Revenue	36,218.876	33,281.000	35,600.000	37,199.986	52,400.554
Total Domestic Revenue Growth	0.04	(0.08)	0.07	0.04	0.41
Buoyancy	(2.24)	(2.06)	1.00	0.44	4.02
Tax Revenue	22,792.988	18,357.755	22,931.188	27,504.242	32,171.220
Buoyancy	-8.29	-4.93	3.58	1.94	1.67

Assuming that the situation improves, domestic revenue is expected to improve in line with economic performance. As a result, tax revenues are projected to respond positively during FY 2022-23 and FY 2023-24 with a buoyancy of 1.94 and 1.67 respectively. Similarly, domestic revenue during FY 2022-23 and FY 2023-24 are also expected to improve on account of increased domestic demand, Government spending and anticipated commissioning of Puna-II with a buoyancy of 0.44 and 4.02 respectively. The expected additional revenue from GST will further improve the tax buoyancy.

Chapter 4

Expenditure

4.1 Overview

Focusing on the response and recovery efforts, the budget for FY 2020-21 was anchored towards achieving economic resilience and transformation through intensification and acceleration of programs and activities. Of the total appropriation of Nu. 73,989.881 million for the FY 2020-21, Nu. 32,900 million was for recurrent expenditure and Nu. 36,251.122 million was for capital expenditure. To stimulate economic growth, the Government announced fiscal and monetary measures and initiated implementation of Economic Contingency Plan (ECP) focusing on the areas of tourism, agriculture and construction including improvement of one farm road each in all Gewogs. Further, in order to accelerate implementation, 12FYP was re-prioritized through front-loading of activities and funding sources, besides mobilizing additional resources to fund the contingency plan.

4.2 Revised Budget for FY 2020-21

The approved budget appropriation for FY 2020-21 was Nu. 73,989.881 million with the fiscal deficit of Nu. 15,329.049 million, which is 7.36 percent of the GDP. During the FY, technical adjustments were carried out based on the outcome of the Mid-Year Budget Review to incorporate the changing priorities of the Government. Further, budget for COVID-19 activities were provided by way of re-appropriation, technical adjustments and incorporation of donor funds.

During the FY, the expenditure has increased by 2 percent from a total of Nu. 69,151.122 million to Nu. 70,549.915 million. The increase in the capital expenditure is on account of incorporation of external grants for projects and COVID-19 related activities. With the revision, the total budget appropriation is estimated at Nu. 76,773.584 million and a fiscal deficit of Nu. 13,554.886 million which is 7.26 percent of GDP.

Table 4.1: Revised Budget Summary as of 30th April 2021

Nu. In Million

Particulars	Approved	Revised
Expenditure	69,151.122	70,549.915
i. Recurrent Expenditure	32,900.000	32,788.824
ii. Capital Expenditure	36,251.122	37,761.091
Repayments	3,624.360	3,758.770
i. Internal	12.269	12.990
ii. External	3,612.091	3,745.780
On Lending	1,214.399	2,464.899
Grand Total	73,989.881	76,773.584

4.2.1 Recurrent Expenditure

To ensure that the recurrent expenditure is fully covered by the estimated domestic revenue, the current budget has been maintained within Nu. 32,900 million as per the Budget Appropriation Act for FY 2020-21. However, the recurrent budget has changed marginally due to re-prioritization and technical adjustments.

4.2.2 Capital Expenditure

For the FY 2020-21, the capital expenditure has been revised from Nu. 36,251.122 million to Nu. 37,761.091 million due to the incorporation of donor funded activities.

The incorporations and technical adjustments were made in keeping with the relevant provisions of the Public Finance (Amendment) Act of Bhutan 2012.

4.3 Budget for COVID-19

As the pandemic continued to pose serious risks to health and livelihood of people, the Government provided necessary budget for *ensuring public health and safety, maintaining public confidence and macro-economic stability*.

During the FY 2020-21, a budget of Nu. 2,620.444 million was provided to support COVID-19 related activities. Total cumulative expenditure for COVID-19 related activities amounts to Nu. 4,644.256 million. The Government received generous support from development partners such as GoI, UN agencies, JICA, ADB, World Bank and others. The details of budget allocated for COVID-19 related activities are shown in the Table 4.2.

Table 4.2: Details of COVID-19 Expenditure

Nu. In Million

Sl. No	Particulars	FY 2019-20		FY 2020-21		Total	
		Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
1	Health (PPE, drugs, non-drugs and flu clinics)	78.497	222.189	-	1,254.233	78.497	1,476.422
2	Essential food and fuel	247.829	740.848	-	-	247.829	740.848
3	Quarantine (logistics and food)	187.688	4.514	507.138	2.428	694.826	6.942
4	Others (Structure - Roads, temporary shelters, etc.)	-	392.453	0.448	115.261	0.448	507.714
5	Others (non-structural-COVID related miscellaneous expenses)	130.698	19.096	213.625	527.311	344.32	546.407
	Total	644.712	1,379.100	721.211	1,899.233	1,365.923	3,278.333
	Grand Total	2,023.812		2,620.444		4,644.256	

4.4. COVID-19 Response Fund

In order to respond to the pandemic, individuals, agencies and development partners have expressed solidarity to combat COVID-19. Acknowledging the overwhelming support, the Government created a COVID-19 Response Fund Account to facilitate deposits from the voluntary contributions made by the general public, business entities and international organizations.

As of 13th May 2021, the total deposit into the Fund is Nu. 122.833 million, of which Government has used Nu. 120 million for procurement of COVID-19 test kits.

4.5 National Resilience Fund (NRF)

Considering the exceptional circumstances and the need for unconventional strategies to build economic resilience and promote growth, the National Resilience Fund (NRF) of Nu. 30,000 million has been established. The NRF supported the grant of the Druk Gyalpo's Relief Kidu in the form of income support for individuals directly affected by the pandemic and interest payment support for individuals and business entities. Amongst others, the DHI (Nu. 1,564 million) and the RMA (General Reserve of Nu. 2,000 million) contributed to the NRF.

In view of the ongoing social and economic difficulties encountered by the people due to the pandemic and the uncertainties stemming from regional and global developments, on 22nd April 2021, coinciding with the auspicious occasion of Zhabdrung Kuchoe, His Majesty The King commanded the continuation of the Druk Gyalpo's Relief Kidu for 15 months, from April 2021 to be sourced from *Kidu* Fund and *Sungchop* Fund.

Druk Gyalpo's Relief Kidu (DGRK)

The NRF supported the grant of the Druk Gyalpo's Relief Kidu in the form of income support for individuals directly affected by the pandemic and interest payment support for individuals and business entities. Starting from April 2020 to April 2021, Nu. 12,045.704 million has been disbursed from NRF for income and interest payment support as follows:

Income Support

- The Druk Gyalpo's Relief Kidu has granted Nu. 2,863.545 million in monthly income support including De-suung skilling program.
- About 45,766 individuals received the Kidu, which also include Child Support Kidu of Nu. 70.890 million.

Interest Payment Support

- As of 30th April 2021, Nu. 9,182.159 million was granted as interest payment support. In addition, Nu. 1,880 million was borne by the Financial Service Providers as interest payment support.

- The interest payment support granted as Druk Gyalpo's Relief Kidu provided immediate economic relief to the borrowers during the pandemic and also helped financial sectors to avert the build-up of non-performing loans.

The DGRK supported under NRF shall be continued for 15 months from April 2021.

4.6 Fiscal and Monetary Measures

Realizing that the costs of the pandemic will be extremely substantial for businesses and individuals, various monetary and fiscal measures were announced to ease some of the pressures and assist businesses in enduring the difficult period. The fiscal and monetary measures supported all businesses, through a combination of interventions that complemented DGRK. Such measures were implemented and rolled out in a phase manner to respond to the evolving and emerging challenges faced by the business entities.

Under the fiscal measures, 332 CIT payers and 16,764 BIT payers benefitted from the tax deferral. The medium voltage (MV) and high voltage (HV) industries benefitted from the application of demand charges on actual consumption basis. In addition, 42 medium-voltage and 7 heavy-voltage industries benefitted from the deferment of electricity charges and waiver of penalties.

Under the monetary measures, individuals and business entities benefitted from the bridging loan for business continuity, deferment of loan repayment, and concessional term based working capital to whole-sale distributors, tourism and related business and manufacturing industries. As of December 2020, total of Nu. 3,700 million was sanctioned as bridging and working capital.

The following table provides a summary of the fiscal and monetary measures announced.

Table 4.3: Summary of Fiscal and Monetary Measures

Fiscal Measures	Monetary Measures
<ul style="list-style-type: none"> ❖ Deferral of CIT and BIT filing for IY 2019 until June 2021 which provided temporary cash flows for businesses to meet operational costs. ❖ Deferral of sales tax and customs duty on essential items for April to June 2020 to facilitate import of essential items and food stockpiling. ❖ Deferment of taxes, duties, and other charges enabled businesses to meet their operational costs and upheld business activities. ❖ Waiver of payment of monthly rent and other charges up to June 2021 for tourism-related business entities leasing Government property. ❖ Deferment of electricity charges and waiver of penalty on late payment granted for industries up to June 2021. ❖ Free electricity and Wi-Fi charges for hotels used as a quarantine facility to mitigate the risk of community transmission. ❖ Budget support for COVID-19 related activities to ensure an uninterrupted supply of essential items, fuel, PPE suit, drugs, non-drugs, and logistics and food for quarantine during the pandemic situation. ❖ Revision of mobilization advance from 10 percent to 20 percent to make adequate cash available in keeping with the prices of goods/materials and to expedite capital works. ❖ Application of Limited Enquiry Method and Increase of Bid Capacity to fast-track procurement of works and ensure timeliness, cost-effectiveness, efficiency, fair and equal access for the award of works. ❖ Simplified Procurement Rules and Regulations (SPRR 2020) under COVID-19 situation for procurement of goods, works, and services. 	<ul style="list-style-type: none"> ❖ Complementing the interest payment support measures, the RMA provided deferment of loan repayment with a 1 percent rebate until June 2021 to all the borrowers. ❖ Reduced the Cash Reserve Ratio from 10 percent to 9 percent on 17th March 2020 and further to 7 percent on 27th April 2020 to provide liquidity relief to the financial institutions. ❖ Made regulatory relaxation by releasing the capital conservation buffer of 2.5 percent to enhance the lending capacity of the financial institutions to support the economy. ❖ Instituted the domestic liquidity management system to facilitate the undisrupted flow of liquidity in the economy to support economic activities and business during the pandemic. ❖ The extended gestation period for projects under gestation. ❖ Provided concessional term loans in the form of soft bridging loans to businesses. ❖ Provided concessional term-based working capital to wholesale distributors, tourism and related business, and manufacturing industries. ❖ Provided microloans for the agriculture sector at 2 percent and CSIs at 4 percent interest rates through the National CSI Development Bank.

4.7 National Credit Guarantee Scheme (NCGS)

As a counter cyclical policy measure for the COVID-19 pandemic impact on the economy, the Government launched NCGS on 5th October, 2020. The Scheme is an intervention that aims to enhance access to credit to promote CSI and medium industries. Under the scheme the Government extends guarantee to SOE Banks to support financing of viable projects that focus on export promotion, import substitution, promote use of green and clean technology & innovation and assure social safety through employment generation.

In principle, the Government has committed to extend guarantee up to Nu. 3,000 million in favor of participating Banks (BOBL, BDBL and NCSIDBL) for a period of three years.

To ensure maximum success of NCGS, a dedicated Support Facility is being hosted at the NCSIDBL. The Support Facility will handhold, monitor and guide projects approved under NCGS. As of 6th May, 2021, 81 projects have received the guarantee coverage. Of the total, 30 were under Agriculture sector, followed by 29 under production & manufacturing (P&M) sector and 22 under service sector. The total loan for the projects stands at Nu. 274.500 million with the Government Guarantee Coverage amounting to Nu. 174.120 million.

The NPL ratio under NCGS will be targeted at a significantly lower level than the current average NPL ratio of 24 percent.

4.8 Economic Contingency Plan (ECP)

The Economic Contingency Plan (ECP) has been implemented to address the challenges posed by the pandemic in key sectors. Amongst them, tourism and allied sectors, have been severely impacted, followed by the construction sector and manufacturing with its heavy reliance on foreign labor.

The Build Bhutan Project established with the budget of Nu. 1,040 million have been implemented to address the immediate workforce gap in the construction sector and also intends to address wider and longer-term objectives in the construction industry.

For building tourism resilience, a budget of Nu. 232 million is provided. The Agriculture sector with the budget of Nu. 2,557 million boosted agriculture and livestock production.

4.9 Supplementary Budget Appropriation Bill

The Supplementary Budget Appropriation Bill for FY 2020-21 amounting to Nu. 2,783.703 million is submitted to the House for consideration. The incorporation pertains to externally funded projects including COVID-19 related activities during the FY. With this incorporation, the total budget appropriation for FY 2020-21 is revised from Nu. 73,989.881 million to Nu. 76,773.584 million.

4.10 Budget Estimates for FY 2021-22

The Budget for the FY 2021-22 has been formulated based on the theme of ensuring ‘*Sustained Economic Stability for a Resilient Recovery*’, underpinned by five broad objectives: *i) Maintaining Public Confidence, ii) Sustaining Economic Activities, iii) Transforming Health and Education System, iv) Leveraging on ICT and Innovation, and v) Enabling Reform Initiatives*. Accordingly, about 33 percent of the plan capital outlay amounting to Nu. 38,320.671 million has been allocated for the FY 2021-22 which is the highest allocation during the 12FYP period.

The current budget for FY 2021-22 is estimated at Nu. 35,598.664 million which is about 8 percent increase from the previous FY. While the requirement for current budget has increased due to inflation and other emerging priorities, the Government has adjusted within the estimated domestic revenue to remain within the constitutional provision. Further, for optimal utilization of the estimated domestic revenue, the recurrent budget will be continued to be provided as Annual Grants (AG) to the Local Governments and Block Grants to all other Budgetary Bodies.

With respect to the recurrent budget, the Government will continue to implement the following budget policies adopted in the FY 2020-21:

- a) Rationalize travels (ex-country and in-country) within the allocated budget;
- b) No hiring of private building for office space and new establishment;
- c) Postpone the activation of Salary Indexation till the revenue performance improves;
- d) Transfer of Civil Servants shall be without transfer benefits;
- e) Defer the option to monetize Vehicle Quota during the FY, without affecting the date of next allotment; and

Furthermore, the Government shall postpone the following programs:

- a) Accelerated Mother and Child Health Program (AMCHP); and
- b) Payment of Performance Based Variable Incentives to SOEs.

Considering the importance attached to the AMCHP, the Government shall explore the possibility of implementing the program based on the improvement of revenue performance during the year. However, further rationalization of the recurrent expenditure shall be carried out if the revenue performance falls below the estimates.

With the domestic revenue only covering the recurrent expenditure, capital budget for FY 2021-22 will be financed with external grants, and the balance through concessional external and domestic borrowings. In order to ensure that RGoB capital budget is provided only for critical and COVID-19 related activities, the Government has deferred all new constructions and rationalized all activities under training – others (*workshops, seminar, trainings, orientation, annual conference, observation of international days, awareness programs*) and professional services (*hiring of consultancies, research and survey*). With these measures on RGoB capital budget, the fiscal deficit is estimated at 8.59 percent of GDP.

4.10.1 The Budget Appropriation FY 2021-22

The total budget appropriation for FY 2021-22 is estimated at Nu. 80,483.150 million. Of the total, capital expenditure is Nu. 38,320.671 million (48 percent) and the recurrent expenditure is Nu. 35,598.664 million (44 percent). In addition, Nu. 5,654.415 million is for principal repayment (7 percent) and Nu. 909.400 million is for on-lending (1 percent).

The budget appropriation is detailed below:

Table 4.4: Budget Appropriation for FY 2021-22

Particulars	<i>Nu. In Million</i> Amount
Expenditure	73,919.335
Recurrent Expenditure	35,598.664
Capital Expenditure	38,320.671
Repayments	5,654.415
Internal	13.186
External	5,641.229
On Lending	909.400
Grand Total	80,483.150

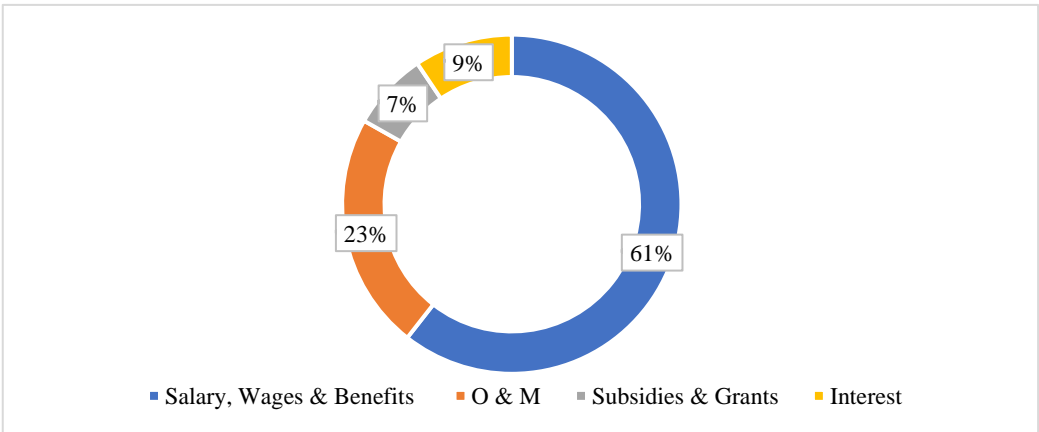
4.10.1.1 Recurrent Expenditure

For the FY 2021-22, the recurrent expenditure is estimated at Nu. 35,598.664 million, which is about 8 percent increase from the approved current budget of FY 2020-21. The increase in the recurrent expenditure is to provide for mandatory increase in pay and allowances, LG election and interest payment. The recurrent expenditure is adjusted within the estimated domestic revenue, in keeping with the constitutional requirement of having *to meet the recurrent expenditures from internal resources*.

The recurrent expenditure also includes external interest payment of Nu. 2,874.430 million and Nu. 473.850 million for domestic borrowings. For the upcoming LG election, Nu. 465 million has been provisioned.

The Figure 4.1 illustrates the components of recurrent expenditure.

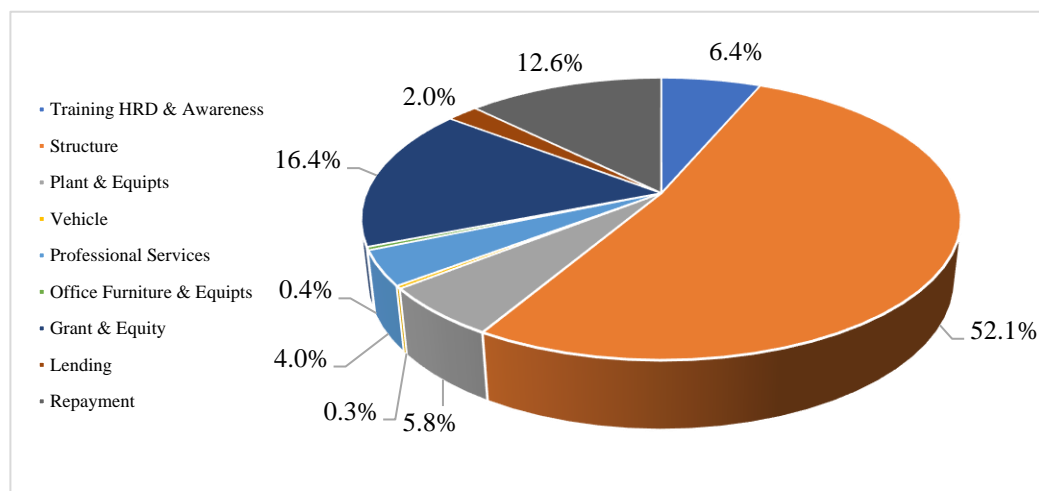
Figure 4.1: Components of Recurrent Expenditure



4.10.1.2 Capital Expenditure

The capital expenditure for the FY 2021-22, is estimated at Nu. 38,320.671 million. Of the total, about 54 percent shall be met from grants, 16 percent from external borrowings and the balance of 30 percent from internal borrowings. The Government will make concerted effort to mobilize additional grants and concessional external borrowings to improve fiscal position and minimize domestic borrowings. The Figure 4.2 illustrates the components of capital expenditure.

Figure 4.2: Components of Capital Expenditure



4.10.1.3 Budget provision for COVID-19 Response

For the last two FYs, budget for COVID-19 activities have been met from the disaster contingency provisioned under the general reserve and through technical adjustment. However, with the increasing health and economic risks posed by the second wave of the pandemic, the Government has provisioned Nu. 2,000 million for COVID-19 response under the General Reserves. In addition, Nu. 1,000 million is being mobilised from external sources and will be incorporated under the Cabinet Secretariat (Nu. 300 million) to meet quarantine expenses and the MoH (Nu. 700 million) for procurement of test kits, PPEs and vaccines upon completing the formalities.

4.10.1.4 Lending

The total on-lending of Nu. 909.400 million for the FY 2021-22 is provisioned for BPC- Rural Electrification under JICA funding (Nu. 72.200 million), DHI-Phuntsholing Township Development Project under ADB funding (Nu. 757.500 million) and Bhutan Development Bank Limited (BDBL) for Rural CSI Development under ADB financing (Nu. 79.700 million).

4.10.1.5 Repayment

During the FY, the total repayment is Nu. 5,654.415 million. Of the total Nu. 5,641.229 million is for external borrowings and Nu. 13.186 million for domestic borrowings.

The repayment is for loans availed by the Government for financing investments and on-lending to SOEs as per the amortization schedule agreed with the lenders.

4.11 Sector Allocation

During the FY 2021-22, Social Services have been allocated with the highest budget allocation of Nu. 24,524.108 million, constituting 30 percent of the total allocation followed by 27 percent each for Economic and Public Services and 24 percent for General Public Services. The major list of capital activities under each of the sectors are provided in the *Annexure 5*. Summary of sector allocation for FY 2021-22 is illustrated in the Table 4.5.

Table 4.5: Sector allocations for FY 2021-22

Sectors	Recurrent	Capital	Nu. In Million	
			Total	% Share
Social Services	12,705.380	11,818.728	24,524.108	30%
<i>Health</i>	4,017.941	5,218.105	9,236.045	11%
<i>Education</i>	8,687.439	6,600.623	15,288.063	19%
Economic & Public Services	5,208.844	16,840.613	22,049.457	27%
<i>Agriculture</i>	2,533.836	6,143.696	8,677.532	11%
<i>Communications</i>	723.953	1,701.454	2,425.408	3%
<i>Housing & Community</i>	615.360	2,360.611	2,975.971	4%
<i>Energy</i>	141.171	472.782	613.953	1%
<i>Mining & Manufacturing</i>	579.163	941.464	1,520.627	2%
<i>Roads</i>	615.360	5,220.605	5,835.965	7%
Cultural Services	723.953	945.564	1,669.518	2%
General Public Services	11,440.347	8,252.440	19,692.786	24%
Law & Order Services	2,171.860	463.327	2,635.186	3%
<i>Sub- Total</i>	32,250.384	38,320.671	70,571.055	88%
Repayment	3,348.280	5,654.415	9,002.695	11%
Lending	0.000	909.400	909.400	1%
Total	35,598.664	44,884.486	80,483.150	100%

4.11.1 Health sector

Besides ensuring healthier nation through quality healthcare services in both traditional and modern medicines, the health sector has also been in the forefront combating the COVID-19 pandemic. With the coverage of the first dose of Oxford-AstraZeneca vaccine by 94 percent of the eligible population, the Ministry of Health (MoH) continues to extend emphasis on the surveillance, early detection, control and prevention, response and recovery from the outbreak in the country. Considering the severe health risk posed by the second wave of COVID-19, the MoH will continue to work towards providing the second dose of vaccine to the eligible population and implement effective containment measures to mitigate the risk of community transmission. Accordingly, for the FY 2021-22, the health sector is provisioned with the total allocation of Nu. 9,236.045 million constituting about 11 percent of the total sectorial allocation. Of the total, Nu. 3,330.735 million including the Health Flagship program (Nu. 484.652 million) is provisioned under the MoH. In addition, the Government has also earmarked Nu. 1,000 million to meet COVID-19 related expenses.

The major activities under the health sector includes procurement of drugs and non-drugs (Nu. 900 million), medical equipment (Nu. 512.065 million) and development of health infrastructures such as ancillary works at Gidakom (Nu. 114.815 million), additional Hospital Wing at JDWNRH (Nu. 123.983 million), dedicated water supply at JDWNRH (Nu. 16.980 million). In addition, considering the importance of Human Resource development, Nu. 64.940 million and Nu. 9.8 million is provisioned for various health specialization courses and Continuing Medical Education (CME) under MoH and CME under JDWNRH respectively. Further, Nu. 484.652 million provisioned for the health flagship programs includes implementation of activities related to Gastric, Cervical, and Breast Cancer etc. The sector allocation also includes budget for Local Governments to execute construction of health infrastructures such as Kamji BHU (Nu. 14.400 million), Pangbisa BHU Nu. 18.221 million, Tsirang Hospital Nu. 27.402 million, Drametse primary health care centre Nu. 10.500 million etc.

4.11.2 Education sector

In order to build education resilience to the pandemic and to continue providing education to all children, the Ministry of Education (MoE) in collaboration with relevant stakeholders have developed and implemented curriculum for Education in Emergency. The Ministry also continues to work towards improving the quality of education besides enhancing the access to sustainable education and lifelong learning. The Royal Kasho for Education Reform provides the new vision for education sector to revisit the curriculum, pedagogy, learning process, and assessment to either transform or rewrite in view of the challenges and opportunities of the 21st century.

The sector allocation for education in FY 2021-22, is Nu. 15,288.063 million constituting about 19 percent of the total allocation. Of the total sector allocation, Nu. 151.00 million is for education flagship to support ICT laboratory, procurement of computers and LAN equipment for establishment of laboratory in the schools. Other activities include ICT skills and knowledge development for students to prepare them for a tech-driven and knowledge-based economy. Besides the flagship programs other regular are school infrastructure developments, Government scholarships to class XI and XII students in private schools, undergraduate scholarships, and capacity development for the universities.

As part of the education reform, the MoE has already piloted the curriculum of The Royal Academy (TRA) in two schools i.e., Wangbama Central School and Dechencholing Higher Secondary School. This initiative will be replicated in 22 schools in the next FY for which budget of Nu. 68 million has been provisioned. In addition, a budget of Nu. 336 million has been allocated with the respective Dzongkhags and Thromdes for procurement of school stationeries. With respect to the expansion of Early Childhood Care and Development (ECCD) programme, the MoE shall assess the need for ECCD and review the continuation of Non-Formal Education (NFE) in consultation with key stakeholders such as RCSC. Based on the outcome of the assessment, the budget for ECCD recruitment shall be adjusted accordingly.

4.11.3 Renewable Natural Resource (RNR) sector

The RNR sector is vital for enhancement of food and nutrition security, and for conservation and management of natural forest resources and biodiversity. During the pandemic, the RNR sector played a very important role in ensuring regular supply of agriculture and livestock products in the market. As the country was impacted by COVID-19 pandemic, special focus was provided to RNR sector through Economic Contingency Plan (ECP) to boost agriculture and livestock production. In addition, the Government also implemented the improvement of farm roads to enhance access to market.

For the FY 2021-22, the RNR sector allocation is Nu. 8,677.532 million, which is about 11 percent of the total allocation. The total budget includes Nu. 92.358 million for National Organic Flagship Program (NOFP) and Nu. 39.856 million for National Highland Development Program (NHDP). The flagship programs aim to enhance the rural incomes through increase in the organic production and improvement in the quality of life of the inhabitants of highland. Some of the activities under the flagship programs include support to selected organic crop productions (Nu. 32 million), establish organic manure production plants (Nu. 39.423 million), commercialize the organic seed production (Nu. 8.020 million), genetic improvements of yaks (Nu. 6.7 million) and construction of stable for horses (Nu. 4.660 million).

The regular activities under the sector comprise of youth employment and rural entrepreneurship projects (Nu. 75.471 million), construction of pack houses (Nu. 42 million), development of irrigation channels (Nu. 78.305 million). With the Government's commitment to improve the ongoing one farm road from each Gewog, a budget of Nu. 1,135.527 million has been provisioned.

In addition, Nu. 140.500 million has been provisioned for FCBL to construct warehouse in two locations and cold storage in Phuntsholing to reduce import of potatoes during the lean seasons. For supporting commercial organic farming, FMCL will invest in technology for producing affordable organic bio-fertilizer in large scale, for which budget of Nu. 22.100 million has been provisioned.

4.11.4 Mining and Manufacturing Industry

Mining and manufacturing industries play an important role in the production of goods and minerals for domestic market and exports. With the containment measures impacting both imports and exports, the Mini Dry Port (MDP) in Phuntsholing has become the gateway for trade flows demonstrating the underlying need for similar infrastructure in other areas.

For the FY 2021-22, the budget allocated for the sector is Nu. 1,520.627 million. The major activities include development of dry port at Pasakha, Gelephu, and Nganglam (Nu. 560.740 million), Establishment of Industrial Estates and Park at Damdhum, Pasakha, Bjemina, Jigmeling and Motanga (Nu. 531.272 million), Development of POL Depot for Eastern and Central Bhutan (Nu. 70 million), Export diversification under brand Bhutan (Nu. 25 million) etc.

In addition, Nu. 250.540 million allocated for the CSI flagship includes activities such as establishment of start-up centres in Dhamdum and Gyalposhing (Nu. 77.700 million), supply of machineries and equipment (Nu. 30 million), setting up of three numbers of business incubation centres (Nu. 15 million), etc. These activities are expected to contribute towards promoting growth of a vibrant, sustainable start-ups and CSI, expanding export based and reducing imports and creating job prospects and encourage creativity. For promotion of small and cottage industries the Government continues to support the National CSI Development Bank through equity injections and subsidy, for which a budget of Nu. 124.129 has been provisioned.

4.11.5 Tourism

The tourism sector is one of the major sources of employment and revenue besides earnings in convertible currency. The pandemic has severely impacted the sector with the ongoing travel restrictions and border closure. As the tourism sector came to a standstill, the Government supported the sector under the ECP and the displaced employees received income support under the DGRK.

Under the ECP, the Tourism Council of Bhutan promoted domestic tourism and established roadside amenities in 14 identified places amongst others.

For the FY 2021-22, the budget provisioned is Nu. 182.584 million. The major activities under the sector are development of trails and trekking routes, road side

amenities, enhancement of Tashel System, digitization of tourism products, training and re-skilling in tourism and hospitality etc.

4.11.6 Vocational training and employment

While the employment creation continues to be one of the priorities of the Government, the pandemic has pushed the unemployment rate as high as 5 percent in 2020, which is the highest unemployment rate since 2016. The growth in the unemployment is also attributable to the overseas returnee and displaced employees of the tourism and allied sectors. However, the grant of income support under the DGRK and Accelerated De-suung Integrated Training Programs absorbed a large number of unemployed youth and those displaced by the pandemic. Through this initiative about 7,922 people were trained in the general category and 3,947 in the specialized water management category. Further, many displaced people were given job opportunities through the Government's ECP and Engagement Program.

To address the rising unemployment, the Ministry of Labour and Human Resources (MoLHR) has been allocated with Nu. 1,557.111 million in the FY 2021-22. Through this allocation, the Government will continue the programs to strengthen the vocational training institutes by equipping the institutes with required training materials, engagement of candidates with employers to gain hands-on experiences, and will continue with the Youth Engagement and Livelihood Program (Nu. 77.042 million).

Under the Build Bhutan Project (Nu. 416.578 million), MoLHR will continue to skill the youths through the National Skills Development Programme. Other major activities include critical skill development (Nu. 98 million), procurement of tools and instruments for technical education (Nu. 136.036 million) and other infrastructures development such as construction of TTI in Thimphu and expansion of TTI in Samthang (Nu. 226.244 million).

The Government has initiated TVET reforms with the aim to transform the TVET system into attractive learning and career choice. Under the reform, TVET programs are designed to adequately equip Bhutanese youth with 21st Century skills and competencies. For implementing the reform, funds are being explored and will be incorporated during the course of the FY.

4.11.7 Road sector

The road sector is mandated to provide safe and reliable infrastructure for transportation of goods and services for socio-economic development. Despite the pandemic, the road sector continued to implement construction works and managed to keep all national highways and district roads open for traffic.

For the FY 2021-22, Nu. 5,835.965 million is provisioned for the road sector, which is 7 percent of the sector allocation. The major activities include construction of Phuntsholing-Chamkuna road (Nu. 141.700 million), construction of Dalbari–Dagapela Secondary National Highway (Nu. 90 million), construction of approach road at National Service Center (NSC), Taraythang (Nu. 316.879 million), improvement of roads at Taraythang –Darmaling Primary National High way (Nu. 266 million), Piuli NSC – (Nu. 243.260 million), Tsheringkhor-Khothakpa – (Nu. 270 million, Rigid Pavement on Rinchending –Pasakha (Nu. 80.530 million), monsoon restoration and mitigation work (Nu. 310.845 million) and blacktopping of 22 Gewog Centre roads (Nu. 1,257.075 million).

4.11.8 Urban development, housing and public amenities sector

Recognizing the need for adequate urban infrastructure, housing and public amenities due to increasing population in the urban areas, Nu. 2,975.971 million has been allocated under the sector for the FY 2021-22. The major activities include Desuung Partnership Water Projects, under which 10 water projects have been launched in various dzongkhags (Mongar, Trongsa, Chukha, Paro, Dagana, Pemagatshel, Wangdue, Sarpang and Samdrup Jongkhar). Of the 10 projects, three projects have been completed and handed over to the communities in Trongsa, Chukha and Mongar. Based on the readiness and COVID-19 situation, the tentative target is to implement four schemes per month in FY 2021-22, for which Nu. 95 million has been earmarked. In addition, Nu. 617.335 million is allocated for Water Flagship Program to implement various activities in Dzongkhags and Thromdes.

Further, the sector allocation includes construction of water supply and sewerage system at Dewathang, Samdrup Jongkhar, Samtse and Babesa (Nu. 159.096 million), retrofitting of public structure (Nu. 10.712 million), redevelopment of Norzin Lam (Nu. 140 million), development of four lane road from Bhutan Telecom- Jungshina (Nu. 20 million), blacktopping of urban roads, permanent works and sewerage network at Pekarshing LAP in Phuentsholing (Nu. 50 million),

construction of integrated vegetable market shed at Kabraytar and Pasakha (Nu. 15.826 million), construction of urban roads for LAP-VI in Gelephu (Nu. 120 million), construction of integrated market shed in Gelephu (Nu. 28.870 million), construction of integrated market shed in Samdrup Jongkhar (Nu. 40 million), construction of urban roads with blacktopping at Dewathang (Nu. 42.935 million).

4.11.9 Communication sector

In response to the pandemic, the communication sector made significant progress in digitalization such as e-learning platform for students, virtual meeting through zoom/google, Druk Trace Apps, Check Post Management System, Health Facility System, Bhutan Vaccine System, Quarantine Management and Security System. In addition, under the Digital Drukyul flagship program, development of national digital identity has reached an advanced stage. In order to minimize the digital divide and enhance universal connectivity of communication services, the government will continue to invest in Rural Communication Projects and procurement of mobile radio frequency monitoring equipment to ensure network quality.

Accordingly, Nu. 2,425.408 million has been allocated for the sector in FY 2021-22. The allocation consists of Nu. 1,009.580 million for Digital Drukyul flagship programme to transform the country into a smart and inclusive society. The Government will continue to implement runway re-surfacing and extension for Bumthang domestic airports (Nu. 162 million), rural communication project phase-6 (Nu. 70.556 million), construction of ground support equipment shed (Nu. 8 million), procurement of mobile radio frequency monitoring equipment (Nu. 54.372 million), construction of new apron taxi way at Bumthang domestic airport (Nu. 50.489 million), supply and installation of voice communication control system for domestic airports (Nu. 16.500 million), procurement of road safety equipment (Nu. 15.780 million) and strengthening the government data centre (Nu. 15 million), preparatory works for expansion of runway at Gelephu domestic airport (Nu. 15 million), improvement of access road at Yonphula domestic airport (Nu. 10.300 million) and procurement of city buses for Thimphu Thromde (Nu. 50 million).

4.11.10 Energy sector

Hydropower projects as the highest contributor to the country's GDP growth, the Government also places importance on the enhancement of renewable and sustainable energy. For the FY 2021-22, the budget allocation of Nu. 613.953 million include feasibility study of hydrogen as an alternative source of energy (Nu. 8.030 million), grid electrification (Nu. 5 million) and implementation of alternative renewal energy (Nu. 13.014 million).

4.11.11 Religion and Cultural services

For the FY, a budget of Nu. 1,669.518 million is allocated for religion and cultural services. Some of the major activities include construction of Sarpang Dzong (Nu. 107.500 million), reconstruction of Dzongs at Wangdiphodrang (Nu. 205 million), Drukgyel (Nu. 80 million), and Lingzhi (Nu. 35 million). Amongst others, the provision includes construction of monasteries at Tango (Nu. 80 million), Chari (Nu. 38 million), Rigsum Goenpa (Nu. 35 million), Sangchenchoekhor (Nu. 50 million), and Rajgir (Nu. 70 million).

4.11.12 Law and Order services

During the FY 2021-22, Nu. 2,635.186 million is provisioned for Law-and-Order services. Major activities include construction of pedestrian entry/exit terminal at Phuentsholing border gate-1 (Nu. 51.400 million), and construction of low-cost non-commissioned quarter at Chamgang (Nu. 26.798 million), construction of family quarter at Pelzomthang, Nganglam (Nu. 8 million), construction of office and lock-up at Mongar (Nu. 7 million), major renovation of RBP offices at Gyalposhing (Nu. 9.767 million), construction of integrated checkpoints at Gelephu (Nu. 17.008 million), construction of law college (Nu. 282 million) and capacity development at Pangbisa (Nu. 7.900 million).

4.11.13 General Public Services

The General Public Services include Local Governments, Finance, Foreign Services, Constitutional Bodies, Immigration, Civil Registration and Census, Autonomous agencies and Commissions.

For the FY 2021-22 Nu. 19,692.786 million is provisioned under these services. Some of the major activities include reconstruction of Kutshab's residence in RBE Delhi (Nu. 50 million), establishment of RBE at Canberra (Nu. 357.600 million), development of Bhutan Integrated Taxation System (Nu. 14.685 million), Electronic Customs Management System (Nu. 82.960 million), and Electronic Procurement System (Nu. 23.116 million). Provision of annual grants for LGs is included under these services.

4.11.14 Human Resource Development

For the FY 2021-22, the budget of Nu. 672.640 million has been provisioned for Human Resource Development (HRD). Of the total of Nu. 228.300 million allocated for HRD programs under RCSC, Nu. 150 million is for professionalizing civil service, Nu. 42.631 million for cost-sharing programs, and Nu. 13.603 million for Nehru-Wangchuck Scholarship. The remaining allocation is for capacity development of faculties under RUB colleges, mandatory training for health, education and aviation sectors.

4.11.15 Sports

The Government continues to support the Sports sector for which a budget of Nu. 200.653 million has been provisioned. Some of the major activities include construction of multi-sports hall at Tsirang, Haa, Paro, construction of tennis court and lighting of football field at Samdrup Jongkhar, major renovation of swimming pool and basketball court in Thimphu.

4.11.16 Local Governments (LGs)

For the FY 2021-22, the budget allocation for LGs is Nu. 26,031.944 million of which Nu. 12,795.988 million is for recurrent and Nu. 13,235.956 million is for capital. The Local Governments shall continue to receive the budget in the form of annual grants pertaining to RGoB financing. With respect to the external funded activities, budget is provided as project-tied.

Table 4.6: Allocation for the LGs in FY 2021-22

<i>Nu. In Million</i>						
Sl. No	Category	Recurrent RGoB	RGoB	Capital External	Total	Grand Total
1	Dzongkhags	10,701.709	2,103.565	3,635.425	5,738.990	16,440.699
2	Gewogs	719.197	2,760.000	2,609.054	5,369.054	6,088.251
	Thromdes (including					
3	Thromde schools & City Bus Services)	1,375.082	1,369.940	757.972	2,127.912	3,502.994
	TOTAL	12,795.988	6,233.505	7,002.451	13,235.956	26,031.944

As presented in the above table, the LGs will receive 34 percent of the total capital budget. However, considering the centrally executed activities in various Dzongkhags, Thromdes and Gewogs amounting to Nu. 6,610.790 million, the actual capital budget share of LGs is estimated at 52 percent of the total capital allocation.

Table 4.7: Centrally executed activities in the LG

<i>Nu. In Million</i>					
Sl. No	Category	Agency Total	From Central Agencies	From Dzongkhags	Grand Total
1	Dzongkhags	16,440.699	6,410.111	-	22,850.810
2	Gewogs	6,088.251	50.693	2,817.794	8,956.738
	Thromdes (including				
3	Thromde schools & City Bus Services)	3,502.994	149.986	-	3,652.980
	TOTAL	26,031.944	6,610.790	2,817.794	35,460.528

4.11.17 Legislative, Judiciary and Constitutional Bodies

National Assembly

For the FY 2021-22, total budget of Nu. 119.464 million is provisioned for the National Assembly of which, Nu. 118.440 million is for recurrent and Nu. 1.024 million is for capital. The capital budget is for procurement of office equipment,

major maintenance of the HVAC (heating, ventilation, & air conditioning) and boomer gate, and firewall license renewal.

	<i>Nu. In Million</i>
National Assembly	Recommended
Recurrent	118.440
Capital	1.024
Total	119.464

National Council

For the FY 2021-22, total budget of Nu. 87.544 million is provisioned for the National Council of which, Nu. 81.404 million is for recurrent and Nu. 6.150 million is for capital. Major activities under the capital budget include completing the remodelling of the banquet hall into the national council hall, installation of intercom services and boom barrier gate and procurement of heavy-duty printer.

	<i>Nu. In Million</i>
National Council	Recommended
Recurrent	81.404
Capital	6.150
Total	87.554

Judiciary

For FY 2021-22, a total budget of Nu. 389.802 million is provisioned for Judiciary, of which Nu. 293.762 million is for recurrent and Nu. 96.040 million is for capital. The capital budget provision includes construction and maintenance of courts (both the Dzongkhags and Dungkhags) and Drangpon's residences.

	<i>Nu. In Million</i>
Judiciary	Recommended
Recurrent	293.762
Capital	96.040
Total	389.802

Anti-corruption Commission

For the FY 2021-22, total budget of Nu. 144.989 million is provisioned for the Anti-Corruption Commission. Of the total, Nu. 91.960 million is for recurrent and Nu. 53.029 million is for capital. The capital budget is for construction of ACC office building at Phuntsholing, enhancement of complaint and investigation management

system, specialized training on anti-corruption studies, investigation, prevention and education amongst others.

	<i>Nu. In Million</i>
Anti-Corruption Commission	Recommended
Recurrent	91.960
Capital	53.029
Total	144.989

Election Commission of Bhutan

For FY 2021-22, a total budget of Nu. 46.616 million is provisioned for the Election Commission of Bhutan, of which Nu. 34.560 million is for recurrent and Nu. 12.056 million is for capital. Major activities include advocacy programs and capacity development.

	<i>Nu. In Million</i>
Election Commission of Bhutan	Recommended
Recurrent	34.560
Capital	12.056
Total	46.616

Royal Audit Authority

For the FY 2021-22, total budget of Nu. 220.963 million is provisioned for the Royal Audit Authority, of which Nu. 179.363 million is for recurrent and Nu. 41.600 million is for capital. Major activities include ongoing construction of audit office in Bumthang and enhancing professional capacity.

	<i>Nu. In Million</i>
Royal Audit Authority	Recommended
Recurrent	179.363
Capital	41.600
Total	220.963

Royal Civil Service Commission

For the FY 2021-22, the budget allocation for RCSC is Nu. 338.661 million, of which Nu. 283.985 million is for capital and Nu. 54.676 million is for recurrent. The capital allocation includes Nu. 150 million for professionalizing civil service, Nu. 42.631 million for cost sharing and other HRD programs, Nu. 13.995 million

for Bhutan Civil Service Examinations and Nu. 19 million for professional services under civil service reforms.

	<i>Nu. In Million</i>
Royal Civil Service Commission	Recommended
Recurrent	54.676
Capital	283.985
Total	338.661

4.12 Transfers: Annual Grants, subsidies and equities

For the FY 2021-22, budget of Nu. 4,572.452 million has been provisioned as annual grants, subsidies and equities. Of the total, Nu. 3,099.055 million is recurrent and Nu. 1,473.397 million is for capital. The detail of which is presented in the table below.

4.12.1 Annual Grants

For FY 2021-22, total budget provisioned as annual grants is Nu. 2,225.795 million of which Nu. 1,091.779 million is for current grants and Nu. 1,134.016 million is for capital grants. Of the total, Nu. 1,539.878 million is for Tertiary Institutions (RUB and KGUMSB) and Nu. 685.917 million for other agencies such as Alternative Dispute Resolution Center, Bhutan Red Cross Society and Bar Council etc.

4.12.2 Subsidies

For the FY 2021-22, total budget provisioned for subsidies is Nu. 2,111.469 million of which Nu. 2,007.276 million is for recurrent and Nu. 104.193 million is for capital subsidies. Of the total, Nu. 1,827.700 million is provisioned for domestic power tariff, Bhutan Broadcasting Service Corporation Limited (BBSCL), Farm Machinery Corporation Limited (FMCL), and Bhutan Chamber for Commerce and Industry (BCCI), National CSI Development Bank. In addition, Nu. 201.766 million is for interest and principal payment on account of purchase of Aircraft, Agro processing plants, and for debt servicing of Phuentsholing Housing Complex. Further, Nu. 82.003 million is provisioned as subsidy to RICBL for Rural Life and House Insurance Scheme.

4.12.3 Equities

For FY 2021-22, total budget of Nu. 235.188 million is provisioned for equities of which Nu. 22.588 million is for GBCL, Nu. 140.500 million for FCBL, Nu. 22.100 million for FMCL and Nu. 50 million for NCGS. Under the CSI Bank, the NCGS will work towards enhancing credit to CSI through the SOE banks. In this regard Nu. 50 million has been provisioned as equity for NCGS to support the guarantee coverage for the FY.

The details of grants, subsidies and equities to be provided as fiscal transfer from the government is as detailed in Table 4.8.

Table 4.8: Details of the grants, subsidies and equities for FY 2021-22

<i>Nu. In Million</i>				
Sl. No	Particulars	Recurrent	Capital	Total
	A. GRANTS			
1	Druk Gyalpo Relief Fund	-	100.000	100.000
2	Bhutan Economic Stabilization Fund	-	200.000	200.000
3	Support to Bhutan Red Cross Society	4.470	-	4.470
4	Support to Bhutan Alternative Dispute Resolution Center (ADRC)	4.301	-	4.301
5	Support to Bar Council	2.146	-	2.146
6	ADB Support to Druk Holding and Investment for Phuentsholing Township Development Project.	-	375.000	375.000
	Sub –total Others	10.917	675.000	685.917
1	Royal University of Bhutan (RUB)	932.28	440.574	1,372.853

Sl. No	Particulars	Recurrent	Capital	Total
2	Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB)	148.583	18.442	167.025
	Sub-total Education Institutions	1,080.862	459.016	1,539.878
	Total Grants (A)	1,091.779	1,134.016	2,225.795
	B: Subsidy			
1	Bhutan Broadcasting Service Corporation Limited	159.168	76.539	235.707
2	Bhutan Chambers and Commerce Industries (BCCI)	10.500	-	10.500
3	Domestic Power Tariff-BPC	1,471.000	-	1471.000
4	Maintenance of government quarters in Dzongkhags -NHDCL	5.000	-	5.000
5	Hiring of farm machinery - FMCL	31.364	-	31.364
6	Operational subsidy for community service centers (National CSI Development Bank)	62.475	11.654	74.129
	Sub-total SOE	1,739.507	88.193	1,827.700
1	Interest subsidy for third aircraft-Drukair	72.401	-	72.401
2	Interest subsidy for purchase of ATR42-600-Drukair	35.185	-	35.185

Sl. No	Particulars	Recurrent	Capital	Total
3	Interest subsidy for loan availed for establishment of integrated agro processing plant at Lingmithang-BAIL	11.240	-	11.240
4	Interest subsidy on OD facility to facilitate timely payment to farmers-FCBL	26.250	-	26.250
5	Subsidy to NHDC Debt Servicing for Phuentsholing Housing Complex	56.690	-	56.690
	Sub-total Interest and Principal	201.766	-	201.766
1	Rural House Insurance Scheme-RICBL	-	16.000	16.000
2	Rural Life Insurance - RICBL	66.003	-	66.003
	Sub-total Others	66.003	16.000	82.003
	Total Subsidy (B)	2,007.276	104.193	2,111.469
	C: Equity			
1	FCBL	-	140.500	140.500
2	FMCL	-	22.100	22.100
3	GBCL	-	22.588	22.588
4	National Credit Guarantee Scheme (National CSI Development Bank)		50.000	50.000
	Total Equity (C)	-	235.188	235.188
	Grand Total (A+B+C)	3,099.055	1,473.397	4,572.452

4.13 General Reserves

Budget provisioned under the General Reserve is for earmarked activities implemented upon fulfilment of established criteria and formalities during the course of the fiscal year by transferring the budget to the Budgetary Bodies through technical adjustments.

For the FY 2021-22, the total budget of Nu. 5,700.480 million is provisioned under the General Reserve including provision for COVID-19 response of Nu. 2,000 million. Of the total, Nu. 1,880.480 million is for Current Reserves and Nu. 3,820.00 million for Capital Reserves. The total reserve has increased by 70 percent from last FY which is on account of maintaining reserves for COVID-19 related activities of Nu. 2,000 million and LG election.

The Table below gives the detail on the budget provision kept under the General Reserves.

Table 4.9: Details of General Reserves

Particulars	Nu. In Million		
	Current	Capital	Total
New Appointments	300.000	30.000	330.000
Hospitality & Entertainment	15.000	-	15.000
Retirement Benefits	400.000	-	400.000
Third Country Travel	50.000	-	50.000
National Events	100.000	-	100.000
Helicopter Services	100.000	-	100.000
Ad-hoc Works	100.000	500.000	600.000
Monsoon Restoration Works	-	400.000	400.000
Acquisition of Properties	-	200.000	200.000
Rehabilitation Programme	-	70.000	70.000
Acquisition of Properties – Vehicles	-	200.000	200.000
Disaster Contingency	200.000	385.000	585.000
LG Election	430.000	35.000	465.000
Bye Election	20.000	-	20.000
LG -Retirement Benefits	165.480	-	165.480
COVID-19 Response	-	2,000.000	2,000.000
Total	1,880.480	3,820.000	5,700.480

4.14 Flagship Programs

The Government continues to support high priority multi-sector intervention activities through the Flagship Programs. The total allocation for the various flagship programs in FY 2021-22 is Nu. 3,064.769 million, the details of which is provided in the table below.

Table 4.10: Summary of Flagship Programs

Nu. In Million

Agency	Name of the Program	12FYP Outlay	Expenditure FY 2018-2019	Expenditure FY 2019-2020	Revised Budget 2020-2021	FY 2021-22 Estimates
NEC	Waste/Dog Flagship	1,000.000	2.847	11.010	315.401	258.570
TCB	Tourism Flagship	1,500.000	-	80.671	263.838	105.734
MOAF	Organic Flagship	1,000.000	-	72.501	125.000	92.358
MOEA	Startup and CSI Flagship	1,074.250	-	67.147	261.578	250.540
MOWHS	Water flagship	3,000.000	-	20.221	818.318	712.335
MOIC	Digital Flagship	3,132.000	-	82.392	779.265	1,009.580
MOH	Health Flagship	1,109.572	-	0.195	689.400	484.652
MOE	Education Flagship	1,000.000	-	16.097	667.500	151.000
	Total	12,815.822	2.847	350.234	3,920.300	3,064.769

4.15 Gender Responsive Budgeting

The pandemic has heightened the vulnerabilities to Gender Based Violence (GBV) due to loss of income and lockdowns. With NCWC and RENEW recording increasing cases of violence against women, girls and children during the national lockdowns, dedicated Toll-Free Hotline numbers were created to support affected individuals through timely interventions.

Further, to ensure that women and children have access to equal opportunities, social security and public resources, the Government continues to advocate and mainstream gender responsive planning and budgeting. The NCWC has developed a Gender and Child Protection Emergency Preparedness and Response Plan during COVID-19 pandemic. The trainings were also provided to the frontline workers in all the Dzongkhags and Thromdes on GBV and early identification and self-referral

of children. In addition, the Local Governments were sensitized to prioritize gender related activities while apportioning their annual grants.

For the FY 2021-22, Nu. 599.896 million has been provisioned under various agencies to implement gender related activities. Budget provisioned for NCWC amounts to Nu. 34.804 million.

The Table provides the details on some of major activities related to gender responsive budget.

Table 4.11: Gender related allocation during FY 2021-22

		<i>Nu. In Million</i>
Sl. No	Agency/Name of Activities	Amount
1	Construction of 150 bedded Gyalsuen Jetsuen Pema Mother and Child Hospital at Thimphu.	316.000
2	Cervical Cancer Program, Health flagship	133.688
3	Breast Cancer Program, Health flagship	94.000
4	Gender related programs and activities under NCWC and other agencies	56.208

4.16 Climate Co-benefits

Bhutan faces increasing threats from climate hazards and extreme events such as flash floods, glacial lake outburst floods, windstorms, forest fires and landslides. Recognizing the effects of climate change, the Government has been promoting activities with Climate Co-benefits. As such, for FY 2021-22, a budget of Nu. 896.488 million has been allocated under relevant agencies.

Some of the major activities in FY 2021-22 include construction and installation of electric vehicle charging stations, implementation of electric vehicle discount program, mitigation of landslides, development of tailored climate products and information. Further, a separate budget is provisioned to implement activities that encourage low emission and climate resilient development. The Table 4.12 provides some of the major activities related to climate co-benefits.

Table 4.12: Climate Co-benefits related allocation during FY 2021-22

Agency	Name of Activity	Nu. In Million	
		Amount	Funding
GNHC	Programme Management for GCF Project	63.331	GCF/GEF
NEC	Study on minimum environmental flow for Hydropower Projects in Bhutan	22.778	AUSTRIAN
MoAF	NFI Cluster Plots in protected Areas	27.750	GCF
	Survey design and construction of Phangyul irrigation channel	61.325	GCF
NCHM	Development of tailored climate products and information	20.000	GCF
MoWHS	Mitigation of Land Slide at Reotala	150.845	GCF
	Development of adequate and climate resilient infrastructure	21.000	PG
Cabinet Secretariat	Implementation of EV discount Program for procurement of EV and related activities	59.134	GEF-UNDP
MoIC	Construction of and installation of EV charging stations	69.000	RGoB

4.17 Budget Appropriation Bill

Based on the resources and the priorities of the Government for FY 2021-22, a total budget of Nu. 80,483.150 million is submitted to the House as a Budget Appropriation Bill for consideration. The Budget Appropriation Bill includes Nu. 35,598.664 million for recurrent expenditure, Nu. 38,320.671 million for capital expenditure, Nu. 5,654.415 million for repayment, and Nu. 909.400 million for on-lending.

Considering the revenue estimates, and to be within the constitutional requirement of meeting the recurrent expenditure within the domestic revenue, rationalization measures have been proposed for consideration as part of the Budget Appropriation Bill.

Chapter 5

Public Debt

5.1 Overview

This chapter provides information on current and projected public debt, external debt indicators, debt servicing, and the government's financing need. In addition, the chapter also presents the financing outlook and the financing strategy for the medium term.

The total public debt stock as of 31st March, 2021 is Nu. 224,909.609 million, accounting for 120.5 percent of GDP. Of the total public debt, Nu. 215,822.826 million is external debt and Nu. 9,086.783 million is domestic debt.

The hydropower debt stock is Nu. 160,035.778 million which accounts for 74.2 percent of total external debt. The non-hydro debt is Nu. 55,787.048 million and is about 29.9 percent of GDP. The non-hydro-to-GDP ratio was well within the Public Debt Policy threshold of 35 percent.

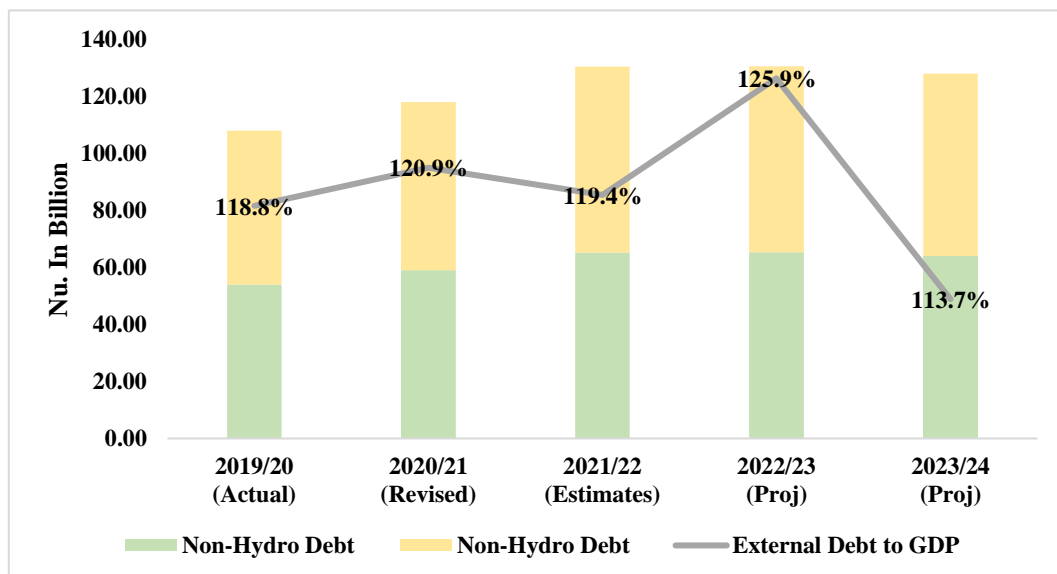
The gross financing need (GFN)— the sum of fiscal deficit, principal repayments, and net lending— for FY 2021-22 is estimated at Nu. 19,722.582 million. The GFN, however, is projected to fall from FY 2022-23 as capital expenditure tapers off with the completion of 12FYP activities.

The GFN will be financed through borrowings from the external concessional windows and domestic market. In order to adopt prudent financing strategy, the Government will maximize external concessional borrowings to lower the financing costs besides issuing Government Securities to facilitate domestic capital market development.

5.2 External Debt Stock

As of 31st March 2021, the external debt constituted 96 percent of total public debt and accounted for 115.6 percent of GDP. The external debt is mainly on account of borrowings for hydropower development and concessional credit from MDBs to finance infrastructure development. Figure 5.1 shows external debt for the past two years and the projected trend for the medium term.

Figure 5.1: External Debt



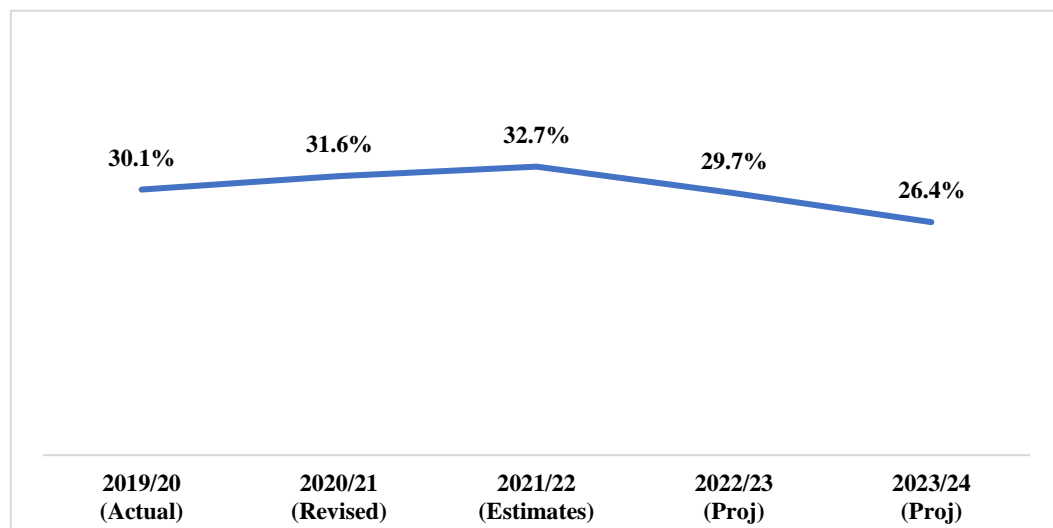
The external debt is projected to increase from Nu. 213,383.133 million at the end-June 2020 to Nu. 225,735.326 million by the end-June 2021, an increase of 5.8 percent. The growth is mainly due to hydro loan disbursements of Nu. 9,895.693 million for FY 2020-21, and budgetary loan disbursements of Nu. 6,440.371 million mainly from ADB and World Bank during the FY.

The external debt to GDP is projected to peak at 125.9 percent in FY 2022-23 before sliding to 113.7 percent in FY 2023-24. The capitalization of Interest During Construction (IDC) of Puna-II—estimated at Nu. 33,374.771 million will add to the debt stock if the project is commissioned in December 2022. In addition, the projected loan disbursement for Kholongchu and Puna-I are also expected to contribute towards the increase in the ratio. However, the external debt to GDP ratio is expected to fall in FY 2023-24 with the commencement of repayment for Puna-II.

5.3 External debt indicators

Non-hydro debt to GDP ratio: The Public Debt Policy sets thresholds for the non-hydro power debt at 35 percent of GDP. Figure 5.2 presents the non-hydro debt to GDP ratio trend.

Figure 5.2: Non-hydro-debt-to GDP ratio

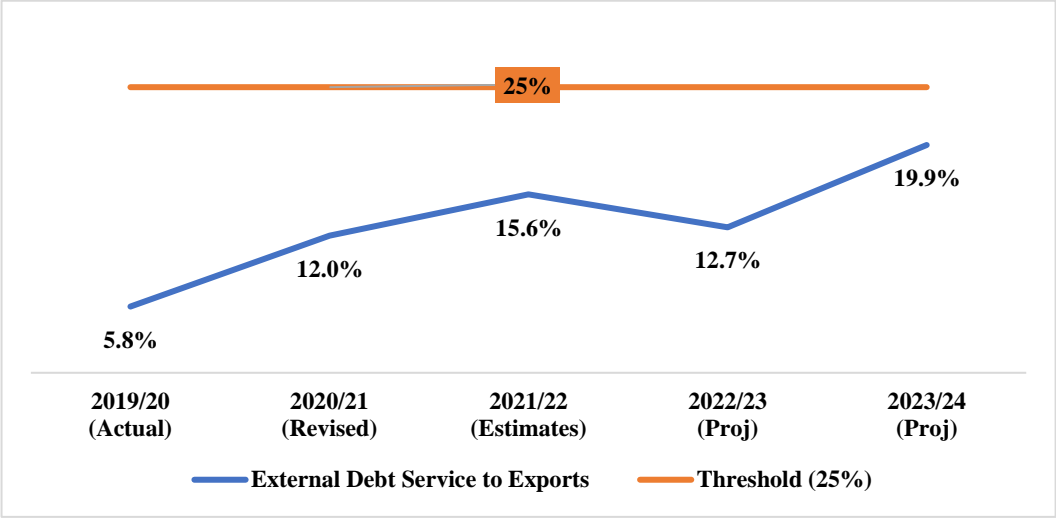


The ratio is expected to increase to 31.6 percent by the end of FY 2020-21 due to project-tied and program borrowings during the FY from ADB, World Bank, and JICA. The expected non-hydro borrowing for FY 2020-21 is Nu. 6,440.371 million, increasing the non-hydro debt stock.

The non-hydro debt to GDP ratio is projected to reach 32.7 percent in FY 2021-22, mainly caused by project-tied and program borrowings of Nu. 6,086.051 million during the FY. However, the ratio is forecasted to fall after FY 2021-22. As shown in Figure 5.2, the non-hydro debt to GDP ratio is forecasted to remain within the 35 percent threshold.

External debt service to Export ratio: The external debt service to export ratio measures how much of the country's export earnings will be used up in servicing its external debt, exposing vulnerabilities to export shocks, if any, during the year. The Public Debt Policy sets the threshold of the annual external debt service ratio at 25 percent.

Figure 5.3: External debt service to exports ratio

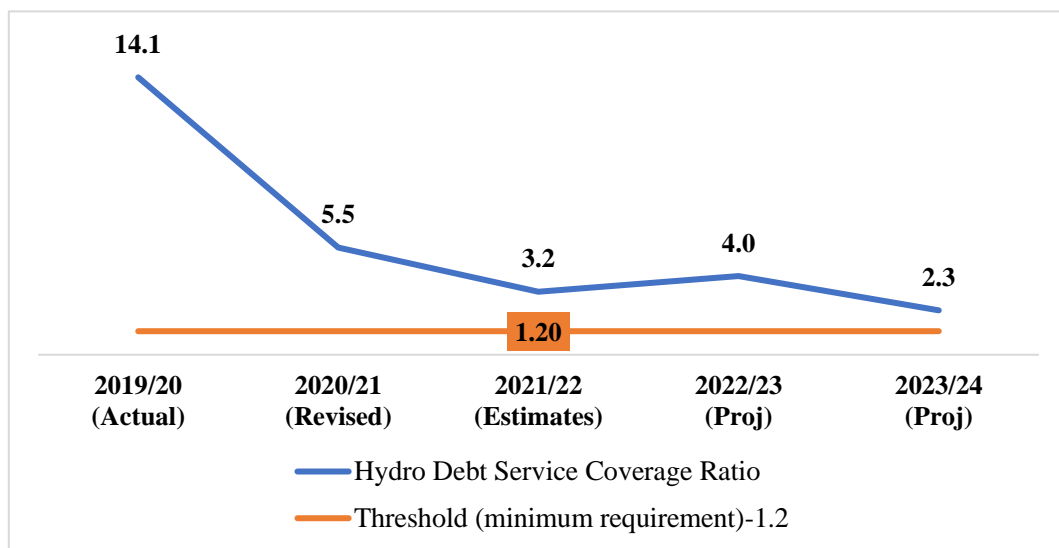


The external debt service to exports ratio is expected to touch 12 percent in FY 2020-21, increasing 6.2 percentage points from the previous FY. The expected increase is mainly due to the start of MHP debt servicing—the first half-yearly installment of MHP debt servicing (Nu. 2,399.321 million) started from January 2021.

The ratio is projected to increase to 15.6 percent in FY 2021-22 as the full annual debt servicing of MHP begins from the FY. The ratio would increase sharply to 19.9 percent in FY 2023-24 with the start of Puna-II debt servicing after its commissioning in December 2022. Nonetheless, the external debt service to export ratio is expected to remain within the 25 percent threshold prescribed by the Public Debt Policy.

Hydro debt service coverage ratio: This ratio measures coverage of annual hydropower debt service by operating profits of hydropower plants. As per the Public Debt Policy 2016, the hydro debt service coverage ratio should not be lower than 1.2. Figure 5.4 presents the ratio for the recent two years and outlook for the medium term.

Figure 5.4: Hydro debt service coverage ratio



In FY 2019-20, the hydropower debt service coverage ratio was high at 14.1. The high ratio was due to a considerable drop in hydro debt servicing in FY 2019-20 after THPA loan liquidation in December 2018, while hydro export revenue significantly increased after the MHP commissioning in August 2019.

The ratio is expected to drop sharply to 3.2 in FY 2021-22 due to start of the MHP debt servicing. The first half-yearly debt servicing of MHP started in January 2021, and the full annual debt service will start from FY 2021-22. The hydro debt service coverage is projected to improve slightly in 2022-23 due to an increase in hydro revenue after Puna-II commissioning in December 2022, and projected to drop the year after, with the start of the Puna-II debt servicing. Nonetheless, the hydro debt service coverage ratio is projected to remain above 1.2 in the medium term.

5.4 Financing for FY 2021-22

The Government meets its financing requirement through external and domestic borrowings. The financing requirement and sources of financing for FY 2021-22 are presented in Table 5.1.

Table 5.1: Financing Statement

	<i>Nu. In Million</i>
FINANCING (fiscal deficit)	17,153.753
A. Net Acquisition of Financial Assets (Net Lending)	-3,085.586
On-lending	909.400
Principal Recoveries	3,994.986
B. Net Incurrence of Liabilities (Net Borrowing)	14,068.167
B1. Net External Borrowing	444.822
Borrowing	6,086.051
Repayment	5,641.229
B2. Net Domestic Borrowing	13,623.345
Borrowing	13,636.531
Repayment	13.186

The fiscal deficit for FY 2021-22 is estimated at Nu. 17,153.753 million. With total repayment of Nu. 5,654.415 million and net lending of negative Nu. 3,085.586 million, the gross financing need (GFN) for FY 2021-22 is estimated at Nu. 19,722.582 million.

The Government will finance the GFN from external and domestic sources as follows: Nu. 6,086.051 million from the external concessional windows, and Nu. 13,636.531 million from domestic sources. The ADB and World Bank combined are expected to provide 92.4 percent of the external financing, and 7.6 percent by IFAD and JICA.

The Government will raise 69.1 percent of GFN from the domestic market through the issuance of long-term government bonds and Treasury Bills. Apart from meeting the GFN, the issuance of government bonds is expected to facilitate capital market development in the country.

On the level of domestic borrowing for financing the fiscal deficit, the Government has consulted the Royal Monetary Authority (RMA) as required by section 154 of the RMA Act 2010. The RMA has advised the Government to mobilize fund through the issuance of marketable Government Securities of varying maturities.

5.4.1 Borrowings

External Borrowings

All the external borrowings are concessional credit from multilateral development banks and bilateral institutions such as ADB, World Bank, IFAD, and JICA. The loans from these institutions are availed at highly concessional terms, with a nominal interest rate (0.75 percent to 1.5 percent), and grace period of 8-10 years and repayment period ranging from 24-30 years.

The planned external borrowings for FY 2021-22 are presented in Table 5.2.

Table 5.2: External Budgetary Borrowings for FY 2021-22

Nu. In Million

Project and Programs	Funding Agency	Amount
A. Project-tied borrowings		
1. Urban Infrastructure Project	ADB	7.265
2. SASEC Road Connectivity Project	ADB	207.580
3. Phuentsholing Township Development Project (for on-lending)	ADB	757.500
4. Secondary Towns Urban Development Project	ADB	99.481
5. Financing for Rural Development	ADB	79.700
6. Rural Electrification-II (for on-lending)	JICA	72.200
7. CARLEP	IFAD	388.297
8. Investment Project Finance (IPF) for COVID-19	World Bank	4.028
Total project-tied borrowings		1,616.051
B. Program borrowings:		
1. Financing Market Development Program-3	ADB	2,235.000
2. Development Policy Credit (DPC)	World Bank	2,235.000
Total program borrowings		4,470.000
Total External Borrowings		6,086.051

The external borrowing for FY 2021-22 is estimated at Nu. 6,086.051 million, of which Nu. 4,470.634 million is program borrowings and Nu. 1,616.051 million is project-tied borrowings. The entire program borrowings are for financing the Government's budgetary activities, whereas Nu. 909.400 million of the project-tied borrowings are for on-lending to SOEs.

Domestic borrowings

The Government resorts to domestic borrowing only if external concessional financing is inadequate to meet GFN. In FY 2021-22, external concessional borrowings are expected to meet only 30.9 percent of GFN. Therefore, 69.1 percent or Nu. 13,636.531 million has to be financed from the domestic market, which will be through the issuance of T-Bills and long-term Government bonds.

5.4.2 Debt Servicing

The total debt servicing (interest and principal payments) in FY 2021-22 is projected at Nu. 9,002.695 million, of which interest payment is Nu. 3,348.280 million and principal repayment is Nu. 5,654.415 million. The details of debt servicing are presented in Table 5.3:

Table 5.3: Projected debt servicing in FY 2021-22

Category	Nu. In Million		
	Interest	Principal	Total
1. External			
ADB	398.496	1,175.419	1,573.915
World Bank	325.434	732.397	1,057.831
IFAD	35.196	137.352	172.548
GOA	97.725	651.202	748.927
JICA	4.034	159.854	163.888
GoI (for MHP)	2,013.545	2,785.005	4,798.550
Sub-Total	2,874.430	5,641.229	8,515.659
2. Domestic			
NPPF	0.990	13.186	14.176
FIs and Individuals- for 3-year Bond	195.000		195.000
FI- for 10-year Bond	27.860		27.860
T-Bills & WMA	250.000		250.000
Sub-Total	473.850	13.186	487.036
Total	3,348.280	5,654.415	9,002.695

The external debt service for FY 2021-22 is estimated at Nu. 8,515.659 million. Of the total, 56.3 percent corresponding to Nu. 4,798.550 million pertains to MHP debt servicing to the GoI. The remaining 44.7 percent are payments to bilateral and multilateral development banks for the concessional loans availed in the past.

Domestic debt servicing makes up 4.9 percent of total debt service in FY 2021-22. About 50 percent of domestic debt service is coupon payments for two long-term

bonds the Government issued in FY 2020-21: a 3-year bond of Nu. 3,000 million in September 2020 and a 10-year bond of Nu. 700 million in February 2021. The coupon/interest for the two bonds amounts to Nu. 222.860 million in FY 2021-22.

5.4.3 Net Lending

The net lending in FY 2021-22 is estimated at negative Nu. 3,085.586 million. The details of net lending are presented in Table 5.4.

Table 5.4: Net lending

<i>Nu. In Million</i>	
On-lending & Recoveries	Amount
A. On-lending to:	
1.DHI- for Phuentsholing Township Development Project	757.500
2.BPC- for Rural Electrification Project	72.200
3.BDBL- for Financing for Rural Development	79.700
Total on-lending	909.400
B. Principal recoveries from:	
1. Bhutan Development Bank Limited	29.513
2. Bhutan Power Corporation Limited	244.480
3. Basochu Hydropower Plant	145.325
4. Dagachu Hydropower Corporation	541.068
5. Tangsibji Hydro Energy Limited	215.784
6. Mangdechhu Hydropower Plant	2,785.005
7. Drukair	33.811
Total Principal Recoveries	3,994.986
Net Lending	-3,085.586

In FY 2021-22, the Government will on-lend Nu. 909.400 million, of which Nu. 757.500 million is to DHI for Phuentsholing Township Development Project, Nu. 72.200 million is to BPC for Rural Electrification Project, and Nu. 79.700 million to BDBL for financing rural development. The on-lending will be financed through concessional borrowings from ADB and JICA.

The total principal recovery for FY 2021-22 is estimated at Nu. 3,994.986 million, of which 70 percent is from MHP for its debt servicing and the rest from other SOEs, as shown in Table 5.4.

5.5 Medium-term Financing Strategy and Outlook

5.5.1 Financing Strategy

The Government will prioritize and explore borrowings from external concessional windows to meet the financing requirement in the medium term. The borrowings from concessional windows will help lower the Government's financing cost, one of the debt management objectives stated in the Public Debt Policy 2016.

In the medium term, the Government will also borrow from the domestic market by issuing T-Bills and long-term bonds. Apart from raising financing for the Government, the regular issuance of T-Bills and long-term Government bonds is expected to facilitate the domestic capital market development.

The Government will ensure that the financing strategies for the medium term are implemented within a prudent degree of risk to ensure that the country's public debt remains sustainable.

5.5.2 Financing Outlook

The medium-term financing outlook is presented in Table 5.5:

Table 5.5: Medium-term financing outlook

					<i>Nu. In Million</i>
Particulars	2019-20 (Actual)	2020-21 (Revised)	2021-22 (Estimates)	2022-23 (Proj)	2023-24 (Proj)
Financing (fiscal deficit)	3,385.374	13,554.901	17,153.753	(776.102)	(3,693.105)
A. Net Acquisition of Financial Asset	(729.250)	52.299	(3,085.586)	(3,279.327)	(9,217.353)
On-lending	146.535	2,464.899	909.400	848.000	622.000
Principal Recoveries	875.785	2,412.600	3,994.986	4,127.327	9,839.353
B. Net Incurrence of Liabilities	2,656.124	13,607.200	14,068.167	(4,055.429)	(12,910.458)
B.1 External	3,527.087	2,694.591	444.822	(2,762.260)	(10,462.274)
Borrowing	5,303.270	6,440.371	6,086.051	2,870.680	969.280
Repayment	1,776.183	3,745.780	5,641.229	5,632.940	11,431.554
B.2 Domestic	(870.963)	10,912.609	13,623.345	(1,293.169)	(2,448.185)
Borrowing	-859.560	10,925.599	13,636.531	-1,293.169	551.815
Repayment	11.403	12.990	13.186	0.000	3,000.000

The external borrowings are estimated at Nu. 6,086.051 million in FY 2021-22 and decline substantially in the following years due to improved fiscal balance. However, the repayment is expected to increase sharply in FY 2022-23 with the start of Puna-II debt servicing, which will accordingly increase the principal recovery for the FY.

The domestic borrowing requirement is also expected to decline in the final year projection due to improved fiscal balance. However, the domestic repayment is expected to increase substantially to Nu. 3,000 million in FY 2023-24 due to redemption of the 3-year government bond that was issued in September 2020.

Chapter 6

Fiscal Risk

6.1 Overview

The COVID-19 pandemic continues to impact the public finances through increased spending, reduced revenue collection and contingent liabilities. Besides, policy measures in response to the pandemic will likely create new fiscal risks and when risks increase, the priority is to understand how baseline fiscal positions may be impacted.

The restrictions, while effective in containing the virus have also led to inevitable economic consequences. Fiscal risks are heightened as various forms of measures and stimulus were provided as leverage to finance the unexpected large fiscal deficits. Most of the stimulus measures consist of an increased budget for the health sector, financial benefits for retrenched employees, tax deferrals and other support for businesses, and stocking up of essentials. These measures have increased fiscal risks in terms of higher financial obligations and exposure.

Additionally, sizeable fiscal risks also stem from an uncertain macroeconomic environment and protracted economic downturn. Nevertheless, the government is committed to undertake mitigation measures to ensure that the risk exposure is contained and minimized.

6.2 General Macroeconomic Risks

Fiscal outturns often differ substantially from the budget or other fiscal projections, owing to shocks such as deviations of economic growth from expectations, terms of trade shocks, natural disasters, calls on government guarantees, or contingent liabilities. Sources of risk include various shocks to macroeconomic variables such as economic growth, commodity prices, interest rates, and exchange rates.

Given the uncertainty and changing dynamics surrounding the pandemic, deviations of fiscal outcomes from what was expected at the time of the budget are highly likely to pose greater fiscal risks that may dampen the quality of any fiscal policy. Such deviation might create a significant impact on government finances

and impair the capacity to use fiscal policy to stabilize economic activity and support long-term growth.

6.3 Fiscal Risks Assessment Matrix

In identifying fiscal risks affecting the Government's liabilities, the fiscal risk matrix has proven to be a useful framework in identifying the risks. The objective of such a framework is to implement tools to mitigate and monitor risks in line with the policy framework. Such tools help raise awareness about risks, mitigate risks, and raise preparedness in case risks materialize.

Sources of risk can be explicit or implicit, direct or contingent. Explicit liabilities pose a legal obligation to the Government. Implicit liabilities, on the other hand, are based on expectations about Government behavior. While the Government has no legal obligation to incur implicit liabilities, there may be a strong moral or political impetus to do so. Direct liabilities are predictable obligations that arise in any event, while contingent liabilities are obligations triggered by a discrete but uncertain event.

Table 6.1: Fiscal Risk Assessment Matrix for FY 2021-22

Nu. In Million

Liabilities	<u>Direct liabilities</u>		<u>Contingent Liabilities</u>	
	Particulars	Amount	Particulars	Amount
Explicit	Budgetary expenditure	35,598	Govt. guarantees	4,912
Government liabilities as recognized by law or contract	Debt servicing (interest in budgetary expenditure)	3,348	Subsidy to SOEs (including insurance and rural electricity)	1,660
	Pension payout	34,472	Guarantees by SOE	8,300
Implicit	The estimated increase in future recurrent expenditure on account of present capital expenditure on structures and plant & machinery (with a time lag of 2 years @ 0.22%)	Nu. 57.89 million increase in recurrent expenditure on maintenance of properties	Natural Disaster	585

Direct Liability

The direct liability in FY 2021-22 is assessed at Nu. 73,475.890 million which is about 37 percent of GDP. Of the total direct liability, explicit direct liabilities amount to Nu. 38,946 million and implicit direct liabilities amount to Nu. 34,529.890 million.

The explicit liabilities are on account of budgetary expenditure and debt servicing, while the implicit direct liabilities are on account of cumulative pension payout and present capital expenditure's cost on future recurrent expenditure with a time lag of two years. The direct liabilities are provisioned in the budget appropriation estimates.

Contingent Liability

In total, the contingent liability is assessed at minimum of Nu. 15,457 million in the FY 2021-22 which is about 8 percent of GDP. Of the total contingent liabilities, explicit contingent liability amounts to Nu. 6,572 million and the implicit contingent liability amounts to Nu. 8,885 million. The explicit contingent liabilities are on account of Government guarantees issued to SOEs and subsidies for SOEs, while the implicit contingent liabilities are the guarantees issued by SOE to its subsidiary and budget for natural disaster during the FY.

The Government keeps provisions under General Reserve for disasters and monsoon restoration. In order to cover for risk associated with human lives and rural houses, Government subsidizes insurance premiums.

Chapter 7

Financial Position of Public Sector Institutions and Investments

7.1 Overview

State Owned Enterprises (SOEs) under the Ministry of Finance pursue a wide range of objectives ranging from social, financial, economic and in the delivery of specific public good and services at an affordable rate. The SOEs entrusted with social mandates are managed by the Ministry of Finance, while those commercially viable SOEs are under the DHI management.

In the wake of the pandemic, the services provided by the SOEs formed an integral part of the Government's response to the pandemic, particularly in airlifting COVID samples and meeting Government's objective to vaccinate the whole population. Further, during the first and second nationwide lockdowns, the SOEs assisted the Government in the delivery of essential commodities to the public.

The SOEs in the current situation achieved their social mandates by being an arm of the Government in filling up the gaps in the market through their services.

7.1.1 SOEs under Ministry of Finance

There are sixteen SOEs under the Ministry of Finance (twelve wholly-owned, two majority-owned, and two minority shareholdings). The Government reviewed the mandates and relevance of the SOEs and transferred the community centers, initially under the Bhutan Development Bank Limited (BDBL) to the National CSI Development Bank Limited (NCSIDBL). This has contributed to economic activities through financial inclusion and improving access to financing rural agriculture and cottage & small industry (CSIs) sectors.

Further, the National Credit Guarantee Scheme (NCGS) was established in October 2020 by the Government as a counter cyclical measure with the objective to enhance access to credit through collateral free loans for investment in CSI to support the economic recovery. This intervention supports export promotion, import-substitution, encourage innovation & green technology and employment generation.

To promote good corporate governance culture, the Annual Performance Compact was introduced in the year 2020. The compact agreement is intended to achieve the set targets, fix accountability to the management and boards in fulfilling their mandates. The Annual Performance Compact is linked to Performance-Based Variable Incentives (PBVI).

KEY SOCIAL MANDATES OF SOEs

FMCL: Hiring of farm machinery to farmers and other stakeholders throughout the country at subsidized rate.

FCBL:

- Initiate buy-back schemes for farm products to enhance the rural economy.
- Stabilize price of the commodities through fair price.
- Maintain food reserves by holding required level of stock for National and SAARC Food Reserve.

NHDCL: Provide and promote a safe, efficient and affordable housing facilities.

RBHSL:

- Facilitate medical evacuation in case of emergencies.
- Assist search and rescue operations.
- Provide support for firefighting.
- Facilitate transport of goods to remote and inaccessible areas at a subsidized rate.

BBS: Provide public services through information, education and entertainment.

NCSIDBL: Enhancing access to concessional financing for the growth of CSI Sector and employment generation.

KEY CONTRIBUTIONS OF SOEs DURING THE PANDEMIC

RBHSL:

- Arranged 84 helicopter services for emergency medical services (HEMS).
- Arranged flights to distribute COVID vaccines to the eastern and southern regions.
- Arranged 2 flights for Airlifting of COVID-19 samples.
- Airlifted 230 Kgs of medical supplies to Lingshi BHU.

BLDCL: Delivered all livestock products during the lockdowns to the general public.

Lockdown 1: Nu. 71.907 million of supplies aggregated from 17 Dzongkhags.

Lockdown 2: Nu. 5.904 million of supplies aggregated from 8 Dzongkhags.

FCBL: Stocked and delivered essential goods during the lockdowns.

- Exported 5,535 MT vegetables to India.

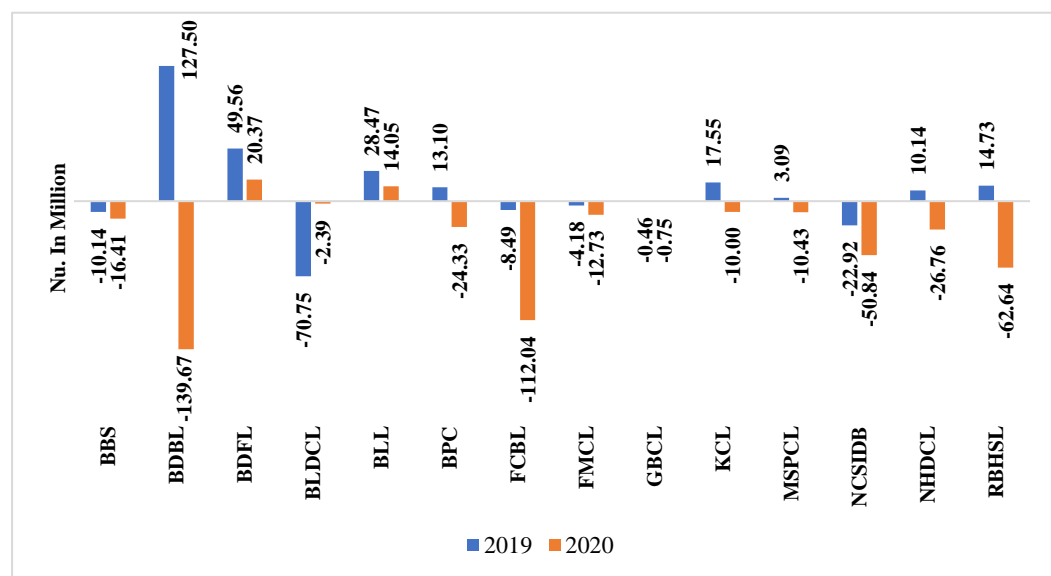
BBS:

- Nationwide dissemination of information on COVID-19 safety

During the year 2020, the SOEs contributed Nu. 43.236 million (Nu. 30.236 million and Nu. 13 million) in the form of tax and dividend respectively. The performance of the SOEs was affected by the pandemic and the contribution declined by 77.1 percent as compared to previous year's contribution of Nu. 188.533 million. As on

December 2020, the combined net asset value of SOEs is estimated at Nu. 10,396.152 million.

Figure 7.1: Profit/loss after tax (Companies with largest effect on earnings excluding DHI)



The Government provide subsidies to SOEs in meeting the revenue deficit and equity injection for capital investments. Total subsidies approved for the FY 2020-21 amounted to Nu. 399.694 million, which was an increase of 18.4 percent as compared to the previous year. The increase in subsidy was mainly on account of increase in operational subsidy to Bhutan Broadcasting Service Limited (Nu. 19.593 million), Bhutan Agro Industry Limited (Nu. 4.43 million), Bhutan Livestock Development Corporation Limited (Nu. 13.400 million) and Bhutan Postal Corporation Limited (Nu. 41.203 million).

Figure 7.2: Summary of Subsidy

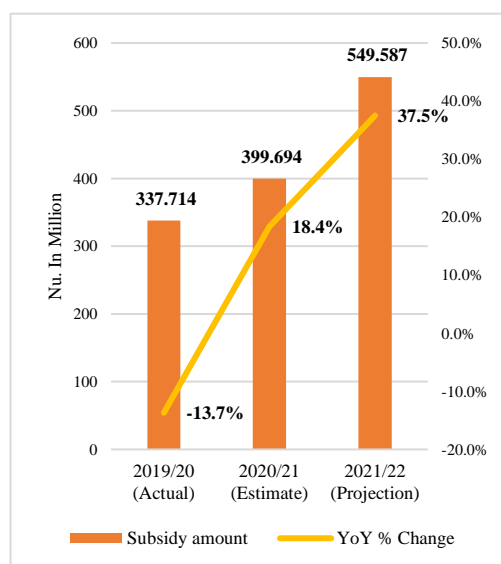


Table 7.1: Summary of Subsidy

Nu. In Million			
	2019/20 (Act.)	2020/21 (Est.)	2021/22 (Pro.)
BAIL	7.195	11.620	11.240
BBS	161.320	180.913	320.000
Bhutan Post	27.450	68.653	-
FCBL	25.310	11.620	26.250
FMCL	44.874	43.788	31.364
NHDCL	66.185	61.000	61.690
BLDCL	-	13.400	-
GBCL		4.200	4.939
REDCL (NCSIDBL)	5.380	4.500	94.104
Subsidy amount	337.714	399.694	549.587

7.1.2 Druk Holding & Investment (DHI) and Subsidiaries

DHI was established on November 11, 2007 with its primary mandate to hold and manage the existing and future investment portfolios of the Royal Government of Bhutan for the long-term benefit of its shareholders. The DHI's investment portfolio spreads across various segments such as manufacturing, energy & resources, financial services, communication & transportation, real estate & construction and trading services.

DHI renewed its vision in 2019, after the visit of His Majesty The King to create and manage businesses that are strategic, necessary and purposeful. In order to maximize returns to its shareholders, DHI draws inspiration from the purpose and functions highlighted in the Royal Charter issued for its establishment. Currently, there are nineteen portfolio companies of which nine are fully owned, five are controlled, and five linked companies.

7.1.2.1 DHI- Standalone Performance

In 2020, DHI earned a gross revenue of Nu. 7,443.526 million, an increase by 3 percent from Nu. 7,224.176 million in 2019. The increase in revenue is mainly contributed by dividend income from its subsidiaries (increase of Nu. 131 million

from Bank of Bhutan Limited (BOBL), Nu. 633 million from Druk Green Power Corporation (DGPC) and Nu. 252 million from State Mining Corporation Limited (SMCL). However, DHI incurred Nu. 701.083 million as operating expenditure showing an increase of 451 percent from Nu. 127.230 million in 2019. The PAT showed a decline of 6.3 percent from Nu. 4,964.550 million in 2019 to Nu. 4,652.610 million in 2020.

Table 7.2: Dividend Income from Subsidiaries

Particulars	Nu. In Million	
	31-Dec-19	31-Dec-20
Dividend income from Subsidiaries -		
State Trading Corporation of Bhutan Ltd.	19.270	13.764
Bank of Bhutan Ltd.	378.830	509.897
Bhutan Telecom Ltd.	862.620	771.758
Druk Green Power Corporation Ltd.	4,500.000	5,132.993
Druk Air Corporation Ltd.	-	3.000
State Mining Corporation Ltd.	64.680	316.440
Natural Resources Development Corp. Ltd	6.750	-
Bhutan Power Corporation Ltd.	882.560	412.141
Penden Cement Authority Ltd.	82.260	-
Thimphu Tech Park Ltd.	8.910	2.200
Wood Craft Centre Ltd.	7.330	3.001
Total	6,813.210	7,165.195
Dividend income from Associates and Portfolios		
Bhutan Ferro Alloys Ltd.	57.890	-
Bhutan National Bank Ltd.	40.820	3.380
Royal Insurance Corporation of Bhutan Ltd.	-	-
Total	98.710	3.380
Total Dividend	6,911.920	7,168.574

During the year, DHI contributed Nu. 6,621.844 million to the domestic revenue in the form of taxes (Nu. 2,089.844 million) and dividend (Nu. 4,532 million), which was 19.9 percent of total domestic revenue. While the tax contribution decreased by 2 percent due to lower revenue earning, the dividend to the Government based on the consolidated profit increased by 10.5 percent from Nu. 4,100 million in 2019 to Nu. 4,532 million in 2020.

Table 7.3: Tax and Dividend Pay-out of DHI**Nu. In Million**

Particulars	2016	2017	2018	2019	2020
CIT	2,179.049	2,326.058	2,612.000	2,132.390	2,089.844
Dividend Payout (DP)	4,038.230	4,021.000	3,350.000	4,100.000	4,532.000
Percent Change in DP	6.8%	-0.4%	-16.7%	22.4%	10.5%
Total DHI Revenue	6,217.000	6,347.058	5,962.000	6,232.000	6,621.844
Percent Share to Domestic Revenue	22.2%	21.4%	17.6%	16.3%	19.9%

The total assets of DHI grew by 2.1 percent to Nu. 66,150.840 million in 2020 from Nu. 64,819.120 million in 2019. The increase was mainly attributed from investments (Nu. 1,335.710 million) and working capital (Nu. 404.320 million).

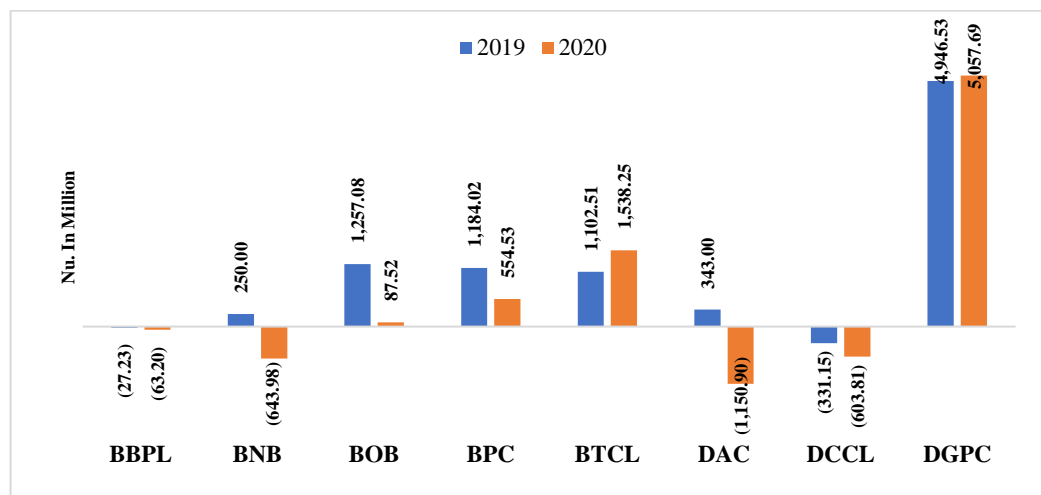
Table 7.4: Financial Position of DHI Standalone**Nu. In Million**

Particulars	31-Dec-18	31-Dec-19	31-Dec-20
Non-current Assets	53,861.150	57,798.280	59,541.350
Current Assets	6,967.060	7,020.840	6,609.490
Total Assets	60,828.210	64,819.120	66,150.840
Equity	58,445.070	62,372.900	63,681.350
Non-current Liabilities	965.890	1,466.500	1,443.560
Current Liabilities	1,417.250	979.720	1,025.930
Total Equities and Liabilities	60,828.210	64,819.120	66,150.840

7.1.2.2. Performance of subsidiary companies

In 2020, the subsidiary companies under DHI generated a gross revenue of Nu. 34,676.513 million, which was a decline of 12.5 percent from Nu. 39,632.930 million in 2019. The decline is attributed mainly due to revenue loss in Drukair Corporation Limited (DACL), Bhutan Power Corporation Limited (BPCL) and Dungsam Cement Corporation Limited (DCCL). The expenditure and profit after tax also declined by 3.5 percent and 45.5 percent respectively.

Figure 7.3: Profit-loss after tax (DHI Companies with largest effects on earnings)



Among the companies under DHI, Drukair Corporation Limited received Nu. 129.893 million as interest subsidy for purchase aircraft A319 and new ATR for the FY 2019-20.

Figure 7.4: Subsidy to DHI Subsidiaries

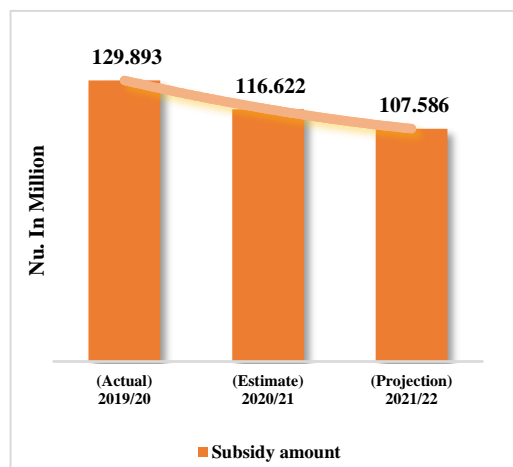


Table 7.5: Subsidy to DHI Subsidiaries

	Nu. In Million		
DHI (Drukair Corporation Limited)	2019/20 (Act.)	2020/21 (Est.)	2021/22 (Pro.)
ATR 42 600	20.181	25.566	35.185
Aircraft 319	109.712	91.056	72.401
Total	129.893	116.622	107.586

7.1.3 State-Owned Enterprises' Debt

The overall debt increased by 7.5 percent from Nu. 37,039.323 million in 2019 to Nu. 39,821.749 million in 2020.

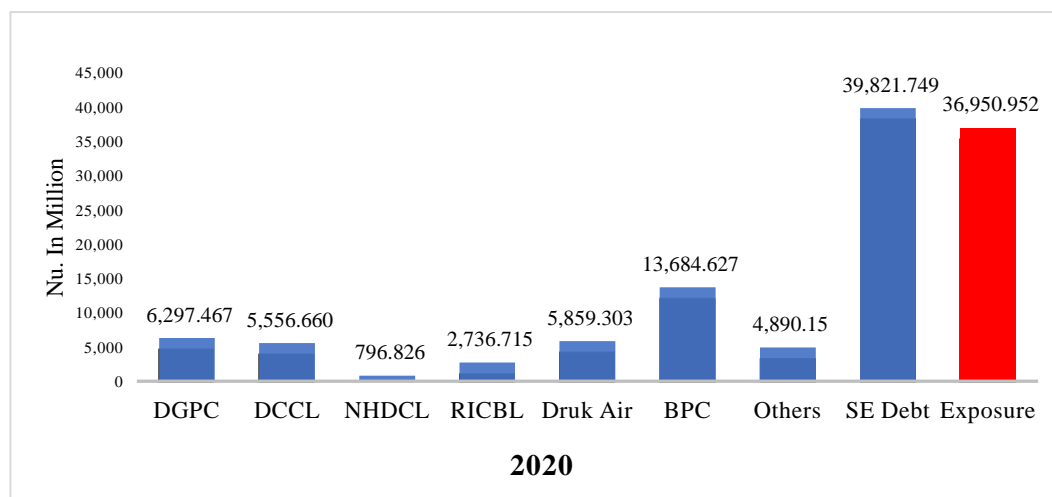
The increase was mainly contributed from long-term borrowings of DACL from National Pension and Provident Fund (NPPF) (Nu. 1,907.187 million), COVID-19 relief measure loan (Nu. 205.552 million) and overdraft facility from BOBL (Nu. 700 million). Meanwhile, increase was also due to borrowing by DGPC (Nu. 349.884 million) and DCCL (Nu. 606.273 million). The total SOE debt constitutes about 17.7 percent of the total public debt.

Table 7.6: Summary of SOE Debt

Particulars	Nu. In Million	
	2019	2020
Short-term	4,938.471	4,059.551
Long-term	32,100.852	35,762.198
Total SOE Debt	37,039.323	39,821.749

In terms of exposure, based on the shareholding pattern (shown in figure 7.5), Government's share of SOE debt was 92.8 percent of the total SOE debts amounting to Nu. 36,950.952 million.

Figure 7.5: SOEs Debt and Government Exposure



7.1.4 Sovereign Guarantee

The Government also provided sovereign guarantees for State Enterprises (SEs) to facilitate borrowings at concessional terms. The support is to finance priority sectors and socially beneficial projects like hydro-power, rural electrification, rural credits, affordable housing, production & manufacturing, and agriculture-based industry. As on date, the Government guaranteed the borrowing of Nu. 4,912.390 million.

Table 7.7: Summary of Sovereign Guarantee as of 31st December, 2020

Name of the beneficiary	Issue date	Issued by	Guaranteed		Years	Outstanding
Guaranteed by Government			USD	NU		NU
National Housing Development Corp. Ltd.	11-Sep-17	NPPF		890.000	20	790.810
Bhutan Agro Industries Ltd.	5-Jun-17	BOBL		166.000	20	163.000
Bhutan Development Bank Ltd.	9-Mar-18	NPPF		521.000	5	305.250
Drukair Corporation Ltd.	11-Feb-19	NPPF	36.600		11	2,564.520
Drukair Corporation Ltd.	13-Aug-19	SDF	13.000		10	914.690
National Credit Guarantee Scheme- Multiple Beneficiaries	multiple dates	BOBL, NCSIDBL, BDBL		174.120		174.120
Total			49.600	1,751.120		4,912.390

7.1.5 Medium-term Outlook of SOEs

During FY 2021-22, contribution from CIT and dividend transfers are likely to increase considering a recovery from the pandemic. The tax is estimated to increase by 40 percent and dividend transfer by 78.3 percent.

Should there be an improvement in the situation both CIT and dividend payment are expected to improve as provided in table 7.8.

Table 7.8: Medium-term CIT and Dividend transfer outlook

Nu. In Million

Particulars	2019-20 Actual	2020-21 Revised est.	2021-22 Budgeted	2022-23 Projection	2023-24 Projection
Dividend Transfer					
MoF-SOE	68.410	13.000	18.200	25.480	59.388
DHI	4,532.000	3,049.000	3,658.800	4,390.560	5,268.670
Sub total	4,600.410	3,062.000	3,677.000	4,416.040	5,328.058
CIT Contribution					
MoF-SOE	120.126	30.236	53.920	76.730	128.390
DHI	2,132.390	2,089.840	2,102.840	3,154.260	3,343.520
DGPC	2,107.790	2,270.490	2,100.640	2,520.770	2,697.220
BPC	322.640	177.521	443.472	446.742	479.827
Other DOCs	1,739.140	1,549.030	700.930	890.030	1,130.150
Sub total	6,422.086	6,117.117	5,401.802	7,088.532	7,779.107
Grand Total	11,022.496	9,179.117	9,078.802	11,504.572	13,107.165

7.2 National Credit Guarantee Scheme (NCGS)

As a counter cyclical policy measure for the pandemic impact on the economy, the Government launched NCGS on October 5, 2020. The Scheme is an intervention that aims to enhance easy access to credit. Under the NCGS, the Government extended guarantee to SOE Banks for supporting viable projects that generate employment besides promoting exports and substituting imports.

As of 6th May, 2021, eighty-one projects received the guarantee coverage. Of the total, thirty were under agriculture sector, followed by twenty-nine under production & manufacturing (P&M) sector and twenty-two under service sector. The total loan for the projects stands at Nu. 274.500 million with the Government Guarantee Coverage amounting to Nu. 174.120 million.

To ensure success of NCGS, a dedicated Support Facility is being hosted at the NCSIDBL to handhold, monitor and guide projects covered under NCGS. The NPL ratio under NCGS will be targeted at a significantly lower level than the current average NPL ratio of 24 percent. The average NPL of 24 percent has been derived based on the eligible sector list under the NCGS. For the FY Nu. 50 million has been provisioned to support NCGS.

The eighty-one projects with guarantee coverage in fifteen Dzongkhags with industry category is shown in table 7.9:

Table 7.9: Projects with guarantee coverage

Sl. No	Dzongkhag	Cottage	Small	Medium	Large	Total
1	Thimphu	9	22	3	0	34
2	Paro	2	10	0	0	12
3	Punakha	2	4	0	0	6
4	Wangdue Phodrang	0	2	0	0	2
5	Samtse	1	4	1	0	6
6	Chhukha	1	1	0	0	2
7	Dagana	1	5	0	0	6
8	Tsirang	3	0	0	0	3
9	Sarpang	1	2	1	0	4
10	Trongsa	0	1	0	0	1
11	Bumthang	0	1	0	0	1
12	Zhemgang	1	0	0	0	1
13	Mongar	0	1	0	0	1
14	Trashigang	0	1	0	0	1
15	Samdrup Jongkhar	1	0	0	0	1
Total		22	54	5	0	81

7.3 National Pension and Provident Fund

7.3.1 Operational Highlights

NPPF recorded a total membership of 65,414 as of 30th June 2020, representing about 8.5 percent of the population. The number of pensioners grew from 7,038 in FY 2018-19 to 7,634 in FY 2019-20. The dependency ratio of pensioners to contributing members reached 11.5 percent during the year.

In the FY 2019-20, a total of Nu. 4,033.470 million was received as monthly contribution toward the pension and provident fund, an increase of 49.3 percent against the previous year contribution of Nu. 2,702.510 million. Against the contributions, a total of Nu. 605.630 million was paid out as a monthly pension payment. Nu. 891.220 million was paid as a refund of provident fund contributions and other benefits against total payments of Nu. 1,381.970 million for the FY 2018-19, registering an increase of 8.3 percent.

The operational expenses made were Nu. 438 million for the FY 2019-20.

7.3.2 Financial Highlights

Despite the pandemic, planned activities and the projects were executed within the budget and on time. However, NPPF had to forgo around Nu. 180.160 million in revenue as part of the monetary measures initiated by the Government to help revive the economy during the fourth quarter of the financial year (May to June 2020). Owing to pandemic, creating limited investment avenues and adverse economic conditions, NPPF achieved a return of 7.1 percent against the targeted rate of 8 percent. The rate was still higher than the saving account rates of the commercial banks.

In FY 2019-20, the surplus for the year ended June 30th 2020 was Nu. 2,023.580 million. The projected surplus for the FY 2020-21 is Nu. 2,392 million. NPPF recorded a growth of 12.5 percent in its fund size. The total fund grew from Nu. 36,146.220 to Nu. 40,822.080 million and it is estimated to reach Nu. 44,148.210 million by June 2021.

Table 7.10: NPPF's Financial Performance and Outlook

Particulars/Year	<i>Nu. In Million</i>		
	Jun-19	Jun-20	Jun-21
Revenue	2,483.380	2,461.800	2,418.110
Operating Expense	168.750	438.220	26.060
Net profit	2,314.630	2,023.580	2,392.040
Balance sheet			
Total assets	36,146.230	40,822.080	44,168.200
Total liabilities	163.720	277.980	109.600
Members Fund	35,982.500	40,544.100	44,058.590
Key indicators			
Operating margin, percent	93.2 percent	82.2 percent	99.0 percent

7.4 Hydropower

The Bhutan Power System Master Plan 2040 has identified 155 potential sites as techno-economically feasible with an installed capacity of 36.9 gigawatt (GW) and design energy of 154.1-terawatt hour (TWh).

With the recent addition of the 720-megawatt (MW) Mangdechhu Power Plant, the total installed capacity of the country stands at 2,334 MW, which is 6.3 percent of the total estimated hydro-power potential of the country, as shown in table 7.11:

Table 7.11: List of Power Plants in Operation in the Country

Sl. No	Power Plant	Installed Capacity	Design Energy	Year of Commissioning
1	Chukha	336.000	1,800.000	1986-1988
2	Kurichhu	60.000	400.000	2001
3	Basochhu (Stage I)	24.000	105.000	2002
4	Basochhu (Stage II)	40.000	186.000	2004
5	Tala	1,020.000	4,865.000	2006-2007
6	Dagachhu	126.000	360.000	2015
7	Mangdechhu	720.000	3,008.320	2019
8	Mini and Micro Hydel	8.098	-	-
9	Rubesa, Wind farm	0.600	-	2016
Total		2,334.698	10,724.320	

The year 2020 has been an unprecedented year due to the pandemic. While it has been a good hydrological year that has benefitted the hydropower sector, with the onset of COVID-19 pandemic in the early months of the year, it has impacted the performance of power utilities and the construction of ongoing hydropower projects adversely. Bhutan Power Corporation has suffered huge losses of Nu. 888.360 million in form of relief measures provided to MV and HV consumers, free power to quarantine facilities and overall reduction of domestic demand.

The Druk Green Power Corporation including Mangdechhu Hydropower Plant was able to generate 11,360.52 MU of electricity in 2020, of which 2,051.350 MU was consumed domestically and 9,189.130 MU was exported to India. Of the overall gross revenue of Nu. 31,048 million earned from the sale of energy, Mangdechhu alone earned Nu. 12,955 million (including billed amount for December 2020)

during the year 2020. The Mangdechhu Plant could have earned more revenue had it not been for the generating Unit-3 which has suffered major failures during the year. The generating Unit 3 has suffered eight major failures in a span of 17 months starting from July 2019 with a revenue loss of about Nu. 1,370 million since commissioning. With restoration of the Unit not likely to be completed before or during upcoming monsoon, it is anticipated to accrue additional revenue loss of about Nu. 1,850 million in the year 2021. The first bi-annual repayment and interest payment of Nu. 1,392.502 million and Nu. 1,006.770 million respectively was made on January 22, 2021 for the Mangdechhu Hydropower Plant.

Apart from the existing hydro-power projects, a total of four projects are in various stages of construction, and upon commissioning, these hydropower plans would add 2,938 MW installed capacity of hydropower in the country as shown in table 7.12:

Table 7.12: Hydropower Plants under construction

Sl. No	Power Plant	Installed Capacity (MW)	Design Energy (GWh)	Expected Year of Commissioning
1	Punatsangchhu I	1,200	5,544	2025
2	Punatsangchhu II	1,020	4,245	2022
3	Kholongchhu	600	2,568.88	2026
4	Nikachhu	118	491.52	2022
Total		2,938	12,849.4	

Financing Modality

The hydro-power projects involve huge investments and are implemented outside Five Year Plans and annual budgets of the Government. Loan disbursements for hydro-power projects are recorded in the total debt stock and reported to the Parliament through the audited Annual Financial Statements.

The financing modality of the Inter-Governmental (IG) and Joint Venture (JV) projects are defined in the bilateral agreements, which empowers the project authorities to implement and disburse funds directly to the projects as per the work progress.

As per the bilateral agreement, projects developed under the IG mode are handed over to the RGoB by the project authority within two years of commissioning the projects. The projects on JV mode are to be developed on a concessionary basis to be operated by the JV Company for 30 years from the commercial operation date. The plants are to be reverted to RGoB in good running condition at no cost. Other modes of development of hydro-power are also being initiated by diversifying the financing sources, e.g., Nikachhu HEP.

The existing projects under implementation are financed through IG arrangement, JV and others are given in the table 7.13 below:

Table 7.13: Financing modality of ongoing hydro-power projects

Sl. No	Projects	Installed Capacity (MW)	Financial Modality
1	Punatsangchu I	1200	40% Grant and 60% Loan from GoI
2	Punatsangchu II	1020	30% Grant and 70% Loan from GoI
3	Kholongchhu	600	30% Equity and 70% Loan (JV between DGPC and SJVNL, DGPC's equity share given as grant by GoI)
4	Nikachhu	118	35% Equity and 65% Loan from ADB

Financial Progress of ongoing projects

Brief financial and physical progress of the projects under construction are as follows:

Punatsangchhu - I hydroelectric project

Punatsangchhu-I hydroelectric project (1,200MW) was initially expected to be commissioned in March, 2025 with the current Revised Estimated Cost (REC) of Nu. 93,755.750 million (March 2013 Price Level) from its DPR/bilateral agreement

cost of Nu. 35,148.10 million (December 2006 PL). However, considering the number of critical issues with regard to the construction of dam and its structural integrity and long-term performance, the RGoB had approved the engagement of international independent experts to review the long-term dam stability and safety including preparation of Barrage DPR Option in June 2020. Based on the third-party review findings and recommendations, which was completed in December 2020, the RGoB has approved for abandoning the present dam site and restore/rehabilitate the area; and to adopt and complete the project with the barrage option. The barrage DPR is scheduled for completion by July 2021. Discussions with Government of India are underway on the way forward for the construction of the Project.

As of April 2021, Nu. 80,192 million has been disbursed and 87.2 percent of the works have been completed.

Punatsangchhu - II hydroelectric project

Punatsangchhu - II hydroelectric project (1,020 MW) is currently scheduled to be commissioned in December, 2022. The project cost as per the DPR/bilateral agreement was Nu. 37,778 million (March 2009 PL). However, the project has submitted for second Revised Cost Estimate (RCE) to the Government of India in 2020. The second RCE is expected to increase from first RCE of Nu. 72,906.200 million (March 2015 Price Level) to about Nu. 89,000 million (2020 PL). The progress of project has been severely affected on account of challenges in mobilizing adequate manpower due to the pandemic restrictions.

As of April 2021, total of Nu. 71,060 million has been disbursed and 90 percent of the works of the project has been completed.

Kholongchhu Hydro Energy Limited

Kholongchhu Hydroelectric Project (600 MW) is the first joint venture project between DGPC and a public-sector undertaking (PSU) of India (that is, SJVNL) and was cleared for construction in 2014. The total cost of the project is revised to Nu. 39,134.500 million (March, 2019 Price Level). The Concession Agreement for the JV project was signed in June 2020 and the main three Civil Work packages have been awarded in March 2021.

As of March 2021, total of Nu. 3,642.090 million has been disbursed for the pre-construction works.

Nikachhu HEP (Tangsibji Hydro Energy Limited)

Tangsibji Hydro Energy Limited (THyE), is a 100 percent subsidiary company of DGPC which was incorporated on April 25, 2014 for the implementation of the 118 MW Nikachhu HEP. The total project cost is estimated at Nu. 11,964.590 million and the completion is expected to get delayed due to unprecedented challenges on account of the pandemic in mobilizing manpower by almost a year. The initial completion target was December 2021.

As of March 2021, the project has spent Nu. 8,526.185 million and the overall physical progress stands 67 percent.

Projects in Pipeline:

As envisaged in the 12th FYP, following feasibility studies are being carried out:

- i. The DPR preparation of the 2,640 MW Kuri-Gongri HEP is being undertaken with WAPCOS Ltd., India as the consultant. The DPR preparation was expected to be completed by April 2021, however, due to complex geological conditions and given the size of the project scheme, to prepare a bankable DPR, there is a need to carry out additional investigation studies for which an additional fund and time extension is required. The DPR preparation is expected to be completed by fourth quarter of 2022.
- ii. The Pre-feasibility study of 770 MW Gongri HEP is being carried out in house and is scheduled for completion by last quarter of 2021. Considering the favorable geo-technical and techno-economic findings of project as confirmed by JICA experts during the update of PSMP 2040 and the potential for development into a pump-storage scheme for augmenting the firm power capacity for the country, a preparation of Project's DPR will be initiated from FY 2021-22 with budgetary support from the RGoB.
- iii. The preparation of DPR for the Nyera-Amari Integrated Project is being undertaken in-house by DGPC. The DPR is expected to be completed by June 2021.
- iv. The preparation of DPR of Dorjilung HEP has been undertaken by DGPC as part of capacity building in 2016-17 and has been identified as the potential project to be developed through a trilateral/sub-regional cooperation. Encouraged by the progress made in the past towards signing a trilateral MOU among Bangladesh, Bhutan and India on trilateral cooperation in hydro-electricity, during the state visit of our HPM to Bangladesh in March

2021, in order to move forward, the leaders have declared on need to convene meeting at Secretary-level. Notwithstanding, the realization of the initiatives, as part of preparing the Project's DPR in consonance with the recent National Hydropower Development Guidelines 2019, the DHPS in collaboration with DGPC will be updating the DPR with technical assistance from the World Bank. The update of DPR will entail, amongst others, confirmatory studies, additional geo-technical studies and is scheduled for completion by end of 2022.

- v. The DPR study of Sankosh HP has been approved by Central Electricity Authority, GoI in August 2017 at estimated cost Nu. 157,095.900 million (April 2016 PL), which includes interest during construction and the financing charges. The RGoB is still pursuing with GoI on implementation of Project under IG mode.
- vi. With the approval of revised Sustainable Hydropower Development Policy by the Royal Government in March 2021, the DHPS has been mandated to study and prepare a national hydrogen roadmap. This will be an integral part of national initiatives to encourage development and integration of hydropower value chain by adopting emerging renewable energy technologies and innovations such as hydrogen fuel, green ammonia and other such energy storage schemes and emerging innovative technologies. The roadmap is expected to guide, facilitate and create enabling eco-systems for innovation, investment and development of hydrogen economy for both domestic and foreign markets.

7.5 Royal Monetary Authority

The primary objective of the RMA is to formulate and implement monetary policy with a view to achieve and maintain price stability in the economy. The RMA is also required to advise the Government on monetary and fiscal policy and other critical economic issues for overall macroeconomic development.

Financial Highlights

For the period ending June 2020, the RMA's overall financial stood at Nu. 103,138.120 million, which is a 32.7 percent increase from Nu. 77,713.300 million in 2019. The growth in financial position is mainly due to an increase in the exchange rates for the revaluation of foreign assets and liabilities.

The total operating income was increased by 215.7 percent from Nu. 2,160.410 million in 2019 to Nu. 6,819.850 million in 2020. The increase was mainly on account of foreign exchange revaluation. The overall operating expenses also increased by Nu. 90.150 million, due to increased administrative expenses, personal expenses and cost of banknote printing. The RMA closed the books of accounts for the FY 2019-20 with a surplus of Nu. 1,769.390 million.

Monetary Measures in Response to COVID-19 Pandemic

Along with the fiscal measures, the RMA implemented monetary measures to support the affected borrowers and cushion the pandemic risks on the economy and the financial sector. The monetary measures included deferment of loan repayments, and access to soft working capital, bridging loans and liquidity support to ensure uninterrupted supply of credit in the economy during the pandemic. Extended gestation period for projects under gestation.

In addition to the above monetary measures, the RMA in collaboration with the financial service providers continued to provide essential financial services during the two nationwide lockdowns, largely facilitated through digital platforms. It was encouraging that digital transactions picked up to a great extent during this period.

Despite the challenges posed by the pandemic, the liquidity situation in the financial sector continues to remain favorable due to the comfortable level of deposit base and ensures public confidence in the banking sector. However, with the increasing trend in loan disbursement and the pace of fallout in the pandemic situation, the financial sector remains vulnerable. To assess the potential risk posed by the pandemic, the RMA conducted stress testing of the financial sector. The stress test indicated that the financial sector remains vulnerable if the pandemic situation persists over the medium to longer term. Dealing with NPL and ensuring financial stability has been one of the biggest challenges in the financial sector. Considering the urgency of addressing the NPLs, a three tier Committees have been formed - (i) National High Level NPL Committee chaired by the Hon'ble Finance Minister (ii) CEO Level Committee and (iii) Technical Inter-Financial Institution Committee.

The Committee conducted an in-depth assessment of NPLs from July 2020 to facilitate rehabilitation and/or foreclosures of non-performing loans. As an outcome of this exercise, a comprehensive NPL resolution framework has been developed and the following three guidelines has been formulated for immediate implementation- (i) Guidelines on Segregation of NPLs into viable and non-viable

loans 2021 (ii) Guidelines on Foreclosure and Write-off of NPLs 2021 and (iii) Guidelines on the transfer of NPL Asset 2020.

7.6 Foreign Direct Investment (FDI)

FDI is received mostly from Asia with 64 percent. India remains the major source of investment in Bhutan within Asia with 47 percent followed by Singapore (19 percent) and Thailand (11 percent).

As of 31st December 2020, there are 92 FDI projects worth Nu. 37,134.600 million including 10 new projects worth Nu. 3,527.420 million approved during the year 2020. Unlike the previous years, the year 2020 saw only one project in the Hotel Industry.

The Manufacturing of Ferro Alloys and IT are the most attractive sectors for FDI in 2020 with three projects each in the sectors. With the inclusion of these 10 new projects, share of hotel to the overall FDI projects has dropped from 42 percent in 2019 to 39 percent in 2020 and that of IT/ITES has increased from 19 percent in 2019 to 21 percent in 2020. On an overall, service sector dominates FDI in Bhutan with 70 percent share.

About 66 percent of FDI projects approved are located in Thimphu, Paro, and Chukha with the highest number (38 percent) in Thimphu. Further, 44 percent of the FDI projects in the manufacturing sector are located within the industrial estates/parks with the highest (42 percent) being in Pasakha Industrial Estate followed by Jigmeling Industrial Park (25 percent).

FDI is expected to transfer technological knowhow within the economy, which is expected to enhance productivity and generate gainful employment in the long run. As per the FDI Annual Report 2020, the FDI companies employed a total of 5,752 employees (local & expatriate) in 2019 up from 5,307 employees in 2018, an increase of about 8 percent from the previous year. FDI companies employed a total of 183 regular foreign workers, which is 3.9 percent of total regular employees in the companies. For every single expat working in the country, there are 25 locals employed.

As per the report, capital inflow from foreign investors was mostly received in convertible currency during the year 2019. An amount of USD 22.980 million was received which is almost the same amount received during the previous year. However, Indian investors' inflow was recorded at INR 766.380 million, three times the inflow received in the year 2018.

While FDI in the service sector particularly in the hotels contribute immensely in building the foreign exchange reserve, FDI in the manufacturing sector also contributes a significant share toward the goods export basket. In total, 10 FDI projects in the manufacturing sector have exported goods worth Nu. 3,700 million of which Nu. 3,600 million is to India and the remaining to other countries. Exports during the year 2019 have declined as compared to the previous year. The decline is the drop in the number of manufacturing projects with the conversion of 2 FDI projects to domestic projects. This export figure also excludes the export of electricity by Dagachhu Hydropower Corporation Limited, an FDI project.

7.7 Government Non-Budgetary Funds:

There are eight Government Non-Budgetary Fund Accounts established under the Royal Charter and other relevant laws, rules and regulations. A brief status of the funds is provided as follows:

7.7.1 Bhutan Trust Fund for Environmental Conservation

Bhutan Trust Fund for Environmental Conservation was established in 1992 with an initial funding of USD 21.307 million. Currently, 82 percent of the portfolio has been invested in the offshore market while 18 percent has been invested in the local market. As of 31st March 2021, the fund balance was USD 58.824 million which includes interest income of USD 1.181 million. The fund has incurred expenditure of USD 1.545 million during the FY 2020-21.

There was a slight dip of USD 3.650 million compared to 30th June 2020 and this can be attributed to disruptions caused by the COVID-19 pandemic to the financial markets across the globe and withdrawals of funds for the program and operating expenses.

7.7.2 Bhutan Health Trust Fund (BHTF)

Bhutan Health Trust Fund was established in 1998 to assist the Government in providing Free Health Care Services. The fund has been diversely invested in the form of fixed deposits, annuities, bonds, and Immediate Fixed Term Annuity Scheme (IFTAS) with financial institutions of the country.

In the current FY, the fund has received Nu. 353.246 million in the form of grants, health contributions, interests and donations while Nu. 289.421 million was spent on the purchase of essential drugs and vaccines. Thus, the fund balance as of 31st March 2021 was Nu. 3,147.927 million. Health contribution of 1 percent on gross salary is also channeled through BHTF.

7.7.3 Trust Fund for Cultural Heritage

The Trust Fund for Cultural Heritage was established in 1999 with an initial fund of Nu. 34.660 million. Since its establishment, the fund was deposited in fixed deposit with Bhutan National Bank Limited (BNBL), and the interest was only the source of income for the fund. The fixed deposit matured on 10th October 2017, with a fund balance of Nu. 68.356 million. Since then, the fund size has remained the same as of 31st March 2021, and currently, the fund has been parked in the Current Deposit Account maintained with BNBL.

As per the Royal Charter, no expenditure will be incurred from the Trust Fund until fund size reaches USD 5 million. Thus, the Government is working to deposit into fixed deposits and develop strategies to raise the additional fund to meet the required fund size.

7.7.4 Sherig Endowment Fund

The Sherig Endowment Fund was established in 2016 to enhance and provide equitable and quality education to all children across the country through action research. It was started with a fund size of Nu. 10 million of which 80 percent of the fund was invested in fixed deposits with RICBL.

The fund balance as of 31st March 2021 was Nu. 8.516 million excluding the interest income of Nu. 1 million due to be received in the following months of this FY while no action research activities were undertaken due to the pandemic.

7.7.5 National Research Endowment Fund

The Royal University of Bhutan (RUB) manages the National Research Endowment Fund for research studies. It was established in FY 2018-19 with an initial fund of Nu. 10 million of which 90 percent has been deposited in a fixed deposit account with BNBL that earns an interest of 7.5 percent per annum.

In FY 2020-21, the fund has earned an interest income of Nu. 0.675 million while Nu. 0.965 million has been spent on research studies taken by different colleges under the RUB. The fund balance as of 31st March 2021 was Nu. 9.842 million.

7.7.6 Endowment Fund for Crop and Livestock Conservation

The endowment fund for Crop and Livestock Conservation was launched in 2017 to compensate the farmers for crop and livestock damages caused by natural calamities. It was started with Nu. 56.800 million and as of 31st March 2021, the fund balance was Nu. 90.865 million. The fund size grew over the years by consolidating Gewog Environmental Conservation Funds, Fees from Royal Takin Reserve, Royal Botanical Park and Cordyceps Royalty. However, the implementation of the fund is yet to operationalize as per the mandate of the fund. Currently, the fund has been parked in the Current Deposit Account maintained with Bank of Bhutan Limited.

7.7.7 Universal Service Fund

The Universal Service Fund and Media Development Fund was established in 2007 to ensure accessible communications services throughout the country. However, the Media Development Fund has been dissolved in FY 2019-20, and accordingly, its portion of the fund balance has been surrendered to the Government.

The Universal Service Fund balance as of 31st March 2021 was Nu. 276.105 million of which Nu. 87.412 million was received in FY 2020-21 from telecom companies as an annual license payment fee. The fund has also incurred an expenditure of Nu. 59.653 million in FY 2020-21 for final tranche payment to telecom companies to complete Rural Communication Programme (RCP).

7.7.8 Bhutan Economic Stabilization Fund

Bhutan Economic Stabilization Fund was established in 2017 to ensure the macroeconomic stability of the country, and the fund is managed by the RMA.

It was established with an initial fund of Nu. 100 million and the fund has been invested in the form of term deposits with the Development Bank of Singapore, Mumbai, and the State Bank of India, Hasimara. The fund balance as of 31st March 2021 was Nu. 584.542 million of which Nu. 20.566 million pertains to the interest from the deposits.

Conclusion

The Budget for the FY presents the Government's commitment to support ***'Sustained Economic Stability for a Resilient Recovery'*** besides ensuring public health and safety, in response to COVID-19 pandemic. Accordingly, highest share of capital budget outlay of the Plan has been allocated for FY 2021-22.

Considering the challenges posed by the pandemic, under the enlightened leadership and benevolent guidance of His Majesty, the Government has reinforced effective containment measures to minimize the spread of the virus.

The Royal Command to continue the DGRK for another 15 months is a testimony of His Majesty's concern for the wellbeing of the people. The continuation of the DGRK secures livelihood during such difficult times. The targeted fiscal and monetary measures will support business continuity.

For the FY 2021-22, the domestic revenue is estimated to grow marginally by 7 percent. However, as the increase in revenue is not able to support the growth in recurrent expenditure, the Government has proposed rationalization measures as part of the Budget Appropriation Bill. Therefore, it is important for all Budgetary Bodies to rationalize their recurrent expenditure within the allocated block grant to remain within the constitutional provision of meeting the recurrent expenditure by internal resources.

Since high level of capital budget has been allocated, Government urges all the budgetary bodies to ensure optimal utilization of the allocated budget to stimulate growth, generate employment and encourage private sector participation.

Based on the resource envelope, the Budget Appropriation Bill for FY 2021-22 and Supplementary Budget Appropriation Bill for FY 2020-21 is submitted for the expeditious consideration of the House.

The Government, on behalf of the people would like to pay tribute to His Majesty The King, His Majesty the Drukgyal Zhipa, Her Majesty the Gyaltsuen, and members of the Royal Family for their concern with respect to the welfare of the Bhutanese people and continued guidance to safeguard the nation from the pandemic. The Government would also like to pay deepest respects to His Majesty for granting Royal Kashos on Civil Service and Education Reforms.

The Government would like to submit immense gratitude to His Holiness the 70th Je Khenpo, Zhung Dratshang and other religious organizations for the special prayers, Kurims and invoking Sangaymenlha and other protecting deities to prevent the spread of the virus and keep our country safe.

The Government also offers felicitations to His Holiness for his selfless 25 years of service in steering the nation to peace through his blessings and Kurims.

The Government would like to acknowledge the services rendered by the Health professionals, Armed Forces, Desuups and Volunteers serving in the forefront to protect the Bhutanese people from COVID-19.

The Royal Government of Bhutan (RGoB) would like to thank the Government of India for all the assistance and support, in particular granting of COVID-19 vaccines which has helped to achieve 94 percent vaccine coverage of the eligible population. The Government would also like to thank all multilateral and bilateral development partners. In addition, the Government would also like to express appreciation to all the individuals and entities who have made contribution to the COVID-19 Response Fund.

The Government acknowledges all the multi-sectoral task forces for ensuring effective containment measures, uninterrupted supply of essential food and non-food items during this unprecedented time.

Lastly, the Government would like to thank the community at large for spontaneous outpouring of support in the form of cash and kind and volunteering of services. It bears testimony of our deep-rooted values and principles of compassion, unity and service to the nation in times of need.

The COVID-19 has brought the country together to overcome one of the greatest challenges of our times. All this has become possible due to the outstanding leadership and steadfast resolve of His Majesty The King, who continues to remain at the forefront of all endeavors in these difficult times.

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

Annexures

Annexure A: Revised Budget Summary for FY 2020-21 as of 30th April 2021

Nu. In Million

Particulars	FY 2020-21	
	Approved	Revised
TOTAL RESOURCES	53,822.073	56,995.029
I. INTERNAL RESOURCES	33,679.225	33,960.315
i. Domestic Revenue	33,189.392	33,281.000
a. Tax	20,569.603	18,357.755
b. Non-Tax	12,619.789	14,923.245
ii Other Internal receipts	489.833	679.315
II. GRANTS	20,142.848	23,034.714
i. Program Grants	3,036.644	4,437.286
a) GoI (STF &PG)	3,036.644	4,437.286
ii. Project-tied Grants	17,106.204	18,597.428
a) GoI	13,465.779	13,321.492
b) Others	3,640.425	5,275.936
I. Total Expenditure	69,151.122	70,549.915
i. Recurrent Expenditure	32,900.000	32,788.824
ii. Capital Expenditure	36,251.122	37,761.091
OVERALL BALANCE	(15,329.049)	(13,554.886)
a. Net Lending	1,316.666	(52.299)
i. Principal recoveries	2,531.065	2,412.600
Less lending	1,214.399	2,464.899
b. Net external borrowings	422.154	2,694.591
i. Project-tied Borrowings	1,844.245	2,361.401
ii. Program Borrowings	2,190.000	4,078.970
Less repayment	3,612.091	3,745.780
c. Net internal borrowings	(13,590.229)	(10,912.594)
i. Internal borrowings	(13,602.498)	(10,925.584)
O/w Bond for lending to CSI Bank	-	700.000
Less repayment	12.269	12.990
GDP	208,199.695	186,653.000
Fiscal balance % of GDP	-7.36%	-7.26%

Annexure B: Budget Summary for FY 2021-22

Nu. In Million

Particulars	Amount
TOTAL RESOURCES	56,765.582
<i>I. INTERNAL RESOURCES</i>	<i>36,240.271</i>
<i>i. Domestic Revenue</i>	<i>35,600.000</i>
a. Tax	22,931.188
b. Non-Tax	12,668.812
<i>ii. Other Receipts (BHTE, BTTEC & USF)</i>	<i>640.271</i>
<i>II. EXTERNAL RESOURCES</i>	<i>20,525.311</i>
i. Program Grants	4,186.555
a) GoI (PG Nu. 3,025.611 & STF Nu. 1,160.944)	4,186.555
ii. Project-tied Grants	16,338.756
a) GoI	12,584.300
b) Others	3,754.456
TOTAL EXPENDITURE	73,919.335
<i>i. Recurrent Expenditure</i>	<i>35,598.664</i>
<i>ii. Capital Expenditure</i>	<i>38,320.671</i>
OVERALL BALANCE	<i>(17,153.753)</i>
FINANCING	<i>17,153.753</i>
a. Net Lending	3,085.586
Principle recoveries	3,994.986
Less lending	909.400
b. Net external borrowings	444.822
i. Project-tied Borrowings	1,616.051
ii. Program Borrowings (ADB, FMDP & IDA Nu. 2,235 m each)	4,470.000
Less repayment	5,641.229
c. Net internal borrowings Surplus/Deficit	<i>(13,623.345)</i>
i. Internal borrowings	<i>(13,636.531)</i>
Less repayment	13.186
GDP	199,654.659
Fiscal balance % of GDP	8.59%

Annexure 1: Budget allocations for Dzongkhags excluding CMI allocation for Gewogs for FY 2021-22

Nu. In Million

Sl. No	Name of the Dzongkhag	Recurrent	Capital		Total (Recurrent +Capital)
		RGoB	RGoB	External	
1	Chukha	732.047	69.450	301.973	1,103.470
2	Haa	277.182	74.000	112.174	463.356
3	Paro	699.177	205.543	94.000	998.720
4	Samtse	959.392	76.042	498.399	1,533.833
5	Tsirang	485.398	144.277	72.086	701.761
6	Dagana	492.075	213.439	69.724	775.238
7	Punakha	565.418	65.325	171.321	802.064
8	Wangdue	647.907	174.780	126.952	949.639
9	Bumthang	402.817	65.293	136.777	604.887
10	Sarpang	606.732	120.848	353.006	1,080.586
11	Zhemgang	456.590	102.800	139.985	699.375
12	Trongsa	328.970	110.577	128.259	567.806
13	Lhuntse	327.230	61.301	177.932	566.463
14	Mongar	703.707	50.572	263.795	1,018.074
15	Pema Gatshel	488.274	58.080	181.395	727.749
16	Samdrup Jongkhar	565.926	32.918	206.497	805.341
17	Trashigang	1,010.480	137.881	330.724	1,479.085
18	Thimphu	322.543	208.236	65.229	596.008
19	Gasa	188.325	89.794	69.894	348.013
20	Tashi Yangtse	441.519	42.409	135.303	619.231
	Total	10,701.709	2,103.565	3,635.425	16,440.699

Annexure 2: Budget allocation for Thromdes including budget provision under MoWHS for FY 2021-22

Nu. In Million

Sl. No	Name of the Thromde	Recurrent	Capital				Grand Total (Recurrent + Capital)
		RGoB	RGoB	External		Total	
				Thromde	Under MoWHS		
1	Thimphu	942.119	690.010	355.000	24.938	1,069.948	2,012.067
2	Phuentsholing	175.415	365.507	72.446	28.600	466.553	641.968
3	Gelephu	136.168	182.868	180.310	-	363.178	499.346
4	Samdrup Jongkhar	121.380	131.555	150.216	96.448	378.219	499.599
Total		1,375.082	1,369.940	757.972	149.986	2,277.898	3,652.980

Annexure 3: Budget allocation for Gewogs including CMI allocation under Dzongkhags for FY 2021-22

Nu. In Million

Sl. No	Name of the Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grants)	Gewog CMI under Dzongkhag	Total	
1	Sampheling Gewog, Chhukha	3.331	19.998	5.312	25.310	28.64
2	Bongo Gewog, Chhukha	3.953	22.955	87.629	110.584	114.54
3	Chapchha Gewog, Chhukha	3.359	10.901	-	10.901	14.26
4	Dungna Gewog, Chhukha	3.305	9.858	-	9.858	13.16
5	Geling Gewog, Chhukha	3.157	11.451	10.340	21.791	24.95
6	Darla Gewog, Chhukha	3.758	37.393	1.639	39.032	42.79
7	Getana Gewog, Chhukha	3.455	9.622	119.097	128.719	132.17
8	Bjachho Gewog, Chhukha	3.203	12.333	6.627	18.960	22.16
9	Lokchina Gewog, Chhukha	3.446	15.278	58.552	73.830	77.28
10	Metakha Gewog, Chhukha	3.790	6.064	-	6.064	9.85
11	Phuentsholing Gewog, Chhukha	3.334	27.420	-	27.420	30.75
12	Bji Gewog, Haa	3.241	9.885	-	9.885	13.13
13	Katsho Gewog, Haa	3.333	8.343	-	8.343	11.68
14	Sangbey Gewog, Haa	3.790	12.267	1.683	13.950	17.74
15	Sama Gewog, Haa	3.123	7.920	-	7.920	11.04
16	Iusu Gewog, Haa	3.177	7.387	2.470	9.857	13.03
17	Gakidling Gewog, Haa	3.103	11.994	18.994	30.988	34.09
18	Dobshari Gewog, Paro	3.375	11.146	-	11.146	14.52

Sl. No	Name of the Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grants)	Gewog CMI under Dzongkhag	Total	
19	Dogar Gewog, Paro	3.508	11.596	12.344	23.940	27.45
20	Doteng Gewog, Paro	3.516	6.470	-	6.470	9.99
21	Hungrel Gewog, Paro	3.333	2.741	-	2.741	6.07
22	Lango Gewog, Paro	3.517	15.883	-	15.883	19.40
23	Lungnyi Gewog, Paro	3.368	11.643	3.366	15.009	18.38
24	Naja Gewog, Paro	3.985	17.589	5.162	22.751	26.74
25	Shaba Gewog, Paro	3.327	17.789	7.855	25.644	28.97
26	Tsento Gewog, Paro	3.260	17.217	-	17.217	20.48
27	Wangchang Gewog, Paro	3.295	15.483	-	15.483	18.78
28	Norgaygang (Bara) Gewog, Samtse	4.005	30.275	18.058	48.333	52.34
29	Pemaling (Biru) Gewog, Samtse	3.508	19.158	14.940	34.098	37.61
30	Sangngacholing (Chargharey) Gewog, Samtse	3.889	18.793	3.136	21.929	25.82
31	Norbugang (Chengmari) Gewog, Samtse	3.237	18.328	-	18.328	21.57
32	Denchukha Gewog, Samtse	3.345	18.236	40.626	58.862	62.21
33	Dophuchen (Dorokha) Gewog, Samtse	3.259	27.089	3.302	30.391	33.65
34	Dumteod Gewog, Samtse	3.133	11.067	68.656	79.723	82.86
35	Yoedseltse Gewog, Samtse	3.442	18.659	11.782	30.441	33.88
36	Namgaycheoling Gewog, Samtse	3.404	21.729	4.965	26.694	30.10
37	Tendu Gewog, Samtse	3.405	27.018	-	27.018	30.42
38	Ugyentse Gewog, Samtse	3.323	8.503	9.953	18.456	21.78
39	Phuentshopelri (Pugli) Gewog, Samtse	3.585	25.949	92.761	118.710	122.30
40	Samtse Gewog, Samtse	3.234	22.526	-	22.526	25.76
41	Tashicholing (Sibs) Gewog, Samtse	3.167	17.361	-	17.361	20.53
42	Tading Gewog, Samtse	3.277	32.118	10.784	42.902	46.18
43	Patshaling (Beteni) Gewog, Tsirang	3.213	9.083	-	9.083	12.30
44	Dunglagang Gewog, Tsirang	3.669	11.284	-	11.284	14.95
45	Barshong Gewog, Tsirang	3.410	10.020	4.120	14.140	17.55
46	Goseling Gewog, Tsirang	3.315	10.532	-	10.532	13.85
47	Rangthangling Gewog, Tsirang	3.304	11.780	-	11.780	15.08

Sl. No	Name of the Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grants)	Gewog CMI under Dzongkhag	Total	
48	Kilkhorhang Gewog, Tsirang	3.497	13.249	2.331	15.580	19.08
49	Mendrelgang Gewog, Tsirang	3.566	9.984	-	9.984	13.55
50	Sergithang (Pataley) Gewog, Tsirang	4.131	11.117	-	11.117	15.25
51	Phuentenchhu Gewog, Tsirang	3.722	10.475	-	10.475	14.20
52	Shemjong Gewog, Tsirang	3.177	8.962	-	8.962	12.14
53	Tsholingkhar Gewog, Tsirang	3.308	12.325	-	12.325	15.63
54	Tsirangteod Gewog, Tsirang	3.831	11.201	2.104	13.305	17.14
55	Dorona Gewog, Dagana	3.772	9.375	27.298	36.673	40.45
56	Drujeystang Gewog, Dagana	3.813	17.079	6.294	23.373	27.19
57	Gesarling Gewog, Dagana	3.266	8.350	-	8.350	11.62
58	Goshi Gewog, Dagana	3.173	12.382	6.284	18.666	21.84
59	Kana Gewog, Dagana	2.846	15.896	26.579	42.475	45.32
60	Khebisa Gewog, Dagana	3.276	15.331	33.459	48.790	52.07
61	Lajab Gewog, Dagana	3.539	7.459	48.497	55.956	59.495
62	Trashiding Gewog, Dagana	3.301	13.717	8.213	21.930	25.23
63	Tsendagang Gewog, Dagana	3.254	12.459	11.615	24.074	27.33
64	Tsangkhag Gewog, Dagana	4.230	10.430	-	10.430	14.66
65	Tseza Gewog, Dagana	3.267	8.999	6.627	15.626	18.89
66	Karmaling (Deorali) Gewog, Dagana	3.478	8.398	6.575	14.973	18.455
67	Lhamoizingkha Gewog, Dagana	3.285	13.039	-	13.039	16.32
68	Nichula Gewog, Dagana	3.377	9.479	-	9.479	12.86
69	Chhubu Gewog, Punakha	3.408	12.289	11.176	23.465	26.87
70	Goenshari Gewog, Punakha	3.382	8.279	2.087	10.366	13.75
71	Guma Gewog, Punakha	3.336	16.118	0.810	16.928	20.26
72	Kabjisa Gewog, Punakha	3.485	11.631	1.033	12.664	16.15
73	Limbukha Gewog, Punakha	3.734	6.749	1.155	7.904	11.64
74	Shengana Gewog, Punakha	3.697	9.347	0.750	10.097	13.79
75	Talo Gewog, Punakha	3.697	9.038	0.688	9.726	13.42
76	Teowang Gewog, Punakha	3.752	8.468	0.283	8.751	12.50
77	Dzoma Gewog, Punakha	3.415	10.247	-	10.247	13.66
78	Baap Gewog, Punakha	3.371	15.430	0.406	15.836	19.21

Sl. No	Name of the Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grants)	Gewog CMI under Dzongkhag	Total	
79	Toebesa Gewog, Punakha	3.514	11.689	1.499	13.188	16.70
80	Bjena Gewog, Wangdue Phodrang	3.253	11.665	3.845	15.510	18.76
81	Dangchhu Gewog, Wangdue Phodrang	3.991	9.106	2.611	11.717	15.71
82	Daga Gewog, Wangdue Phodrang	3.425	14.055	13.465	27.520	30.95
83	Gangteod Gewog, Wangdue Phodrang	3.770	10.976	-	10.976	14.75
84	Gasetshogongm Gewog, Wangdue Phodrang	3.492	13.617	-	13.617	17.11
85	Gasetshowogm Gewog, Wangdue Phodrang	3.533	4.967	10.099	15.066	18.60
86	Kazhi Gewog, Wangdue Phodrang	3.434	11.134	2.222	13.356	16.79
87	Nahi Gewog, Wangdue Phodrang	3.694	6.791	-	6.791	10.49
88	Nyisho Gewog, Wangdue Phodrang	3.669	11.559	-	11.559	15.23
89	Phangyuel Gewog, Wangdue Phodrang	3.382	7.132	11.221	18.353	21.74
90	Phobji Gewog, Wangdue Phodrang	3.904	10.885	6.733	17.618	21.52
91	Rubesa Gewog, Wangdue Phodrang	3.609	10.766	3.111	13.877	17.49
92	Sephu Gewog, Wangdue Phodrang	3.483	10.062	-	10.062	13.55
93	Athang Gewog, Wangdue Phodrang	3.641	10.406	1.188	11.594	15.24
94	Thedtsho Gewog, Wangdue Phodrang	3.117	19.595	0.928	20.523	23.64
95	Chhoekhor Gewog, Bumthang	3.305	20.094	19.076	39.170	42.48
96	Chhumey Gewog, Bumthang	3.214	12.144	0.105	12.249	15.46
97	Tang Gewog, Bumthang	3.980	11.419	-	11.419	15.40
98	Ura Gewog, Bumthang	3.727	8.610	-	8.610	12.34
99	Samteyling Gewog, Sarpang	3.380	12.557	6.873	19.430	22.81
100	Chhuzargang Gewog, Sarpang	3.778	13.810	2.749	16.559	20.34
101	Dekidlng Gewog, Sarpang	2.822	21.506	3.963	25.469	28.29
102	Chhuzom Gewog, Sarpang	3.738	18.859	62.889	81.748	85.49
103	Tareything Gewog, Sarpang	3.762	4.180	16.832	21.012	24.77
104	Gelephu Gewog, Sarpang	3.330	16.967	-	16.967	20.30
105	Gakidling Gewog, Sarpang	3.439	17.834	17.820	35.654	39.09

Sl. No	Name of the Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grants)	Gewog CMI under Dzongkhag	Total	
106	Jigmedchheoling Gewog, Sarpang	3.663	23.220	60.137	83.357	87.02
107	Umling Gewog, Sarpang	3.826	8.983	1.684	10.667	14.49
108	Singye Gewog, Sarpang	3.770	10.091	8.365	18.456	22.23
109	Shompangkha Gewog, Sarpang	3.367	6.813	16.832	23.645	27.01
110	Sershong Gewog, Sarpang	3.601	9.413	-	9.413	13.01
111	Bardo Gewog, Zhemgang	3.468	19.051	63.174	82.225	85.69
112	Bjoka Gewog, Zhemgang	3.518	12.186	70.747	82.933	86.45
113	Nangkor Gewog, Zhemgang	4.452	16.880	25.000	41.880	46.33
114	Ngangla Gewog, Zhemgang	3.150	15.658	7.306	22.964	26.11
115	Phangkhar Gewog, Zhemgang	3.116	12.561	19.201	31.762	34.88
116	Shingkar Gewog, Zhemgang	3.349	14.789	7.569	22.358	25.71
117	Trong Gewog, Zhemgang	3.259	15.714	6.229	21.943	25.20
118	Goshing Gewog, Zhemgang	3.627	14.596	4.489	19.085	22.71
119	Drakteng Gewog, Trongsa	3.185	17.696	-	17.696	20.88
120	Korphu Gewog, Trongsa	3.563	8.245	4.133	12.378	15.94
121	Langthel Gewog, Trongsa	3.764	18.742	-	18.742	22.51
122	Nubi Gewog, Trongsa	3.760	18.316	47.708	66.024	69.78
123	Tangsibji Gewog, Trongsa	3.312	10.054	3.302	13.356	16.67
124	Gangzur Gewog, Lhuentse	2.976	17.183	8.977	26.160	29.14
125	Jarey Gewog, Lhuentse	4.066	9.924	7.294	17.218	21.28
126	Khoma Gewog, Lhuentse	3.329	14.348	19.076	33.424	36.75
127	Kurteod Gewog, Lhuentse	4.783	7.326	7.855	15.181	19.96
128	Minjay Gewog, Lhuentse	3.471	10.041	20.310	30.351	33.82
129	Menbi Gewog, Lhuentse	3.301	13.883	13.465	27.348	30.65
130	Metsho Gewog, Lhuentse	3.404	9.179	7.855	17.034	20.44
131	Tsenkhar Gewog, Lhuentse	3.283	16.544	4.152	20.696	23.98
132	Balam Gewog, Mongar	3.701	7.561	-	7.561	11.26
133	Chhali Gewog, Mongar	3.390	13.888	-	13.888	17.28
134	Chaskhar Gewog, Mongar	3.699	11.173	-	11.173	14.87
135	Drametse Gewog, Mongar	3.937	15.494	-	15.494	19.43
136	Drepung Gewog, Mongar	3.870	10.453	-	10.453	14.32
137	Gongdue Gewog, Mongar	3.314	13.472	5.694	19.166	22.48

Sl. No	Name of the Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grants)	Gewog CMI under Dzongkhag	Total	
138	Jurmey Gewog, Mongar	3.877	13.741	-	13.741	17.62
139	Kengkhar Gewog, Mongar	4.371	14.098	-	14.098	18.47
140	Mongar Gewog, Mongar	3.421	21.677	-	21.677	25.10
141	Ngatshang Gewog, Mongar	3.331	10.723	-	10.723	14.05
142	Saleng Gewog, Mongar	3.360	13.794	-	13.794	17.15
143	Sherimuhung Gewog, Mongar	3.801	15.496	-	15.496	19.30
144	Silambi Gewog, Mongar	3.250	12.370	151.385	163.755	167.01
145	Thangrong Gewog, Mongar	3.978	12.891	-	12.891	16.87
146	Tsakaling Gewog, Mongar	3.576	13.754	-	13.754	17.33
147	Tsamang Gewog, Mongar	3.843	10.307	-	10.307	14.15
148	Narang Gewog, Mongar	3.475	11.342	3.000	14.342	17.82
149	Chongshing Gewog, Pema Gatshel	3.751	9.972	7.119	17.091	20.84
150	Chhimung Gewog, Pema Gatshel	3.393	8.969	100.178	109.147	112.54
151	Dungmin Gewog, Pema Gatshel	3.540	10.791	10.949	21.740	25.28
152	Khar Gewog, Pema Gatshel	3.630	10.792	6.651	17.443	21.07
153	Shumar Gewog, Pema Gatshel	3.200	15.541	6.580	22.121	25.32
154	Yurung Gewog, Pema Gatshel	3.284	9.530	55.953	65.483	68.77
155	Zobel Gewog, Pema Gatshel	3.123	11.806	3.367	15.173	18.30
156	Dechhenling Gewog, Pema Gatshel	4.079	18.539	2.245	20.784	24.86
157	Norbugang Gewog, Pema Gatshel	3.221	14.754	3.367	18.121	21.34
158	Nanong Gewog, Pema Gatshel	4.129	13.996	44.502	58.498	62.63
159	Choekhorling Gewog, Pema Gatshel	3.488	7.736	25.076	32.812	36.300
160	Phuentshothang Gewog, Samdrup Jongkhar	3.492	16.671	1.684	18.355	21.847
161	Pemathang Gewog, Samdrup Jongkhar	3.466	9.696	5.948	15.644	19.110
162	Gomdar Gewog, Samdrup Jongkhar	3.660	20.246	25.756	46.002	49.662
163	Wangphu Gewog, Samdrup Jongkhar	3.810	16.784	15.710	32.494	36.304
164	Langchenphu Gewog, Samdrup Jongkhar	2.920	7.941	4.489	12.430	15.350
165	Lauri Gewog, Samdrup Jongkhar	3.011	25.331	107.164	132.495	135.506

Sl. No	Name of the Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grants)	Gewog CMI under Dzongkhag	Total	
166	Martshala Gewog, Samdrup Jongkhar	3.763	16.711	18.029	34.740	38.503
167	Dewathang Gewog, Samdrup Jongkhar	3.145	12.703	2.469	15.172	18.317
168	Orong Gewog, Samdrup Jongkhar	3.881	15.548	21.800	37.348	41.229
169	Samrang Gewog, Samdrup Jongkhar	2.855	4.384	3.928	8.312	11.167
170	Serthi Gewog, Samdrup Jongkhar	3.613	14.394	10.302	24.696	28.309
171	Bartsham Gewog, Trashigang	4.006	11.341	18.516	29.857	33.863
172	Bidung Gewog, Trashigang	3.760	9.473	4.136	13.609	17.369
173	Kanglung Gewog, Trashigang	3.306	20.437	5.611	26.048	29.354
174	Kangpara Gewog, Trashigang	4.501	15.615	8.865	24.480	28.981
175	Khaling Gewog, Trashigang	3.609	15.067	8.977	24.044	27.653
176	Lumang Gewog, Trashigang	3.904	22.374	15.149	37.523	41.427
177	Merak Gewog, Trashigang	3.494	15.195	119.716	134.911	138.405
178	Yangnyer Gewog, Trashigang	3.971	14.992	7.855	22.847	26.818
179	Phongmey Gewog, Trashigang	3.637	15.564	6.733	22.297	25.934
180	Radhi Gewog, Trashigang	3.507	15.445	8.977	24.422	27.929
181	Sakteng Gewog, Trashigang	3.408	26.702	108.269	134.971	138.379
182	Samkhar Gewog, Trashigang	3.247	15.843	14.588	30.431	33.678
183	Shongphu Gewog, Trashigang	3.447	14.176	10.099	24.275	27.722
184	Thrimshing Gewog, Trashigang	3.773	12.274	7.407	19.681	23.454
185	Udzorong Gewog, Trashigang	3.925	15.982	15.710	31.692	35.617
186	Soe Gewog, Thimphu	3.379	3.813	-	3.813	7.192
187	Chang Gewog, Thimphu	3.188	16.080	-	16.080	19.268
188	Dagala Gewog, Thimphu	3.355	8.344	-	8.344	11.699
189	Gayney Gewog, Thimphu	4.305	5.746	6.627	12.373	16.678
190	Kawang Gewog, Thimphu	3.380	18.533	-	18.533	21.913
191	Lingzhi Gewog, Thimphu	3.125	6.105	-	6.105	9.230
192	Mewang Gewog, Thimphu	3.101	18.408	-	18.408	21.509
193	Naro Gewog, Thimphu	3.145	4.202	29.850	34.052	37.197
194	Geonkhamed Gewog, Gasa	3.300	4.835	-	4.835	8.135
195	Geonkhteod Gewog, Gasa	3.386	4.035	-	4.035	7.421

Sl. No	Name of the Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grants)	Gewog CMI under Dzongkhag	Total	
196	Laya Gewog, Gasa	3.373	15.742	53.000	68.742	72.115
197	Lunana Gewog, Gasa	3.300	13.101	1.223	14.324	17.624
198	Bumdeling Gewog, Trashi Yangtse	3.132	19.676	11.615	31.291	34.423
199	Jamkhar Gewog, Trashi Yangtse	3.498	8.278	-	8.278	11.776
200	Khamdang Gewog, Trashi Yangtse	3.612	20.988	18.266	39.254	42.866
201	Ramjar Gewog, Trashi Yangtse	3.803	10.875	-	10.875	14.678
202	Teodtsho Gewog, Trashi Yangtse	3.613	14.586	6.627	21.213	24.826
203	Tongmizhangtsha Gewog, Trashi Yangtse	3.330	10.992	0.808	11.800	15.130
204	Yalang Gewog, Trashi Yangtse	3.880	15.196	-	15.196	19.076
205	Yangtse Gewog, Trashi Yangtse	3.248	15.659	26.579	42.238	45.486
	Total	719.197	2,760.000	2,609.054	5,369.054	6,088.251

Annexure 4: Budget allocation for Legislative, Judiciary and Constitutional Bodies

National Assembly Services

Nu. In Million

Sl. No	Name of activities	Recurrent	Capital
1	Current Grants including pay and benefits	118.440	-
2	Boomer gate maintenance and procurement of photo copy machine	-	0.300
3	Procurement of headphones	-	0.100
4	Central Heating ventilation and Air Conditioning	-	0.384
5	Firewall License renewal for NA & MP office	-	0.240
Total		118.440	1.024

National Council Services

Nu. In Million

Sl. No	Name of activities	Recurrent	Capital
1	Current Grants including pay and benefits	81.404	-
2	Installation of intercom services and procurement of heavy-duty printer	-	0.300
3	Remodeling of the banquet hall into National Council Hall	-	5.600
4	Installation of security boom barrier at the main gate	-	0.250
	Total	81.404	6.150

Judiciary

Nu. In Million

Sl. No	Name of Activity	Recurrent	Capital
1	Current Block Grants to Judiciary	293.762	-
2	Training on Dzongkha Grammar and its application for Bench Clerks	-	0.860
3	Construction of District Court at Gasa	-	15.000
4	Construction of Sakten Drungkhag Court	-	11.820
5	Construction of District Court at Paro	-	30.000
6	Construction of Drungkhag Court at Weringla	-	2.780
7	Renovation of Lhuentse Dzongkhag Court	-	1.500
8	Renovation of Dagana Dzongkhag Court	-	1.500
9	Renovation of Wamrong Dungkhag Court	-	1.500
10	Construction of Access Road to Dorokha Dungkhag Court	-	1.800
11	Renovation of Thrimshing Dungkhag Court	-	1.500
12	Construction of Drangpon Residence at Sangbaykha Spillover	-	0.500
13	Construction of Drangpon Residence at Paro	-	9.700
14	Establish institutional Linkage between Supreme Court of Bhutan and Courts in the Region	-	3.500
15	Strengthen Child Justice and Procedures	-	4.000
16	Procurement of Equipment and Furniture to establish Women and Child friendly room	-	2.5
17	Master's Degree for Judiciary officers	-	4.000
18	Master's Programme (LLM)	-	1.500

Sl. No	Name of Activity	Recurrent	Capital
19	Maintenance and furnishing of Drangpon Residence, Chukha District Court	-	0.500
20	Procurement of office Equipment and Computers, Chukha District Court	-	0.250
21	Procurement of Equipment and Furniture, Haa District Court	-	0.25
22	Procurement of Furniture for Lhuntse District Court	-	0.100
23	Procurement of Furniture for Samdrup Jongkhar District Court	-	0.100
24	Procurement of office Equipment and Computers for Wamrong Dunkhag Court	-	0.150
25	Procurement of Computers for Nganglam Dunkhag Court	-	0.120
26	Procurement of Equipment and Computers for Samdrupchholing Dunkhag Court	-	0.25
27	Construction of toilet at Samdrupchholing Dunkhag Court	-	0.210
28	Procurement of Computer for Sombaykhe Dunkhag Court	-	0.150
	Total	293.762	96.040

Anti -Corruption Commission

Nu. In Million

Sl. No	Name of activity	Recurrent	Capital
1	Current grants including pay and benefits	91.960	-
2	Construction of Anti-Corruption Commission office building at Phuentsholing	-	5.939
3	IT services and system strengthened	-	0.300
4	Procurement of portable interview recorder	-	1.200
5	Enhancement of complain and investigation management system	-	5.000
6	Conduct ethical leadership assessment survey	-	0.200
7	Develop integrity vetting system	-	0.240
8	Capacitate for implementation and assessment of National Integrity and Anti-Corruption Strategy (NIACS) and Organizational Integrity Plan (OIP)	-	1.000
9	Administer and manage Asset Declaration	-	4.500
10	Conduct corruption risk assessment in vulnerable sectors	-	1.720

Sl. No	Name of activity	Recurrent	Capital
11	Conduct preparatory work for National Integrity Assessment (NIA) 2022	-	0.150
12	Implement business integrity initiative of Bhutan	-	0.300
13	Conduct research on value education and youth integrity	-	3.700
14	Conduct impact assessment of social accountability	-	1.900
15	Develop and disseminate information education and communication materials	-	0.850
16	Implement youth integrity program	-	2.000
17	Conduct thematic sessions	-	1.020
18	Upgrade and launch e-learning course on ethics and integrity	-	1.800
19	Specialized training on anti-corruption studies, investigation, prevention and education	-	10.282
20	Conduct agency corruption assessment	-	1.000
21	Anti-Corruption Act of Bhutan 2011 amendment and associated works	-	0.150
22	Implement the Anti-Corruption Commission media and communication strategy	-	1.000
23	Enhance network with regional and international counterparts	-	1.278
24	Enhance network with national partners	-	0.200
25	Comply to United Nations Convention Against Corruption Requirements (UNCAC)	-	1.500
26	Assessment and enhancement of overall security system and installations	-	5.800
	Total	91.960	53.029

Election Commission of Bhutan

Nu. In Million

Sl. No	Activity	Recurrent	Capital
1	Current grants including pay and benefits	34.560	-
2	Conduct 11th SAARC Forum of Election Management Bodies of South Asia (FEMBOSA)	-	1.000
3	Enhance SMS based result relaying system with mobile app		1.300
4	Citizenry education to youth	-	4.308

Sl. No	Activity	Recurrent	Capital
5	Development of production and education training materials on civic and voter education	-	2.820
6	Long term studies	-	0.560
7	Training for political party members on what is right in politics	-	1.050
8	All party consultative workshop on democracy and development	-	1.018
	Total	34.560	12.056

Royal Audit Authority

Nu. In Million

Sl. No	Name of activity	Recurrent	Capital
1	Current grants including pay and benefits	179.363	-
2	ICT service-related renewal and equipment	-	0.400
3	Annual audit of RAA	-	0.200
4	Audit advocacy program	-	1.000
5	Outsourcing of audit services	-	3.000
6	Austrian support for capacity building of RAA	-	2.000
7	Development & integration of audit follow-up system	-	1.000
8	Construction of RAA office, Bumthang (spill over)	-	28.000
9	Continuing professional development policy of auditors	-	6.000
	Total	179.363	41.600

Royal Civil Service Commission

Nu. In Million

Sl. No	Activity	Recurrent	Capital
1	Current grants including pay and benefits	54.676	
2	Foundational orientation course to new HROs		0.300
3	Professionalizing civil service (GOI-PTA)		150.000
4	Nehru-Wangchuck scholarship		13.603
5	Cost sharing and other HRD programs		42.631
6	Young Professional Leadership Program (YPLP)		8.640

Sl. No	Activity	Recurrent	Capital
7	Foundational Leadership Program (FLP)		8.640
8	GEF- LDCF scholarship		2.286
9	Competency framework- professionalizing civil service phase III		7.500
10	Enhancing leaderships in implementing the Managing for Excellence (MAX) for 75 agencies		0.500
11	Civil service reform 2020		19.000
12	Bhutan civil service examination		13.995
13	SMS gateway charges, UTM and antivirus license renewal		0.530
14	Enhancement of digital archiving system and file scanning		2.000
15	Development of scholarship and recruitment portal		2.000
16	Conduct strategic auditing workshop in nineteen agencies		2.060
17	Executive forum & executive roundtable		0.500
18	Bhutan Executive Services Training (BEST)		2.500
19	Counseling and mentoring program to junior officers		0.300
20	Retirement planning workshop to civil servants nearing retirement		1.000
21	Provide mindfulness based emotional intelligence to civil servants (SIY)		1.500
22	Civil service awards		4.500
	Total	54.676	283.985

Annexure 5: Economic Classification of Expenditure for FY 2021-22

Nu. In Million

Sl. No	Object Classification	Appropriation
RECURRENT EXPENDITURE		
1	Pay and Allowances	16,993.156
2	Other Personnel Emoluments	500.966
3	Travel - (LTC/Leave Travel Concession)	553.315
4	S & M - School Stationeries for Students	336.000
5	Current Grant	6,960.094
6	Current Grants - Individuals/Non-profit Orgs.	227.570
7	Medical Benefits (India)	300.000
8	Procurement of Essential Drugs	403.000
9	Current Grants - Financial Institutions	62.475
10	Current Grants - Non-Financial Institutions	1,934.301
11	Contributions - Provident Fund	2,099.027
12	General Reserves	1,880.480
13	Interest Payment	3,348.280
	TOTAL RECURRENT EXPENDITURE	35,598.664
CAPITAL EXPENDITURE		
14	Acquisition of Immovable Property - Buildings	350.000
15	Capital Grant	6,233.505
16	Training - Human Resource Development	672.640
17	Training - Others	2,192.362
18	Exp. on Structure - Buildings	7,477.871
19	Exp. on Structure - Roads (incl.culverts,drns)	7,420.508
20	Exp. on Structure - Bridges	617.149
21	Exp. on Structure - Irrigation Channels	515.893
22	Exp. on Structure - Drainage Systems	128.524
23	Exp. on Structure - Water Supply & Sanitation	1,360.919
24	Exp. on Structure - Plantations	315.068
25	Exp. on Structure - Others	1,395.524
26	Plant & Equipmt. - Roads	1.724
27	Plant & Equipmt. - Power Generation	39.373
28	Plant & Equipmt. - Power Trans. & Dist.	37.150
29	Plant & Equipmt. - Telecommunications	355.377
30	Plant & Equipmt. - Agricultural Machineries	68.623
31	Plant & Equipmt. - Livestock	143.326

Sl. No	Object Classification	Appropriation
32	Plant & Equipt. - Hospital/Lab. Equipment	1,113.648
33	Plant & Equipt. - General Tools, Instruments	852.684
34	Purchase of Vehicles	139.500
35	Furniture	33.755
36	Office Equipment	56.909
37	Computers & Peripherals	73.166
38	Professional Services	1,785.716
39	General Provisions	3,820.000
40	Capital Grants - Individuals/Non-Profit Orgs.	395.839
41	Capital Grants - Financial Institutions	11.654
42	Capital Grants - Non-Financial Institutions	477.076
43	Acquisition of Equities/Shares	235.188
	TOTAL CAPITAL EXPENDITURE	38,320.671
	TOTAL LENDING EXPENDITURE	909.400
	TOTAL REPAYMENT EXPENDITURE	5,654.415
	TOTAL BUDGET APPROPRIATION	80,483.150

Annexure 6: Major Capital activities under various sectors

i. Major Capital activities under Health Sector

Nu. In Million

Sl. No	Name of activities	Amount	Funding
Ministry of Health			
1	Construction of 150 Bedded Gyaltsuen Jetsuen Pema Mother and Child Hospital at Thimphu	316.000	GoI
2	Gastric Cancer Program	250.464	PG
3	Procurement of Medical Equipment	235.000	RGoB
4	Construction of 65 Bedded Mother and Child Hospital at Mongar	200.000	GoI
5	Cervical Cancer Program	133.688	PG
6	Ancillary works (Gidagom Water Supply and Compact Substation and Related Work for) Upcoming NCID	114.815	RGoB
7	Breast Cancer Program	94.000	PG
8	Long Term Training (Continuation)	45.000	RGoB

Sl. No	Name of activities	Amount	Funding
9	Construction of 40 Bedded District Hospital, Dewathang, Samdrup Jongkhar	44.000	GoI
10	Construction of 50 Bedded Hospital at Taba	40.000	PG
11	Purchase of Medical Equipment Spares Parts and Accessories for Medical Equipment Devices	35.000	RGoB
12	Construction of 3 Satellite Clinics at Motithang Babena and Simtokha	23.000	ADB
13	Long Term Training (New)	16.000	RGoB
14	Construction of water reservoirs, waste sheds, burial pits for BHU I & II and Hospital in Trongsa and Zhemgang Districts	11.900	ADB
15	Construction of water reservoirs for BHU I & II and Hospitals in Samdrup Jongkhar and Pemagatshel Districts	10.820	ADB
16	Procurement of Biochemistry Analyzers, Hematology Lab Refrigerators Centrifuges for Hospitals and BHU I	10.200	ADB
17	Construction of 1 Satellite Clinic at Debsi	9.200	ADB
18	Construction of Satellite Clinic at Phuntsholing Thromde	6.800	ADB
19	Roll Out international Classification of Diseases Version 11(ICD11) as Per WHO Resolution	5.000	WHO
20	Roll Out of Bhutan Healthcare Standards for Quality Assurance in All BHU II and Sub Post of Central Region 6 Dzongkhags	5.000	ADB
21	Major Renovation of office building damaged by Fire (DTMHS)	5.000	RGoB
Jigme Dorji Wangchuck National Referral Hospital			
1	Construction of additional Hospital Wing at JDWNRH	123.982	RGoB
2	Procurement of Medical Equipment for Ophthalmology Department	66.120	GoI
3	Procurement of Equipment (introduce Extracorporeal Shockwave Lithotripsy) Services	39.400	RGoB/GOI
4	Ancillary Equipment for Cath Lab	20.000	RGoB

Sl. No	Name of activities	Amount	Funding
5	Construction of dedicated water supply lines in JDWNRH	16.980	RGoB
6	Procurement of Spare Parts and Test tools	15.000	RGoB
7	Procurement of Routine Hospital General Equipment	15.000	RGoB
8	Procurement of Medical Equipment for JDWNRH	38.300	GoI
9	Procurement of USG Color Doppler Machines and MSK Probes (PMD)	6.500	GoI
10	Construction of Bio Medical Procurement and MTC of office Building Engineering Service Block	5.850	RGoB
Local Governments			
1	Construction of Staff Quarter and BHU II at Kamji, Chukha	14.400	GoI
2	Construction of Staff Quarter and BHU II at Lingden, Chukha	12.400	GoI
3	Construction of Staff Quarter and BHU II at Piping, Chukha	12.400	GoI
4	Construction of Staff Quarter and BHU II at Chongaykha, Chukha	12.400	GoI
5	Construction of Pangbisa BHU Grade I, Paro	18.221	GoI
6	Construction of Primary Health Centre (PHC) at Dopshari and Doteng Gewog, Paro	18.000	GoI
7	Construction of 20 Bedded Hospital at Tashicholing, Samtse	100.000	GoI
8	Construction of Staff Quarters at Tsirang Hospital in Damphu town	27.402	GoI
9	Construction of Water Supply Scheme for Rinchengang Village, Wangdue	23.000	GoI
10	Upgradation of Autsho BHU II to I under Tshengkhar Gewog, Lhuntse	22.600	GoI
11	Upgradation of Drametse Primary Health Center to Hospital (10 Bedded), Mongar	10.500	GoI
12	Construction of Water Supply Scheme for Samtse Municipality	40.000	GoI
13	Construction of Compound Fencing and Water Distribution Network, Sarpang	31.620	GoI

Sl. No	Name of activities	Amount	Funding
14	Construction of Waste Water Treatment Plant at Samtenling, Jhungshina, Pamtsho LAP, Thimphu Thromde	15.000	GoI
15	Construction of Water Treatment Plant including associated infrastructure at Ngabiphu, Thimphu Thromde	45.000	GoI
16	Construction of Sewerage Network along with Sewer Treatment Plant at Pekarshing LAP, Phuntsholing Thromde	25.000	GoI
17	Construction of Water Supply Network in LAP IV, Gelephu Thromde	11.780	GoI
18	Construction of Water Supply Network in LAP V, Gelephu Thromde	13.660	GoI

ii. Major capital activities under Education Sector

Nu. In Million

Sl. No	Name of activities	Amount	Funding
Royal University of Bhutan			
1	Renovation and Equipping of RUB	35.619	RGoB
2	Construction of water and sewerage treatment plant along with the Network at Sherubtse College	37.740	GoI
3	Construction of 4 blocks of 4 units staff residence at College of Language and Cultural Studies, Taktse	25.000	GoI
4	Construction of student hostel at College of Science and Technology, Phuntsholing	10.000	GoI
5	Construction of Convention Hall at College of Science and Technology, Phuntsholing	30.000	GoI
6	Construction of Hostel 156 Bedded at College of Natural Resources, Lobeysa	45.011	GoI
7	Construction of sports laboratory with fitness centre at Paro College of Education	20.880	GoI
8	Construction of 6 units postgraduate block at Samtse College of Education	13.186	GoI
9	Construction of 2 units staff quarter at Samtse College of Education	26.372	GoI
10	Construction of girls' hostel 300 capacity at Gaeddu College of Business Studies	24.500	GoI

Sl. No	Name of activities	Amount	Funding
11	Remodeling of hostels and auditorium at Gaeddu College of Business Studies	14.368	GoI
12	Construction of mechanical lab and classrooms at Jigme Namgyel Engineering College	23.052	GoI
13	Construction of Royal Institute of Law at Paro	282.000	GoI
Ministry of Education			
1	Government Scholarship to class XI & XII in Private Schools	242.950	RGoB
2	Construction of Chundu Central School	160.000	RGoB
3	Implement new and ongoing ex-country under graduate Scholarship in third Countries /India	130.030	RGoB
4	Implement new Scholarship slots and ongoing scholarship to Students	110.000	GoI
5	Construction of ICT Lab	91.000	GoI
6	School kitchen and store improvement	70.810	WFP
7	Replication of teaching and learning from The Royal Academy to 22 schools	50.000	RGoB
8	Skill Training and Education Pathways up-gradation - Construction of TVE Lab in 13 Pilot Schools	37.800	ADB
9	Construction of 6-unit Classroom, 32 bedded Hostels 2 nos., 4-unit Staff Quarters, Dining Hall, Kitchen and store, Academic toilet and water supply at Dungkar PS Lhuentse	32.602	GoI
10	Construction of 6 units Classrooms, 96 bedded Hostels 2 no.s, 4-unit Staff quarters, Kitchen and store, academic toilets 2 nos., and water supply at Sakteng LSS, Tashigang	29.719	GoI
11	Scholarships under assistance to privately enrolled Medical Students' Scheme	27.410	RGoB
12	Renovation of Tama School	25.500	RGoB
13	Construction of 6 units Classrooms, 64 bedded hostel 2 no.s, 4-unit Staff quarters, Kitchen and store and Academic toilets 2 nos. at Jurmey PS Mongar	25.155	GoI
14	Construction of 96 bedded Hostels 2 no.s, 4-unit Staff quarters, Kitchen and store and water supply at Merak Ps Tashigang	22.125	GoI

Sl. No	Name of activities	Amount	Funding
15	Scholarships Under Queen's Endowment for Cultural Studies	20.000	RGoB
16	Bhutan Professional Standards for Teachers (BPST): Orientation and roll out of BPST	20.000	GoI
17	Construction of 8 Unit Classroom 32 Bedded Hostel 2 no.s, Academic toilet, Kitchen and Store, Principal Qtr and 3 Unit Staff Qtr, Three 2 Unit Classrooms at Lunana PS Gasa	19.346	GoI
18	Undergraduate Scholarships at Royal Thimphu College	19.300	RGoB
19	Construction of 96 Bedded Hostel, Renovation of Kitchen and Store, Academic toilet and Water Supply at Phekoma PS Dagana	18.196	GoI
20	Coding Fee Payment (Code Monkey)	18.000	RGoB
21	Construction of 8 Unit Classroom, 4 Unit Staff Qtr and Kitchen and Store at Dorokha CS Samtse	17.912	GoI
22	Construction of 6 Unit Classroom, 32 Bedded Hostel 2 nos, and 4 Unit Staff Qtr at Tarphe PS Tashiyangtse	17.834	GoI
23	M.Ed. Science & Mathematics at Samtse College of Education	17.183	RGoB
24	Construction of 96 Bedded Hostel 2 nos, Kitchen and Store, Dining Hall and Renovation of Classroom at Pangna PS Dagana	16.237	GoI
25	Construction of 6 Unit Classroom, 64 Bedded Hostel 2 nos, and 4 Unit Staff Qtr at Lauri PS Sjongkhar	15.855	GoI
26	Construction of 64 Bedded Hostel 2 nos, and Kitchen and Store at Gaselo CS Wangduephodrang	15.832	GoI
27	M.Ed. Geography and English at Samtse College of Education	15.589	RGoB
28	M.Ed. Primary at Paro College	15.122	RGoB
29	Construction of 64 Bedded Hostel 2 nos and 4 Unit Staff Qtr at Jigmecholing LSS Sarpang	14.927	GoI
30	Development of national multi sectoral behavior change	14.600	WFP
31	Bridge Bhutan Project	14.586	UNESCO

Sl. No	Name of activities	Amount	Funding
32	Construction of 64 Bedded Hostel 2 nos, MPH, Kitchen and store at Pemathang LSS, Sjongkhar	13.499	GoI
33	B.Ed Primary at Paro College of Education	12.511	RGoB
34	Construction of 6 Unit Class Room, 4 Units Staff Qtr, and Academic toilet 2 nos at Bemji PS Trongsa	12.369	GoI
35	Construction of 64 Bedded Hostel 2 nos and 4 Unit Staff Qtr at Shershong LSS Mongar	11.924	GoI
36	Establishment of inclusive ECCD centers with Wash Facilities	11.680	UNICEF
37	Training of ICT Lab Assistant and institutional Capacity	10.000	GoI
38	Construction of 8 Unit Classroom, 4 Unit Staff Qtr, Academic toilet 2 nos and Water Supply at Namgaycholing PS, Samtse	9.724	GoI
39	Construction of 8 Unit Classroom and Renovation of Principal Quarter at Chongaykha PS Chhukha	9.030	GoI
40	Payment to Leap Learner	9.000	GoI
41	Construction of 4 Unit Staff Qtr, Warden and Matron Qtr 2 nos, Dining Hall and Academic toilet at Khomshar PS Zhemgang	8.569	GoI
42	Construction of 6 Unit Classroom, 4 Unit Staff Quarter, Academic toilet 2 and Water Supply at Sinchula PS Chhukha	7.770	GoI
43	Setting up of Computer Lab and supply of additional computer with LAN Set up in School	7.000	GoI
Local Government			
1	Construction of Classrooms and Hostels at Dungna LSS, Chukha	45.000	GoI
2	Construction of 4 Unit Staff Qtr at Lokchina LSS, Chukha	11.144	GoI
3	Construction of Academic Block at Wangchu MSS, Chukha	21.000	GoI
4	Construction of Hostels, Kitchen and Store at Darla MSS, Chukha	25.800	GoI
5	Construction of 120 Bedded Hostel and 4 Unit Staff Quarter 2 nos. Nakshikha CS, Chukha	21.823	GoI

Sl. No	Name of activities	Amount	Funding
6	Construction of MPH at Damthang Primary School, Haa	10.000	GoI
7	Construction of Science Lab at Tshephel LSS, Haa	35.000	GoI
8	Construction of 4 Unit Staff Quarter and 12 Unit Classroom at Wanakha LSS, Paro	15.000	GoI
9	Construction of 12 Unit Classroom and 2 nos. Academic toilets, Drukgyel CS, Paro	10.000	GoI
10	Construction of 200 Bedded Boys Hostel at Panbari PS, Samtse	15.000	GoI
11	Construction of Hostels with warden and matron Quarters at Panbari PS, Samtse	30.949	GoI
12	Construction of two nos. 200 Bedded Hostel, 12 Unit Classroom 2 nos., 4 Unit Staff Quarter MPH and 2 nos. academic toilets, Dorokha CS, Samtse	37.066	GoI
13	Construction of 2 nos 200 Bedded Hostel, 6 Unit Classroom, Dining Hall, 6 Unit Staff Quarter 2 nos, Academic toilet and Water Supply, Norbugang CS, Samtse	45.000	GoI
14	Construction of 2 nos 200 Bedded Hostel, 6 Unit Classroom, and academic toilet, Tendu CS, Samtse	40.650	GoI
15	Construction of Boys Hostel with warden's quarter at Peljorling HSS, Samtse	12.300	GoI
16	Construction Girls Hostel with matron's Quarter at Peljorling HSS, Samtse	12.300	GoI
17	Construction of Six Units Staff Quarter and Construction of 120 Bedded Hostel 2 nos at Kabesa CS, Punakha	40.000	GoI
18	Construction of Six Unit Classroom and Construction of 120 Bedded Hostel 2 nos at Tashidingkha CS, Punkha	30.000	GoI
19	Construction of Boys Hostel at Dashiding HSS, Punakha	14.280	GoI
20	Construction of 6 Unit Classroom, 6 Unit Staff Quarter, Dining Hal and Acedamic toilet at Norbuling CS, Sarpang	24.220	GoI
21	Construction of 12 Unit Class Room, 6 Unit Staff Quarter and Academic toilet at Sarpang CS	30.700	GoI

Sl. No	Name of activities	Amount	Funding
22	Construction of 32 Bedded Hostel for Girls and Boys at Buli Central School, Zhemgang	12.000	GoI
23	Construction of 6 Units Classroom, 4 Units Staff Quarter and Academic toilet at Bemji PS, Trongsa	15.094	GoI
24	Construction of 200 Bedded Hostels and Water Supply, Trongsa	22.000	GoI
25	Construction of 180 Bedded Hostel and 2 nos Academic toilets, Lhuntse	18.554	GoI
26	Construction of Girls Holtel at Lhuentse HSS	16.000	GoI
27	Construction of 120 Beded Girls Hostel at Nagor MSS, Mongar	9.508	GoI
28	Construction of MPH at Gyalpoizhing HSS, Mongar	11.900	GoI
29	Construction of 6 Unit Classroom 2 nos, 64 Bedded Hostel and 2 nos Academic toilet, Pema Gatshel	20.000	GoI
30	Construction of two Blocks of 96 Hostels at Orong CS, Samdrup Jongkhar	20.000	GoI
31	Construction of 8 Unit Classrooms 2 nos, 96 Bedded Hostel Science Lab and Academic toilet, Samdrup Jongkhar	32.511	GoI
32	Construction of 8 Unit Classrooms 2 nos, 120 Bedded Hostel and 2 nos Academic toilet, Samdrup Jongkhar	35.000	GoI
33	Construction of 6 Unit Classrooms and Library Block, 96 Bedded Hostel 2 nos, Principal Quarter, Academic toilet 2 nos and Water supply, Samdrup Jongkhar	23.546	GoI
34	Construction of additional infrastructure at Garpawoong MSS, Samdrup Jongkhar	18.000	GoI
35	Construction of Multi-Purpose Hall, 4 Unit Staff Quarter and Basketball Court at Bartsham, Trashigang	19.499	GoI
36	Construction of Multi-Purpose Hall and 6 Unit Classroom and Academic toilet 2 nos at Duntse, Trashigang	25.000	GoI
37	Construction of MPH and 6 Unit classroom at Thrimshing CS, Trashigang	20.000	GoI

Sl. No	Name of activities	Amount	Funding
38	Construction of Multi-Purpose Hall, 6-unit classroom and Academic toilet 2 nos at Udzorong, Trashigang	12.682	GoI
39	Construction of 6 Unit Classroom, Dinning Hall and Academic toilet 2 nos at Rangjung, Trashigang	42.218	GoI
40	Construction of Hostel for both boys and Girls at Tashitse CS, Trashigang	11.000	GoI
41	Construction of 6-unit classroom, 96 bedded hostel 2 nos and academic toilet 2 nos at Jampelling, Trashigang	31.862	GoI
42	Construction of 4 Unit teacher quarter at Kuzuchen MSS, Thimphu	19.750	GoI
43	Construction of Boys Hostel with warden quarter at Kuzuchen MSS, Thimphu	10.000	GoI
44	Construction of four 3 Units Classroom, two 64 Bedded Hostel, Principal Quarter, Academic block and Library Block, 4 Unit Staff Quarter, MPH Kitchen and Store, 2 Units Academic toilet and basketball Court, Laya LSS, Gasa	25.000	GoI
45	Construction of 6 Unit classroom, 4-unit staff quarter, 96 bedded hostel, academic toilets, staff toilets, water supply and basketball Court, Baylling CS, Trashiyangtse	20.200	GoI
46	Construction of integrated classroom block as Dangrina PS, Thimphu Thromde	25.000	GoI
47	Construction of integrated academic block at Changzamtog MSS, Thimphu Thromde	25.000	GoI
48	Construction of classroom block and administrative blocks at YHS, Thimphu Thromde	25.000	GoI

iii. Major capital activities in RNR sector

Nu. In Million

Sl. No	Name of activities	Amount	Funding
Ministry of Agriculture and Forest			
1	Survey Design and Construction of Phangyul Irrigation Channel	61.325	GCF
2	Construction of UHT Plant under S.Jongkhar Spillover	50.000	CARLEP
3	Purchase of Spare Parts and POL for Heavy Machineries	41.000	RGOB
4	Establish Organic Manure Production Plants Microbiology and Bi Control Laboratory Promote and Support Small Scale Organic Manure Productions	39.423	GoI
5	Construction of Pack Houses in Feasible Project Dzongkhags	37.500	W/BANK
6	Grant Support to Business Proposals for Youth Enterprise Development	33.000	W/Bank
7	Support selected Organic Crop Production interventions and Climate Smart Agriculture	32.000	GoI
8	NFI Cluster Plots in Protected areas	27.750	GCF
9	National Tiger Survey	24.111	BTSEC
10	Big Ticket initiatives for Piggery Enterprise Development	21.000	GoI
11	Feed and Fodder Development	20.000	RGOB
12	Conduct of National forest inventory Outside Protected Areas	19.500	W/BANK
13	Big Ticket initiatives for Poultry Enterprise Development	19.200	GoI
14	Schedule Production and Distribution of Liquid Nitrogen	15.000	GoI
15	Establish Training Facilities for Professional Capacity Building (Procurement of Equipment)	15.000	GCF
16	National Tiger Survey and Training	14.120	Private Donors
17	Import and Rearing of Layer Parent Stock	14.100	RGOB
18	Training of 500 Youths on Business Enterprise Development including Monitoring and Evaluation	11.320	W/Bank

Sl. No	Name of activities	Amount	Funding
19	Agri-Business and RNR Enterprise Development	11.000	RDCCRP
20	Installation of 50 Kw Solar Pv Plant at Aja Community	10.666	GCF
21	Initiate New Fencing Design Chain Link in Pilot Site on Trial Basis	10.000	CARLEP
22	Support to Enterprise Development Based on Business Project Proposal Through Matching Grant Scheme	10.000	CARLEP
23	Youth Engagement Through Promotion of Hydroponics for Youth Entrepreneurs	10.000	RDCCRP
24	Fodder Tree Promotion and Plantation	9.750	GEF-UNDP
25	National Tiger Survey	9.644	Private Donors
26	Study on Minimum Environmental Flow for Hydropower Projects in Bhutan	22.778	AUSTRIAN
27	Evidence Based Design and Planning of Mitigation Options (Gen2)	13.500	UNDP
Local Government			
1	Major Rehabilitation of Kungkha Pepchu Irrigation Scheme Under Phuntsholing Gewog, Chukha	21.000	WB
2	Construction of Piped Irrigation Scheme at Shari under Samar Gewog, Haa	18.000	WB
3	Renovation of Sibsoo Biru Irrigation Channel, Samtse	44.400	GCF
4	Renovation of Phenthey Yurwa Irrigational Channel at Talo, Punakha	36.380	GCF
5	Renovation of Juprey Irrigation Scheme at Samtenling, Sarpang	11.080	GCF
6	Construction of Irrigation Channel from Singye Chhu to Tashichoeling, Sarpang	10.170	GoI
7	Construction of Irrigation Channel at Yarphealing, Sarpang	40.000	GoI
8	Construction of Sershong Irrigation Channel, Zhemgang	41.437	GoI
9	Renovation of Longchhu Irrigation Scheme at Drakten, Trongsa	11.066	GCF

Sl. No	Name of activities	Amount	Funding
10	Renovation of Yurmung Tsangchhu Irrigation Scheme at Langthel, Trongsa	20.560	GCF

iv. Major capital activities in Mining and Manufacturing Industries

Nu. In Million

Sl. No.	Name of Activities	Amount	Funding
1	Damdhum Industrial Estate, Samtse	GoI	361.409
2	Development of Pasakha dry Port	TSFP	250.150
3	Development of Gelephu dry Port	TSFP	167.270
4	Development of Nganglam dry Port	TSFP	143.320
5	Pasakha Industrial Estate	GoI	18.284
6	Development of POL Depot for Eastern and Central Bhutan	TSFP	70.000
	Motanga Industrial Park, Samdrup Jongkhar	GoI	72.000
7	Jigmeling Industrial Park, Sarpang	GoI	50.615
8	Bjemina Industrial Estate, Thimphu	RGoB	28.964
9	Export Diversification under Brand Bhutan	Geneva	25.000
10	Procurement of Scientific equipment - Brunton Compass, Geological Hammer handled GPS Streak Plate and Tungsten Carbide Scribe	RGoB	5.320
11	Procurement of Drilling Pump and detailed exploration of industrial grade marble in and around Dorithasa, Sombaykha, Haa Dzongkhag	RGoB	5.071

v. Major capital activities in Tourism

Nu. In Million

Sl. No	Name of activities	Amount	Funding
1	Construction of classroom	9.100	PG
2	Construction of kitchen for RITH	5.100	PG
3	Program Management Unit, Flagship Program	7.500	PG
4	Development of Aja Ney trail in Mongar, Lhuentse and T/Yangtse	9.604	PG
5	Development of Rinchengang model village in Wangdue	5.000	PG

Sl. No	Name of activities	Amount	Funding
6	Development of amenities at Gelephu tshachu	4.500	PG
7	Undertake tourism resource inventory/employment survey/assessment and thematic research	3.000	PG
8	Increase attractiveness and visibility in top international tourism events	3.100	PG
9	Promote Bhutan by organizing destination-specific promotion events	4.780	PG
10	Promotion through local events	3.500	PG
11	Engage and promote in social media digital platform and online campaign	4.080	PG
12	Construction and maintenance of existing trek routes, campsites and restrooms	12.700	PG
13	Training and reskilling in tourism and hospitality	12.000	PG
14	Enhancement of Tashel system and digitalization of tourism products and services	5.000	PG

vi. Major capital activities in employment and vocational training

Nu. In Million

Sl. No	Name of activities	Amount	Funding
1	Build Bhutan Project	416.578	GoI, PTA
2	Dual Training program developed and operationalized with potential construction industries and institutions	21.570	Helvats
3	Construction of TTI in Thimphu and expansion of TTI Samthang, Wangdi	226.244	ADB/RGoB
4	Procurement of tool and instruments for Technical Education	136.060	ADB
5	Construction of river protection wall at TTI, Rangjung	59.200	GoI, PTA
6	Construction of bridge at TTI, Chumey	19.400	GoI, PTA
7	Retrofitting of main building NIZ, Thimphu	20.342	RGoB
8	Critical skill development for in-service and Preservice	98.000	GoI, PTA

9	Youth Engagement for Livelihood and Leadership Program (YELP)	77.042	GoI, PTA
10	Construction of workshop, classroom and hostels at CZC, Tashiyangtse	17.570	GoI, PTA
11	Construction of river protection wall at Chumey	19.400	GoI, PTA
12	Construction of river protection wall at TTI Samthang	11.900	GoI
13	Construction of two storied workshop classroom for automobile trade at TTI Rangjung.	14.580	GoI, PTA
14	Procurement of training materials for existing TTIs and NIZs	20.086	RGoB

vii. Major capital activities in Road Sector

Nu. In Million

Sl. No.	Name of activities	Amount	Funding
Ministry of Works and Human Settlements			
1	Approach Road at National Service Centre Taraythang	316.879	GoI
2	Improvement of works on Tralingthang Dramaling PNH	266.000	GoI
3	Improvement and widening road works Piuli National Service Center	243.260	GoI
4	Improvement of Tshelingore Khothakpa	217.000	GoI
5	Improvement of Bjena Khotakha Road National Service Center	206.458	GoI
6	Improvement works of Sengor Dramaling PNH	200.000	GoI
7	Improvement works on Ura Yongkola Rotpashong PNH	188.621	GoI
8	Monsoon restoration works	160.000	RGoB
9	Mitigation of land slide at Reotala	150.845	GCF
10	Construction of Phuentsholing Chamkuna Road	141.700	ADB

Sl. No.	Name of activities	Amount	Funding
11	Improvement of Halhaley to Namchukhola SNH	133.910	GoI
12	Rigid Pavement on Rinchending Pasakha Road	80.530	RGoB
13	Construction of Daina Zam at Samtse to Sipsu SNH	80.000	GoI
14	Improvement of Gomtu Tading Road	73.681	GoI
15	Pavement and restoration work on Pangbang Nganglam PNH	64.123	GoI
16	Construction of Gayzam Chhu and Lelrizam on Tralingthang Dramling PNH	60.000	GoI
17	Upgradation of Yadi-Lingmethang ongoing (North East West Highway (65 Km)	59.107	GoI
18	Construction of Chamkuna to Amochu Road Project	53.130	ADB
19	Construction of Dalbari Dagapela SNH	50.000	Netherland
20	Blacktopping of Nimshong Therang Shingkar GC Road	50.000	RGoB
21	Construction of Dhamdum Zam at Samtse to Sipsu SNH	50.000	GoI
23	Upgradation of Bajo Khuruthang SNH	44.685	GoI
24	Construction of Dalbari Dagapela SNH	40.000	RGoB
25	Black topping of Gorgan Silibi with L Drain Construction and Hume Pipes	37.745	GoI
Local Government			
1	Blacktopping of Getena GC Road, Chukha	100.000	GoI
2	Blacktopping of Lokchina GC Road, Chukha	50.250	GoI
3	Blacktopping of Denchukha GC Road, Samtse	39.818	GoI
4	Blacktopping of Dumtoed GC Road, Samtse	67.349	GoI
5	Blacktopping of Phuntshopelri GC Road, Samtse	84.471	GoI
6	Blacktopping of Lajab GC Road, Dagana	41.870	GoI
7	Blacktopping of Chhunzom GC Road, Sarpang	50.000	GoI
8	Blacktopping of Bardo GC Road, Zhemgang	50.000	GoI
9	Blacktopping of Bjoka GC Road, Zhemgang	56.436	GoI
10	Blacktopping of Gongdue GC Road, Mongar	5.694	GoI

Sl. No.	Name of activities	Amount	Funding
11	Blacktopping of Silimbi GC Road, Mongar	151.385	GoI
12	Blacktopping of Chhimung GC Road, Pema Gatshel	79.964	GoI
13	Blacktopping of Yurung GC Road, Pema Gatshel	41.365	GoI
14	Blacktopping of Lauri GC Road, Samdrup Jongkhar	72.000	GoI
15	Blacktopping of Merak GC Road, Trashigang	112.983	GoI
16	Blacktopping of Sakteng GC Road, Trashigang	98.170	GoI
17	Blacktopping of Naro GC Road, Thimphu	29.850	GoI
18	Blacktopping of Laya GC Road, Gasa	53.000	GoI

viii. Major Activities in Urban Development Housing & Public Amenities Sector

Nu. In Million

Sl. No	Name of Activity	Amount	Funding
1	Water Flagship Program	712.335	PG/GoI
2	Samdrup Jongkhar Water Supply and Sewage project	61.036	RGoB/ADB
3	Dewathang Water Supply augmentation Project	30	RGoB/ADB
4	Implementation of Flood Protection Works for Bhudini and Dhamdum Rivers in Samtse	27.458	GoI
5	Construction of Waste Water Treatment Plant at Babesa	23.136	RGoB/ADB
6	Retrofitting of Public Structure	10.712	Austria
7	Construction of Integrated Check post at Rinchending PH II and PH III	8.600	RGoB
8	Construction of Integrated Check post at Bumpagang PH III and PH IV (spillover)	4.000	RGoB
9	Construction of waste water treatment plant at Babesa	17.466	RGoB
Local Government			
1	Redevelopment of Norzin Lam Along with Revitalization of Clock Tower, Thimphu Thromde	140.000	PG
2	Development of 4 Lane Road from Bhutan Telecom to Jungshina Phase I, Thimphu Thromde	10.000	GoI

Sl. No	Name of Activity	Amount	Funding
3	Construction of Urban Roads in LAP VI, Gelephu Thromde	120.000	GoI
4	Construction of Water Supply Network in LAP IV, Gelephu Thromde	11.780	GoI
5	Construction of Water Supply Network in LAP V, Gelephu Thromde	13.660	GoI
6	Construction of Integrated Vegetable Shed in Gelephu Town	28.870	GoI
7	Construction of Integrated Vegetable Market Shed with Car Parking, Samdrup Jongkhar Thromde	40.000	GoI
8	Construction of Storm Water Drainage at LAP I at Samdrup Jongkhar Thromde	25.000	GoI
9	Construction of Storm Water Drainage in Samdrup Jongkhar Town And Dewathang Town at Samdrup Jongkhar Thromde	12.000	GoI
10	Construction Urban Roads and Other Urban Infrastructure in LAP I, Samdrup Jongkhar Thromde	15.281	GoI
11	Development of Urban Roads with Blacktopping at Dewathang, Samdrup Jongkhar Thromde	42.935	GoI
12	Blacktopping of urban roads and permanent works at Pekarshing LAP, Phuentsholing Thromde	25.000	GoI
13	Construction of integrated vegetable market shed at Karbraytar and Pasakha, Phuentsholing Thromde	15.826	GoI

ix. Major Activities in Communication Sector

Nu. In Million

Sl. No	Activity	Amount	Funding
1	Digital Drukyul Flagship	1,009.580	PG, TSF, GOI, ADB
2	Runway resurfacing and extension at Bumthang Domestic Airport	162.000	PG
3	Rural Communication Project Phase VI	70.556	USF
4	Construction and Installation of electric vehicle charging stations	69.000	RGoB
5	Procurement of mobile radio frequency monitoring equipment	54.372	USF
6	Construction of new apron taxiway at Bumthang Domestic Airport	50.489	PG

Sl. No	Activity	Amount	Funding
7	Procurement of City Buses for Thimphu Thromde	50.000	PG
8	Supply and installation of voice Communication Control System for domestic airports	16.500	RGoB
9	Procurement of road safety equipment	15.780	PG
10	Strengthen the capacity of government data centre	15.000	RGoB
11	Preparatory works for expansion of runway at Gelephu Domestic Airport	15.000	PG
12	Improvement of airport access road at Yonphula Domestic Airport	10.300	RGoB
13	National data exchange platforms (single source of truth)	10.000	RGoB
14	Improvement and maintenance of central heating system in Paro International Airport	10.000	RGoB
15	Construction of Ground Support Equipment Shed in Paro International Airport	8.000	RGoB
16	Power backup (Uninterruptible Power Supply-UPS) for airport terminals	7.500	RGoB

x. Major activities under Energy Sector

Nu. In Million

Sl. No	Name of activities	Amount	Funding
1	Implementation of Alternative Renewable Energy Pilot Project	13.014	ADB
2	Promotion of Renewable Energy and Energy Efficient Technologies in Building sector of Bhutan	16.23	Austrian
3	Feasibility Study of Hydrogen Economy of Bhutan	8.03	RGoB
4	Grid Electrification	5	RGoB
5	Procurement of Solar Home Lighting Systems	2.456	RGoB
6	Procurement and Installation of solar MET mast	2.45	Adhoc assist.

xi. Major capital activities under Religion and Cultural services

Nu. In Million

Sl. No	Name of activities	Amount	Funding
1	Reconstruction of Wangduephodrang Dzong	150.000	GOI
		55.000	RGoB
2	Construction of Sarpang Dzong	107.500	GOI
3	Restoration of Tango Monastery	80.000	RGoB
4	Conservation of Drukgyel Dzong	80.000	RGoB
5	Construction of Lhakhang at Rajigir Bihar India	70.000	RGoB
6	Conservation of Sangchenchoekhor Monastery	50.000	GOI
7	Restoration of Chari Monastery	38.000	RGoB
8	Renovation of Trongsa Kuengarabten Palace	25.000	RGoB
9	Conservation of Lingzhi Dzong	35.000	GOI
10	Restoration of Rigsum Goenpa Lhakhang at Tashiyangtse	35.000	GOI
11	Restoration and Adaptive Reuse of Wangdichoeling Palace in Bumthang	30.000	Bhutan Foundation
12	Conservation of Chhimi Lhakhang	17.000	RGoB
13	Installation of Methub (Fire Safe room) in Utse of Punakha Dzong	16.492	RGoB
14	Conservation of Samcholing Palace Project	15.000	RGoB
15	Restoration of Pangrizampa Lhakhang	7.780	RGoB
Council for Religious Affairs			
1	Writing and archiving of Kanjur in Gold Scripts	40.000	RGoB
2	Construction of Thanka Conservation Center in Thimphu	20.000	RGoB
3	Construction of Drasha at Lekshey Jungney Shedra	16.000	RGoB
4	Renovation of Dobji Dzong, Dogar Gewog, Paro	14.000	RGoB
5	Development of Infrastructure at Semdhen Rigpai Pelkhang, Simtokha	9.000	RGoB

Sl. No	Name of activities	Amount	Funding
6	Construction of Dratshang Central Library	8.750	RGoB
7	Establishment of New Zhirim Lobdra at Samkhar	6.500	RGoB
8	Major Renovation of Sachok Goenpa	6.500	RGoB
9	Construction of Thongdrel Display Hall and Wall at Pangbisa Ugyen Guru Lhakhang	6.000	RGoB

xii. Major capital activities under Law and Order

Nu. In Million

Sl. No	Name of Activities	Amount	Funding
1	Construction of Low-Cost Non-Commission Quarter at Chamgang	26.798	RGoB
2	Construction of integrated Checkpoint and related infrastructure at Gelephu	17.008	RGoB
3	Major Renovation of Family Quarter at Gyelpoizhing	9.767	RGoB
4	Construction of Family Quarter at Pelzomthang, Naganlam	8.000	RGoB
5	Construction of Family Quarter at Samdrup Jongkhar	7.500	RGoB
6	Construction of Family Quarter at Denchi	7.500	RGoB
7	Construction of Low-Cost Family Quarter at Legokha Paro	7.000	RGoB
8	Construction of Family Quarter at Phuntsholing	7.000	RGoB
9	Construction of Family Quarter at Gelephu	7.000	RGoB
10	Construction of office and Lockup at Monggar	7.000	RGoB
11	Construction of Family Quarter at Lhuntse	7.000	RGoB
12	Construction of Family Quarter at Nungzor in Trashigang	7.000	RGoB
13	Construction of Vocational Training Workshop at Chamgang	7.000	RGoB
14	Construction of Family Quarter at Wangdi	7.000	RGoB
15	Construction of Non-Commission officer and Other Ranks Quarter at Trashy Yangtshu	7.000	RGoB
16	Compound Security Fencing at Chamgang	6.000	RGoB

17	Installation of CCTV and security gadgets in various divisions under the Jail Services	5.000	RGoB
18	Construction of Family Quarter at Tashichhodzong	5.000	RGoB

xiii. Major capital activities under General Public Services

Nu. In Million

Sl. No	Name of activities	Amount	Funding
1	Reconstruction of Kutshab Residence in RBE, New Delhi	50.000	RGoB
2	Establishment of Royal Bhutan Embassy, Canberra	357.600	RGoB
3	Development of Bhutan Integrated Taxation System	44.906	TSF
4	Development of Electronic Custom Management System	14.685	ADB
5	Procurement of Trade Facilitation Equipment, Phuntsholing Thromde	17.000	ADB
6	Construction of Customs Office at Bhimtar, Samtse	13.248	TSF
7	Development of Electronic Procurement System, DNP	23.116	RGoB/WB
8	Goods and Service Tax implementation, GST, DRC	24.528	WB
9	Furnishing of Film Studio	21.100	RGoB

xiv. Major capital activities under Human Resources Development

Nu. In Million

Sl. No	Agency	Name of activities	Amount	Funding
1	Judiciary	Master's Degree for Judiciary officers	4.000	GoA
		Master's Programme LLM	1.500	GoA
2	RCSC	Professionalizing Civil Service	150.000	GoI
		Nehru-Wangchuck Scholarship	13.603	GoI
		Cost Sharing and other HRD Programs	42.631	RGoB

Sl. No	Agency	Name of activities	Amount	Funding
		Young Professional Leadership Program (YPLP)	8.640	RGoB
		Foundational Leadership Program (FIP)	8.640	RGoB
3	ACC	Specialized Training on Anti-Corruption Studies, investigation, Prevention and Education	10.282	GoA
4	NEC	Study on minimum environmental flow for Hydropower Projects in Bhutan	8.184	GoA
5	RUB	HRD Capacity Building of RUB College Faculties	119.750	RGoB
6	KGUMBS	Masters in Anatomy Pharmacology and Microbiology	4.680	RGoB
7	JSWSLC	Capacity development of Faculty and Staff	7.900	GoA
8	BCAA	Mandatory Training for Safety and Security	5.000	RGoB
9	RBP	Cadre Course Training	6.000	RGoB
10	MoF	Goods and Service Tax GST Implementation	4.280	WB
		Improving budget documentation and analysis and classification	7.000	WB
11	MoAF	Capacity Enhancement of Project Stakeholders in Product Development Post Harvest Technology Group Cooperative Dynamics Management	5.000	WB
12	MoWHS	Master's Program for MOWHS official	3.870	GoA
13	MoIC	Data Science Project	7.440	GoI
		Mandatory Training for Aviation security Personnel	3.000	RGoB
		Cooperative Aviation Security Programme – Asia Pacific (CASP-AP) Training	1.500	RGoB
14	MoH	Long Term Training (New)	16.000	RGoB
		Long Term Training (Continuation)	45.000	RGoB
15	MoE	M.Ed Leadership and Management at Paro College of Education	6.171	RGoB

Sl. No	Agency	Name of activities	Amount	Funding
		M.Ed Dzongkha at Paro College of Education	4.980	RGoB
		M.A English at Yonphula College of Advanced Studies	3.540	RGoB
		B.Ed Primary at Paro College of Education	12.511	RGoB
		M.Ed Science & Mathematics at Samtse College of Education	17.183	RGoB
		Med Geography and English at Samtse College of Education	15.589	RGoB
		M.Ed in inclusive Education at Paro College of Education	5.788	RGoB
		Med Primary at Paro College	15.122	RGoB
		M Ed History at Samtse College of Education	3.770	RGoB
		ECCD Diploma Program	4.380	UNCF
16	MoLHR	Capacity Building	9.990	ADB

xv. Major capital activities related to Gender

Nu. In Million

Sl. No	Name of Activities	Amount	Funding
1	Construction of 150 bedded Gyaltsuen Jetsuen Pema Mother and Child Hospital at Thimphu.	316.000	GoI
2	Cervical Cancer Program, Health flagship	133.688	PG
3	Breast Cancer Program, Health flagship	94.000	PG
4	Gender related programs and activities under NCWC and other agencies	56.208	RGoB/External

xvi. Major capital activities related to climate

Nu. In Million

Sl. No	Agency	Name of Activity	Amount	Funding
1	GNHC	Programme Management for GCF Project	63.331	GCF/GEF
2	NEC	Study on minimum environmental flow for Hydropower Projects in Bhutan	22.778	AUSTRIAN
3	MoAF	NFI Cluster Plots in protected Areas	27.750	GCF
		Survey design and construction of Phangyul irrigation channel	61.325	GCF
4	NCHM	Development of tailored climate products and information	20.000	GCF
5	MoWHS	Mitigation of Land Slide at Reotala	150.845	GCF
		Development of adequate and climate resilient infrastructure	21.000	PG
6	Cabinet Secretariate	Implementation of EV discount Program for procurement of EV and related activities	59.134	GEF-UNDP
7	MoIC	Procurement of 25 direct current fast chargers to be installed in 15 dzongkhags	30.000	RGoB
		Procurement of transformers and other electrical components (cables and RMUs)	20.000	RGoB
		Construction of structures and installation fees for charging stations	18.300	RGoB
		Feasibility study along the highways and priority cities for the installation of charging station	0.700	RGoB

Annexure 7: Fiscal Performance for FY 2019-20

Particulars	Nu. In Million			% Variance		
	Original Budget	Revised Budget	Actual Outcomes	Original Vs Revised	Revised Vs Actual	Original Vs Actual
TOTAL RESOURCES	54,619.197	56,781.837	54,603.868	3.96%	-3.84%	-0.03%
DOMESTIC REVENUE	43,299.071	38,495.848	36,218.876	-11.09%	-5.91%	-16.35%
Tax	26,776.847	24,951.453	22,792.988	-6.82%	-8.65%	-14.88%
Non-Tax	16,522.224	13,544.395	13,425.887	-18.02%	-0.87%	-18.74%
OTHER RECEIPTS	28.816	2,634.050	1,959.242	514.26%	-25.62%	356.90%
GRANTS	10,891.310	15,651.939	16,425.750	43.71%	4.94%	50.82%
Programme grants	1,700.000	2,419.097	2,550.000	42.30%	5.41%	50.00%
GoI	1,700.000	2,419.097	2,550.000	42.30%	5.41%	50.00%
Others	-	-	-	0.00%	0.00%	0.00%
Project-tied grants	9,191.310	13,232.842	13,875.750	43.97%	4.86%	50.97%
GoI	5,296.471	6,559.486	8,893.955	23.85%	35.59%	67.92%
Others	3,894.839	6,673.356	4,981.795	71.34%	-25.35%	27.91%
TOTAL EXPENDITURE	61,197.307	67,534.352	57,572.283	10.36%	-14.75%	-5.92%
Current	34,652.765	37,129.019	35,525.354	7.15%	-4.32%	2.52%
Regular Current	34,652.765	34,501.119	33,023.266	-0.44%	-4.28%	-4.70%
NRF Current Activities	-	2,627.900	2,502.088	0.00%	-4.79%	0.00%
Capital	26,544.542	30,405.333	22,046.930	14.54%	-27.49%	-16.94%
Advance/Suspense (Net)	-	-	416.959	-	-	-
OVERALL BALANCE	-6,578.110	-10,752.515	-3,385.374	63.46%	-68.52%	-100.02%
FINANCING	6,578.110	10,752.515	3,385.374	63.46%	-68.52%	-99.98%
Net Lending	2,094.775	1,245.768	729.250	-40.53%	-41.46%	-65.19%
i. Principal recoveries	2,417.860	1,568.853	875.785	-35.11%	-44.18%	-63.78%
Less: Lending	323.085	323.085	146.535	0.00%	-54.65%	-54.65%
Net External Borrowings	1,474.528	3,304.551	3,527.087	124.11%	6.73%	139.20%
Borrowings	4,769.457	5,110.660	5,303.270	7.15%	3.77%	11.19%
a) Project-tied	1,249.957	1,591.160	910.970	27.30%	-42.75%	-27.12%
b) Program	3,519.500	3,519.500	4,392.300	0.00%	24.80%	24.80%
Less: Repayments	3,294.929	1,806.109	1,776.183	-45.19%	-1.66%	-46.09%
Net Internal borrowings Surplus/Deficit	3,008.81	6,202.20	-870.963	106.13%	-	-128.95%
i. Internal borrowings	3,020.21	6,213.60	-859.560	105.73%	-	-128.46%
Less: Repayments	11.404	11.404	11.402	0.00%	-0.01%	-0.01%

Annexure 8: Direct and Indirect shareholding in State Enterprises and Linked Companies

Nu. In Million

Direct Shareholding		2019			2020	
Sl. No	Corporations/Sector	% Holding	No. of Shares	Value (Nu. m)	No. of Shares	Value (Nu. m)
I	Agriculture			564.016		572.62
1	Bhutan Livestock Development Corp. Ltd	100%	4,738,429.000	473.840	4,739,007.000	473.901
2	Farm Machinery Corporation Ltd	100%	483,220.000	48.320	483,220.000	48.320
3	Green Bhutan Corporation Ltd ⁷	100%	418,561.860	41.856	50,400.759	50.400
II	Industry			207.930		207.928
3	Kuensel Corporation Ltd	51%	255,000.000	25.500	255,000.000	25.500
4	Menjongsorig Pharmaceutical Corp. Ltd	100%	1,824,277.000	182.430	1,824,277.000	182.428
III	Services			4,861.847		6,311.891
1	Food Corporation of Bhutan	100%	15,000.000	15.000	15,000.000	15.000
2	Bhutan Lottery Ltd	100%	600,000.000	60.000	600,000.000	60.000
3	Bhutan Duty Free Ltd	100%	1,155,441.000	115.540	1,155,441.000	115.540
4	Bhutan Postal Corporation	100%	235,952.000	23.600	235,952.000	23.600
5	Bhutan Broadcasting Service Limited	100%	1,308,351.000	130.840	1,308,351.000	130.840
6	Royal Bhutan Helicopter Services Ltd	100%	6,070,474.000	607.050	6,070,474.000	607.050
7	National Housing Development Corp Ltd	100%	2,727,961.000	2,727.960	2,733,060.888	2,733.061
8	Bhutan Development Bank Ltd	97%	600,317.000	600.317	600,317.000	600.317
9	National CSI Development Bank	100%	5,305,350.000	530.540	19,754,830.000	1,975.483
10	Financial Institutions Training Institute	31%	4,000,100.000	40.000	4,000,100.000	40.000
11	Credit Information Bureau	44%	1,100,000.000	11.000	11,000,000.000	11.000
IV	Holding Company			48,695.600		48,870.645
1	Druk Holding & Investments Ltd	100%	486,956,007.000	48,695.600	48,870,644,700.000	48,870.645
	Total			54,329.393	-	55,963.084

Annexure 9: Revenue and profitability of State Enterprises and Linked Companies

Nu. In Million

Direct Shareholdings	Gross Revenue			Total Expenses			Profit Before Tax			Net Profit		
Corporations/Sector	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Agriculture	450	271	494	483	344	509	-33	-73	-15	-41	-75	-16
Bhutan Livestock Development Corp. Ltd	56	45	234	112	115	236	-55	-71	-2	-55	-71	-2
Farm Machinery Corporation Ltd	318	184	204	309	190	216	10	-5	-12	8	-4	-13
Green Bhutan Corporation Ltd ⁷	75	42	56	63	39	57	12	3	-1	6	0	-1
Industry	209	251	210	212	220	232	-3	30	-22	-1	21	-20
Kuensel Corporation Ltd	183	203	145	168	177	155	15	26	-10	17	18	-10
Menjongsorig Pharmaceutical Corp. Ltd	27	48	65	44	43	77	-18	5	-12	-18	3	-10
Services	3,113	3,839	4,445	2,582	3,594	4,490	507	269	-44	137	202	-398
Food Corporation of Bhutan	1,218	1,516	2,559	1,234	1,523	2,671	-16	-6	-112	-16	-8	-112
Bhutan Lottery Ltd	233	228	147	184	187	127	49	41	20	34	28	14
Bhutan Duty Free Ltd	80	91	56	22	24	27	58	67	29	41	50	20
Bhutan Postal Corporation	224	192	135	172	166	159	51	25	-24	32	13	-24
Bhutan Broadcasting Service Limited	267	269	296	274	285	327	-6	-15	-31	-4	-10	-16
Royal Bhutan Helicopter Services Ltd	173	161	80	115	126	127	58	36	-47	40	15	-63
National Housing Development Corp Ltd	164	181	200	122	164	236	42	17	-37	42	10	-27
Bhutan Development Bank Ltd	744	1,185	944	422	1,081	735	322	104	208	-5	127	-140
National CSI Development Bank	10	15	29	37	38	80	-51	0	-51	-27	-23	-51
Holding Company	8,779	7,224	7,444	113	127	701	8,666	7,097	6,742	6,061	5,463	4,484
DHI	8,779	7,224	7,444	113	127	701	8,666	7,097	6,742	6,061	5,463	4,484
Total	12,551	11,585	12,592	3,390	4,285	5,932	9,137	7,323	6,661	6,156	5,611	4,049

Share through DHI

Nu. In Million

Corporations/ Sector	Gross Revenue			Total Expenses			Profit Before Tax			Net profit		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Agriculture	673	793	630	615	708	601	58	85	30	40	61	19
Natural Resource Development Corp.	673	793	630	615	708	601	58	85	30	40	61	19
Industry	21,299	22,839	20,980	13,863	14,979	13,917	7,436	7,860	7,063	4,217	4,839	4,452
Penden Cement Authority Limited	1,584	1,533	754	1,458	1,438	975	126	95	-221	112	81	-221
Bhutan Board Products Limited	192	254	185	159	282	247	33	-28	-63	23	-27	-63
Bhutan Ferro Alloys Limited	2,570	2,144	1,720	2,069	1,793	1,793	501	351	-73	320	-114	-74
Dungsam Cement Corporation Limited	3,784	3,389	2,694	3,814	3,440	3,008	-30	-51	-314	-825	-331	-604
Dungsam Polymers	180	178	155	180	172	147	0	6	8	-1	8	5
Druk Green Power Corporation	11,682	11,919	13,241	5,003	4,866	6,031	6,679	7,053	7,210	4,497	4,947	5,058
Koufuku International Pvt. Ltd	13	22	25	34	39	51	-21	-17	-25	-21	-18	-26
Construction Development Corp. Ltd	733	1,864	942	731	1,908	939	2	-44	3	6	-50	11
Wood Craft Centre Limited	111	103	99	89	89	92	22	14	7	15	7	4
State Mining Corporation Ltd	450	1,433	1,166	326	952	634	124	481	532	91	336	363
Services	24,628	26,172	20,077	21,167	19,291	18,746	3,461	6,881	1,332	1,662	4,389	507
State Trading Corporation of Bhutan	2,366	0	1,689	2,254	0	1,697	112	0	-9	67	0	-9
Druk Air Corporation	3,696	4,162	966	3,525	3,660	2,250	171	502	-1,284	159	343	-1,151
Bhutan Telecom Limited	3,593	4,039	4,786	2,220	2,338	2,514	1,373	1,701	2,272	942	1,103	1,538
Bhutan Power Corporation	9,508	9,533	9,040	8,355	7,881	8,041	1,153	1,652	1,000	762	1,184	555
Thimphu TechPark Ltd.	37	38	159	26	35	107	11	3	52	11	3	51
Bhutan National Bank	3,199	3,375	1,583	2,152	2,397	2,487	1,047	978	-904	607	249	-647
Bank of Bhutan	4,020	4,512	1,711	2,543	2,717	1,587	1,477	1,795	124	1,041	1,257	88
Royal Insurance Corporation of Bhutan Ltd	-1,791	513	145	92	263	63	-1,883	250	82	-1,927	250	82

Annexure 10: Summary of Assets, liabilities and net-worth of State Enterprises and linked Companies

Nu. In Million

<i>Direct Shareholdings</i>	Total Assets			Total Liabilities			Net Asset Value		
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Agriculture	745	760	1,133	105	176	413	641	584	719
Bhutan Livestock Development Corp. Ltd	426	400	633	26	52	288	400	347	345
Farm Machinery Corporation Ltd	258	308	444	68	121	118	190	187	326
Green Bhutan Corporation Ltd.	62	52	56	11	3	7	50	50	49
Industry	455	504	460	90	119	115	366	384	344
Kuensel Corporation Ltd	296	331	292	84	111	102	212	220	191
Menjongsorig Pharmaceutical Corp. Ltd	159	173	167	6	8	14	154	164	153
Services	32,799	34,183	37,402	24,680	25,658	28,070	8,118	8,525	9,332
Food Corporation of Bhutan	679	710	1,542	389	403	590	290	306	953
Bhutan Lottery Ltd	134	146	129	32	28	17	102	118	112
Bhutan Duty Free Ltd	192	215	185	17	20	9	176	196	176
Bhutan Postal Corporation	435	481	464	233	275	281	201	206	182
Bhutan Broadcasting Service Limited	608	598	554	133	570	542	475	27	12
Royal Bhutan Helicopter Services Ltd	752	772	714	37	54	70	714	718	644
National Housing Development Corp Ltd	4,144	4,238	4,223	1,136	1,229	1,193	3,008	3,009	3,030
Bhutan Development Bank Ltd	25,222	25,759	27,893	22,630	23,026	25,348	2,592	2,734	2,545
National CSI Development Bank Ltd	384	1,055	1,495	10	24	6	374	1,031	1,490
Financial Institutions Training Institute	170	132	134	29	2	5	141	130	128
Credit Information Bureau	80	78	70	35	28	9	45	50	61
Total	33,999	35,447	38,995	24,875	25,954	28,599	9,124	9,493	10,396

Shareholding through DHI

Nu. In Million

Company	Total Assets			Total Liabilities			Net Asset Value		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Agriculture	727	817	997	160	220	295	385	597	702
Natural Resource Development Corp.	727	817	997	160	220	295	385	597	702
Industry	70,499	72,867	73,473	16,262	18,436	20,600	54,237	54,431	52,872
Penden Cement Authority Limited	1,776	1,600	1,665	486	458	747	1,290	1,142	918
Bhutan Board Products Limited	249	812	761	116	75	97	133	737	664
Bhutan Ferro Alloys Limited	2,322	1,757	2,185	541	682	1,011	1,781	1,075	1,174
Dungsam Cement Corporation Limited	9,784	9,887	9,669	6,297	6,733	7,119	3,487	3,154	2,550
Dungsam Polymers Limited	200	172	162	152	119	111	48	53	50
Druk Green Power Corporation	53,474	55,215	56,028	7,483	8,610	9,306	45,991	46,605	46,722
Koufuku International Pvt. Ltd	79	89	81	102	53	32	(23)	36	48
Construction Development Corp. Ltd	1,788	2,181	1,441	807	1,306	1,497	981	875	(56)
Wood Craft Centre Limited	184	121	124	46	49	52	138	72	72
State Mining Corporation Ltd	643	1,033	1,358	232	351	628	411	682	730
Services	157,312	187,225	208,087	121,267	150,145	168,720	36,045	37,110	39,367
State Trading Corporation of Bhutan	1,296	-	1,324	825	-	879	471	-	445
Druk Air Corporation	6,382	8,552	9,630	3,425	4,926	6,792	2,957	3,626	2,838
Bhutan Telecom Limited	5,954	7,067	7,207	1,573	2,427	1,724	4,381	4,640	5,483
Bhutan Power Corporation	30,057	35,249	35,035	16,980	20,611	20,369	13,077	14,638	14,666
Thimphu TechPark Ltd.	385	415	654	126	155	345	259	260	309
Bhutan National Bank	38,386	46,083	46,067	31,280	42,133	39,753	7,106	3,950	6,314
Bank of Bhutan	55,812	69,549	87,186	48,737	61,639	80,028	7,075	7,910	7,158
Royal Insurance Corporation of Bhutan Ltd	19,040	20,340	20,984	18,321	18,254	18,830	719	2,086	2,154
Total	2,228,538	260,939	282,557	137,689	168,801	189,616	90,667	92,138	92,941

Annexure 11: Long term borrowings of State Enterprises.

Nu. In Million

SOEs	Government Shareholding	Long-Term Borrowings			
		2018	2019	2020	Govt. Exposure
DHI	100%	36.741	37.861	40.782	40.782
DGPC	100%	4,658.150	5,549.166	5,899.010	5,899.010
BFAL	40%	66.040	96.070	205.000	82.349
DCCL	100%	4,904.960	4,390.387	4,996.660	4,996.660
DPL	51%	104.840	66.819	67.600	34.476
NRDCL	100%	36.370	66.410	63.785	63.785
Bhutan Telecom	100%	602.630	201.583	84.279	84.279
TTPL	100%	15.151	41.282	37.934	37.934
BNBL	29%	522.027	522.030	521.960	152.412
RICBL	41%	4,078.597	3,327.393	2,736.715	1,129.169
Druk Air	100%	1,361.100	2,640.970	5,147.302	5,147.302
BPC	100%	7,652.349	12,770.629	12,746.489	12,746.489
STCBL	51%	105.250	113.212	140.690	71.752
BBPL	48%	37.400	-	-	-
SMCL	100%	66.090	53.154	53.150	53.150
KIL	30%	64.149	0.619	0.619	0.186
PCAL	40%			282.408	114.093
BPC	100%	63.581	86.596	115.167	115.167
NHDCL	100%	879.852	859.000	796.826	796.826
BDBL	96.60%	1,321.999	1,196.992	1,646.666	1,590.679
Kuensel	51%	14.156	14.156	14.156	7.220
BAIL	100%	74.661	66.523	165.000	165.000

