



# **NATIONAL BUDGET FINANCIAL YEAR 2022-23**

**MINISTRY OF FINANCE  
JUNE 2022**

# **Budget Report for FY 2022-23**





*“From now on, all of us must boldly embrace accountability as a measure of our service, should we falter, deviate, and err in the service of our country. As a King, I must first and foremost exemplify the ideal of accountability. I do not say these to trigger any alarm or anxiety. We are too late in getting our priorities right, re-focusing our national goals, and re-aligning our national priorities and strategies. If The King, Government and the people continue to work hand-in-hand with dedication, perseverance and fortitude, we still have every opportunity to further strengthen our country and achieve greater prosperity of our people.”*

**His Majesty The King’s Royal Address on the 114th National Day**



# BUDGET FY 2022-23

## HIGHLIGHTS

### ECONOMIC OUTLOOK

- ❖ The economy experienced its largest contraction of 10.1 percent in 2020 triggered by the COVID-19 pandemic. Economic growth is estimated to rebound to 3.7 percent in 2021 and 4.5 percent in 2022.
- ❖ Economic growth for FY 2022-23 is projected at 4.5 percent.
- ❖ Further, the Druk Gyalpo's Relief Kidu in the form of income support and interest payment support to affected individuals to be financed in entirety from His Majesty's Kidu Fund and the Sungchob Fund from July 2021.
- ❖ The FY 2022-23 Budget aims at **"Accelerating Economic Recovery through strategic investments in the areas of food self-sufficiency, human capital development, sustainable infrastructure development and improved social security."**

### RESOURCES

- ❖ For FY 2022-23, the total resources are estimated at Nu.51,925.754 million, which is a 13.8 percent decrease from the previous FY revised resource estimate.
- ❖ The domestic revenue is Nu.36,368.270 million, which is an increase of 2.2 percent from the previous FY. The estimated growth in revenue is mainly attributed to improved direct tax performance.
- ❖ 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 Punatsangchhu -II with a buoyancy of 0.80 and 3.34 respectively.

### EXPENDITURE

- ❖ Total expenditure is estimated at Nu.74,807.887 million of which recurrent allocation is Nu.36,340.942 million and capital allocation is Nu.38,466.945 million which constitutes 51 percent of the total expenditure.
- ❖ Of the total, about 40 percent is financed through grants, 11 percent from external borrowings and the balance of 49 percent from the domestic borrowings.

## MAJOR ACTIVITIES

- ❖ COVID-19 Response: The Government has earmarked Nu.1,000.000 million to meet COVID-19 containment related expenses and Nu.432.570 million for procurement of COVID-19 Vaccines under the Ministry of Health.
- ❖ Quarantine Facility: On-going construction of quarantine centers at Dhamdum-Samtse, Amochu/Phuntsholing, Dekiling -Sarpang and Montanga- Samdrup Jongkhar of Nu.1,612.033 million.
- ❖ Flagship programs: Education, National Waste & Stray Dog Population, Tourism, National Organic, CSI & Startup, Water, Digital Drukyl, Health amounting to Nu.3,130.319 million.
- ❖ Education and Civil Service Reforms: For Education Reforms Nu.332.500 million, Undergrad Scholarship Nu.261.378 million and Civil Service Transformation Nu.10.000 million
- ❖ Road Connectivity: For GSB Phase II, Nu.3,190.562 million and Nu.1,500 million for GSB Phase II Second Priority. Nu.863.681 million for Primary National Highway (PNH) and Nu. 244.941 million for Secondary National Highway (SNH).
- ❖ RNR: Implementation of the highland development program Nu.41.291 million and Nu.99.266 million for construction and renovation of irrigation schemes.
- ❖ Supply Chain Management: Construction of integrated cold stores with pack houses, export facilitation centers, establishment of semi processed peach & plum jam enterprises Nu.134.300 million.
- ❖ Employment Creation: For Skills Development Plan and Project Nu.814.686 million, Nu.81.333 million for Build Bhutan Project, Nu.118 million for Youth Engagement and Livelihood Program (YELP).
- ❖ Foreign Relations: Construction of Kutshab Residence and furniture, Delhi: Nu.50.260 million
- ❖ Trade Facilitation: Implement on-going Establishment of Industrial Parks at Dhamdhum, Pasakha, Bjemina, Jigmeling and Motanga Nu.218.821 million, Development of Dry Ports at Pasakha, Nganglam and Gelephu Nu.516.198 million, Development of PoL Depot for Eastern and Central Bhutan Nu.114.404 million and Construction of 17.38 MW Sephu Solar Project Nu.876.075 million.

- ❖ Promoting Green and Sustainable Transport: On-going establishment of electronic vehicle charging stations in 15 Dzongkhags amounting to Nu.14.251 million
- ❖ Development of Domestic Airport: Development of Runway and Safety Area at Yonphula Domestic Airport Nu.57.467 million and Runway Resurfacing and Extension at Bumthang Domestic Airport Nu.57.049 million.
- ❖ Construction and Restoration of Dzongs, Monasteries and Lhakhangs amounting to Nu.729.904 million.

## **DEBT SITUATION AND OUTLOOK**

- ❖ As of 31st March 2022, the external debt constituted 89.7 percent of total public debt and accounted for 117.4 percent of estimated GDP. The external debt is mainly on account of borrowings for investment in hydropower development in the country which are deemed self-liquidating - thus less risky.
- ❖ The external debt is expected to increase from Nu.229,202.401 million on 30th June 2022 to Nu.239,814.013 million by 30th June 2023, an increase of 4.6 percent. The growth is mainly due to hydro loan disbursements, projected at Nu.11,737.224 million for FY 2022-23, and Nu. 5,470.518 million of budgetary loan disbursements from multilateral development banks and JICA.
- ❖ The external debt-to-GDP is projected to reach 117.9 percent in FY 2022-23 and steep jump in following FY 2023-24 hitting at 129.1 percent.



# KEY BUDGET STATISTICS FY 2022-23

RESOURCE FOR 2022-23	
	Nu.in million
<b>Total Resources</b>	<b>51,925.754</b>
<b>Direct Tax</b>	<b>17,109.638</b>
<i>CIT</i>	8,362.540
<i>BIT</i>	1,549.23
<i>PIT</i>	1,691.32
<b>Other Direct Taxes</b>	<b>5,506.550</b>
<b>Indirect Tax</b>	<b>8,322.797</b>
<i>Sales Tax</i>	5,720.44
<i>Domestic Excise Duty</i>	523.04
<i>Green Tax</i>	980.79
<i>Customs Duty</i>	640.946
<i>Other Indirect Taxes</i>	457.572
<b>Non Tax Revenue</b>	<b>10,935.836</b>
<i>DHI Dividend</i>	3731.976
<i>Surplus Transfer RMA</i>	1,000.000
<i>Profit Transfer MHP</i>	2,395.405
<i>Others</i>	3,808.455
<b>External Grants</b>	<b>14,872.12</b>
<b>Internal Grants</b>	<b>685.36</b>

Macroeconomic Performance and Outlook						
Percentage change	2018	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Estimates	Projection	
Total Consumption	7%	6%	-6%	22%	1%	2%
Total Investment	-5%	-16%	-15%	7%	13%	-10%
Exports	5%	14%	-20%	19%	9%	14%
Imports	7%	-6%	-12%	15%	6%	-4%

Expenditure Performance and Outlook (Nu.in million)					
Particulars	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Actual	Actual	Revised	Projection
<b>Total Expenditure</b>	<b>44,054.133</b>	<b>57,572.283</b>	<b>71,091.811</b>	<b>77,786.268</b>	<b>74,807.887</b>
Current Expenditure	27,768.663	35,525.354	43,515.781	35,535.971	36,340.942
Capital Expenditure	16,285.470	22,046.930	27,576.031	42,250.297	38,466.945

Debt Performance and Outlook (Nu.in million)					
Particulars	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Actual	Actual	Revised	Projection
<b>Financing</b>	<b>2,743.429</b>	<b>3,385.375</b>	<b>11,139.798</b>	<b>17,498.103</b>	<b>22,882.133</b>
Net Lending	-1,319.164	-710.990	- 745.494	-3,085.586	2,795.729
Net external borrowing	1,101.100	3,527.087	1,486.933	789.172	- 270.006
Net internal borrowing	323.164	569.278	10,398.359	13,623.345	20,356.410
<b>Percent of GDP</b>					
<b>Total Public Debt</b>	<b>106.5%</b>	<b>123.0%</b>	<b>135.4%</b>	<b>126.4%</b>	<b>132.1%</b>
<b>Total External Debt</b>	<b>103.6%</b>	<b>121.90%</b>	<b>125.7%</b>	<b>121.8%</b>	<b>117.9%</b>

Summarized Fiscal Framework					
Particulars	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Actual	Actual	Revised	Projection
Total Resources	42,033.296	54,603.868	59,696.113	60,288.165	51,925.754
Total Expenditure	44,054.133	57,572.283	71,091.811	77,786.268	74,807.887
Fiscal deficit	-2,743.430	-3,385.375	-11,139.797	-17,498.103	-22,882.133
<b>FB % of GDP</b>	<b>-1.50</b>	<b>-1.79</b>	<b>-6.03</b>	<b>-9.30</b>	<b>-11.25</b>

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# Introduction

The World witnessed a major health crisis and economic disruption owing to the outbreak of the COVID-19 pandemic in 2020. Over the past two years, the World Health Organization reported that the outbreak tragically affected over 528 million people and claimed around 6.2 million lives. The massive shock of the pandemic and the large-scale containment measures have plunged the global economy into its worst recession since the Great Depression.

While Bhutan's economy and people's livelihoods have been adversely impacted, the country is fortunate to have been shielded from some of the most devastating consequences. This has been possible due to the noble leadership of His Majesty The King and the efforts of the Royal Government to provide timely and substantive support to individuals, businesses and adoption of comprehensive health measures.

Under His Majesty The King's prescient leadership, the implementation of the interest payment support and the income support through the Druk Gyalpo's Relief Kidu (DGRK) and timely implementation of the various Fiscal and Monetary Measures mitigated the adverse impacts of the pandemic on the economy. The economy therefore, was able to remain afloat without any major social and economic disruptions.

Under the constant guidance of His Majesty The King, the country averted a major public health crisis through its COVID-19 containment measures.

Supported by emerging evidence and viral characteristics and efficacy of the vaccines, the country transitioned to Phase II of COVID-19

management from 4<sup>th</sup> April, 2022 with further relaxations from 2<sup>nd</sup> May, 2022.

Accordingly, the Budget for the FY 2022-23 has been formulated with the main focus on **“Accelerating Economic Recovery through strategic investments in the areas of food self-sufficiency, human capital development, sustainable infrastructure development and improved social security.”** The Government has also formulated the Economic Revival strategies whose activities are included in the Budget for FY 2022-23.

Drawing the valued aspirations from The Royal Kasho on the Civil Service Reform, the Transformation Group formulated the Transformation Initiatives to lay a strong foundation to bring about economic transformation in the country. The Transformation Initiatives has been initiated to ensure that normal budgeting anomalies are rectified and national priorities are carried beyond the plan period. The Budget for the FY 2022-23 also includes the activities from the Transformation Initiatives.

The culmination of these reforms and initiatives in the Budget is expected to make the economy grow at the rate of 4.5 percent of the GDP during the year.

In pursuit of the economic recovery, the Government will pursue additional non-hydro concessional borrowings within the threshold of the Public Debt Policy to finance targeted capital investments in the priority sectors such as Digitalization, Human Capital (Education), Skilling, Agriculture, Employment and Alternate Energy and Health to revive the economy.

As the country transitioned to Phase II of COVID-19 management, it is of paramount importance to ensure economic fallout from the past

two years of economic and social disruptions does not derail the fiscal expansionary measures and economic recovery.

In Phase II of COVID-19 management, the Reverse Isolation Facilities have been established in all 20 Dzongkhags for the elderly population and comorbid patients with dedicated medical professionals and personal caregivers under the Royal Command. This is a testimony of His Majesty The King's benevolence and care for the vulnerable citizens.

In order to enhance the involvement of the private sector in the growth of the economy, the Government has initiated a reform study aimed at enhancing efficiency and reducing the sector size of State Owned Enterprises.

The Government will continue to engage with the Monetary Sector and the Financial Institutions Association of Bhutan to stabilize liquidity and international reserves and also to enhance access to credit to expedite economic recovery.

The 12th FYP was the transition Plan for Bhutan's graduation from the Least Developed Countries (LDC) category and in spite of the pandemic's negative impact on the economy, Bhutan is still on track to graduate in June, 2023. Graduation from the LDC category will also provide Bhutan with renewed focus and strategies to achieve the 2030 Agenda of SDGs.

The Budget for the FY 2022-23 is a milestone as it captures the essence of the Royal Address during the 114<sup>th</sup> National Day.

Globally, the production and supply chain disruptions from the pandemic and the on-going Russia-Ukraine conflict have caused shortages of essential items such as fuel and cereals. The rising prices



of essential items have led some countries to shortages of international reserves. The Government will ensure sufficient reserves are maintained to meet the Constitutional requirement. Various programs to increase domestic production of cereals have been implemented in the country to reduce imports.

This is particularly important in the current context of social and political upheavals that are ensuing in neighboring countries such as Sri Lanka.

The Government has also initiated the formulation of the next plan with renewed focus on economic recovery and to mitigate the production and supply disruptions from the pandemic and global events.

In keeping with the provisions in the Constitution and the Public Finance Act (Amendment) thereof, the Budget Report presents the economic overview, broad fiscal policies, budget policy and fiscal framework statement, budget allocation for the FY 2022-23, public debt situation, fiscal risks, and update on the financial position of the public sector institutions and investment.

Along with the Budget Report for FY 2022-23, the Budget Appropriation Bill for FY 2022-23 and Supplementary Budget Appropriation Bill for FY 2021-22 are submitted to the House for consideration.

# Chapter 1

## Economic Performance and Outlook

### 1.1 Overview

The economy exhibited a robust development track record prior to the COVID-19 pandemic, fueled by the hydropower sector and strong performance in the service sector including tourism. With the outbreak of COVID-19 in early 2020 and the subsequent implementation of stringent containment measures which weighed heavily on economic activity, growth contracted to an all-time low of negative 10.1 percent in 2020.

The economy gradually recovered after the severe downturn as the virus spread slowed and containment restrictions were progressively eased with the successful vaccination program. In the first quarter of 2021, economic activities resumed supported by fiscal and monetary relief measures. In this context, the economy is projected to rebound and grow at 3.7 percent in 2021.

Despite the re-imposition of health restrictions and lockdowns due to the Omicron outbreak in the country from January 2022, with more experience in the management of the COVID 19 and successful vaccination of the third dose, the economy is projected to grow at 4.5 percent in 2022.

While the successful vaccine rollouts have raised hopes of a pandemic turnaround, renewed waves and new strains of the virus still raise concerns on the prospects. Further, the global economic fallout of the Russia-Ukraine conflict is expected to weigh on the economic development through increased energy and commodity prices.

## **1.2 Global and Regional Situation:**

The global economy continues to be plagued by uncertainties with resurgent waves of new variants, the on-going Russia-Ukraine conflict, persistent labour market challenges, lingering supply-chain constraints, and higher energy prices.

As per the IMF estimates (April, 2022), the global growth grew from negative 3.1 percent in 2020 to 6.1 percent in 2021, while the global growth is projected to slow down to 3.6 percent in 2022.

Similarly, for emerging and developing Asia, while growth estimates improved from negative 0.9 percent in 2020 to 7.3 percent in 2021, it is expected to slow down to 5.4 percent in 2022.

As per the IMF, the Indian economy is expected to rebound from negative 7.3 percent in 2020 to 8.9 percent in 2021 supported by strong policy measures and pickup in domestic demand. However, the growth forecast for 2022 has been revised downwards from 9 percent (January, 2022) to 8.2 percent (April 2022) due to higher oil prices leading to reduction in private consumption, investment and net exports.

The weakening of global demand triggered by the on-going Russia-Ukraine conflict and rising commodity prices will impact the economy world-wide and severely affect the most vulnerable population especially in low-income countries.

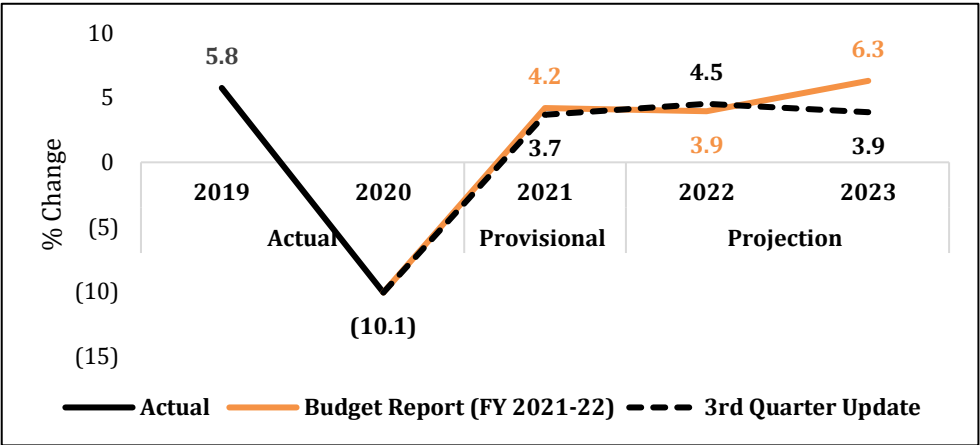
## **1.3 Domestic Growth and Outlook:**

The domestic economic recession caused by the pandemic weighed heavily on all sectors of the economy. Various containment measures including nationwide lockdowns and restriction on numerous

activities severely impacted the economic growth resulting in a historic low of negative 10.1 percent in 2020.

Industry sector recorded a steepest decline of 13.1 percent in 2020 due to restrictions imposed on the import of foreign workers and raw materials impeding the manufacturing processes and construction works. Service sector output also declined by 6.9 percent as tourism and its dependent sectors were severely affected.

**Figure 1.1: Growth Performance and Outlook**



Economic activities began to resume from the first quarter of 2021, restoring mobility and leading to an increase in Government spending. Manufacturing output grew, as industrial production improved. Exports and imports have also expanded significantly, owing to improved trade and strong foreign and domestic demand. In this context, the economy is projected to rebound and grow at 3.7 percent in 2021.

Growth prospects remain positive despite the Omicron outbreak and restrictions in the country from January 2022, with more experience

in the management of the COVID 19. Against the backdrop of a third dose of vaccination, the cautious transition to Phase II on April 4, 2022, and further relaxation from May 2, 2022, the economy is projected to grow at 4.5 percent in 2022.

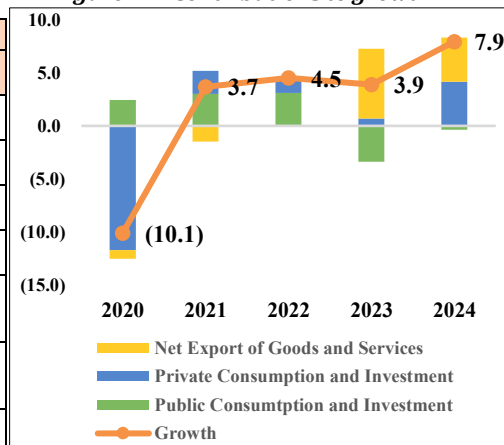
On the demand side, Government investment continues to be the key driver for growth with 23.4 percent increase estimated in 2021. The growth in private investment remained subdued due to mobility restrictions with the border closure, mainly having an adverse impact on the construction sector. Moreover, with the 12<sup>th</sup> FYP coming to an end, the overall investment is expected to gradually decline, weighing on the growth prospects of the economy.

Of the total consumption, private consumption increased by 28.9 percent attributable to social relief and economic support including wages and salaries provided to the affected individuals of the pandemic.

**Table 1.1: Macroeconomic performance**

Year	2020	2021	2022	2023	2024
Percentage Change	Act.	Est.	Proj.		
Public Consumption	4.1	3.6	5.3	5.6	5.0
Private Consumption	(9.1)	28.9	(0.1)	(0.0)	6.8
Govt. Investment	24.4	23.4	17.7	(34.4)	(16.8)
Private Investment	(22.7)	0.8	6.2	2.9	1.5
Exports of Goods & Services	(20.2)	18.8	8.6	13.8	14.7
Imports of Goods & Services	(12.4)	15.4	5.8	(4.0)	2.6
<b>Real GDP Growth</b>	<b>(10.1)</b>	<b>3.7</b>	<b>4.5</b>	<b>3.9</b>	<b>7.9</b>

**Figure 1.2: Contributions to growth**



### **1.3.1 Sector Performance:**

#### **Agriculture Sector:**

Agricultural sector remained as the silver lining of the economy during the pandemic. However, the growth is estimated to reduce to 3.3 percent in 2021 compared to 4.6 percent in 2020 owing to heavy monsoon rains that damaged tons of harvested fields across the country, as well as losses in the poultry farm.

In the medium term, with major transformative pathways undertaken to achieve food security and steady supply of high-quality essential produce, the growth in the agriculture sector is projected to be maintained at 2.3 percent in 2022 and 3.3 percent in 2023. However, the growth in the sector remains susceptible to the variability of precipitation and weather conditions.

#### **Industry Sector:**

Industry sector output is estimated to improve from negative 13.1 percent in 2020 to 4.9 percent in 2021, accounting for 34.4 percent of the GDP. The electricity sector contributes 45.1 percent followed by construction with 32.9 percent to the industrial sector.

The industry sector growth is projected at 4.1 percent in 2022 as construction activities pick up with the surge in capital spending and relaxation in labour imports. In the medium-term, industrial output will be driven by new hydro plants coming on stream that are expected to significantly increase generation capacity and increase electricity exports.

## Service Sector:

Service sector is estimated to grow from a contraction of 6.9 percent in 2020 to 3.1 percent in 2021 due to broad based improvement in all the sub-sectors despite the tourism sector remaining closed.

With easing of mobility restrictions and gradual opening up of the tourism sector, the country received its first group of 34 international tourists in April 2022. The sector performance is expected to improve thereby accelerating the overall service sector output by 5 percent in 2022.

**Table 1.2: Sector Performance**

Percentage Change (%)	2020	2021	2022	2023	2024
	<i>Act.</i>	<i>Est.</i>	<i>Proj.</i>		
<b>Agriculture, livestock, and forestry</b>	<b>4.6</b>	<b>3.3</b>	<b>2.3</b>	<b>3.3</b>	<b>3.3</b>
Crops	5.1	4.1	4.3	4.5	4.3
Livestock production	4.6	2.0	2.0	4.2	4.4
Forestry and logging	3.3	3.9	(2.4)	(1.4)	(2.0)
<b>Industry</b>	<b>(13.1)</b>	<b>4.9</b>	<b>4.1</b>	<b>2.6</b>	<b>11.9</b>
Mining and quarrying	(81.8)	15.5	(0.4)	(1.5)	(2.1)
Manufacturing	(20.8)	3.3	4.1	3.3	3.2
Electricity and water	25.2	(3.8)	(4.5)	9.2	33.7
Construction	(20.6)	20.7	17.1	(5.2)	(11.4)
<b>Services</b>	<b>(6.9)</b>	<b>3.1</b>	<b>5.0</b>	<b>4.5</b>	<b>6.1</b>
Wholesale and retail trade	(7.0)	3.0	7.3	6.8	6.3
Hotel and restaurant	(73.5)	11.0	34.0	41.0	82.2
Transport, storage and communications	(14.7)	5.0	6.8	4.5	6.2
Financing, insurance and real estate	(8.9)	3.4	4.5	4.6	4.5
Community, social & personal services (govt)	15.5	1.2	0.8	0.7	1.1
Private social & recreational services	(39.5)	2.0	5.4	6.8	4.1
<b>Share to GDP</b>					

<b>Agriculture, livestock, and forestry</b>	<b>19.2</b>	<b>19.9</b>	<b>19.9</b>	<b>20.4</b>	<b>19.7</b>
Crops	10.9	11.4	11.5	11.9	11.6
Livestock production	5.8	6.0	5.9	6.2	6.1
Forestry and logging	2.6	2.6	2.4	2.3	2.0
<b>Industry</b>	<b>34.4</b>	<b>33.5</b>	<b>33.5</b>	<b>32.2</b>	<b>34.0</b>
Mining and quarrying	1.2	1.3	1.3	1.2	1.1
Manufacturing	5.9	6.0	5.9	5.9	5.5
Electricity and water	17.8	15.1	14.4	14.3	18.8
Construction	9.5	11.0	12.0	10.8	8.6
<b>Services</b>	<b>43.7</b>	<b>44.1</b>	<b>43.9</b>	<b>44.5</b>	<b>43.4</b>
Wholesale and retail trade	10.5	10.7	11.1	11.6	11.3
Hotel and restaurant	0.8	0.9	1.2	1.7	2.8
Transport, storage and communications	8.7	8.8	8.8	8.7	8.2
Financing, insurance and real estate	7.7	7.9	7.9	8.0	7.6
Community, social & personal services (govt)	15.6	15.4	14.7	14.3	13.1
Private social & recreational services	0.3	0.3	0.3	0.3	0.3
<b>GDP</b>	<b>(10.1)</b>	<b>3.7</b>	<b>4.5</b>	<b>3.9</b>	<b>7.9</b>



### 1.3.2 Per Capita Income:

The GDP per capita, which is the measure of living standard, prosperity, and overall well-being of a country, declined from US\$ 3,418.826 in 2019 to US\$ 3,129.864 in 2020.

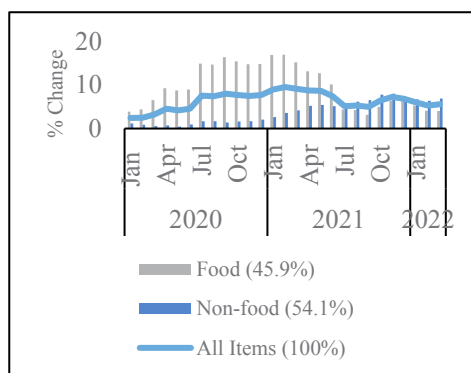
With the positive economic outlook, GDP per capita is projected to be US\$ 3,392.373 in 2021 and US\$ 3,644.842 in 2022.

Likewise, Gross National Income (GNI) per capita after reflecting a drop in the income level by 5.5 percent in 2020, is expected to increase by 7.8 percent in 2021 amounting to US\$ 3,165.942 and US\$ 3,407.876 in 2022.

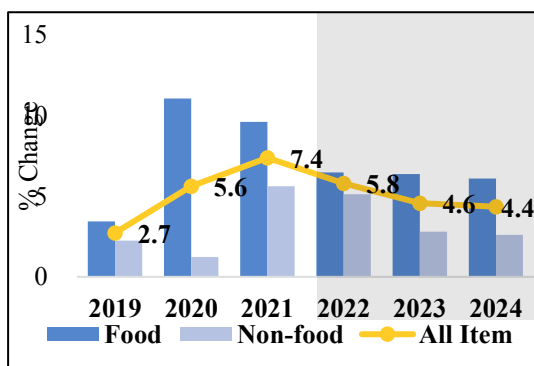
### 1.3.3 Inflation:

The rise in inflation from 5.6 percent in 2020 to 7.4 percent in 2021 was largely due to supply chain disruptions and increase in commodity prices. Food prices contributed to about 60 percent and non-food contributed to 40 percent of the overall inflation rate in 2021.

**Figure 1.3: CPI Inflation M-o-M**



**Figure 1.4: CPI Inflation Y-o-Y**



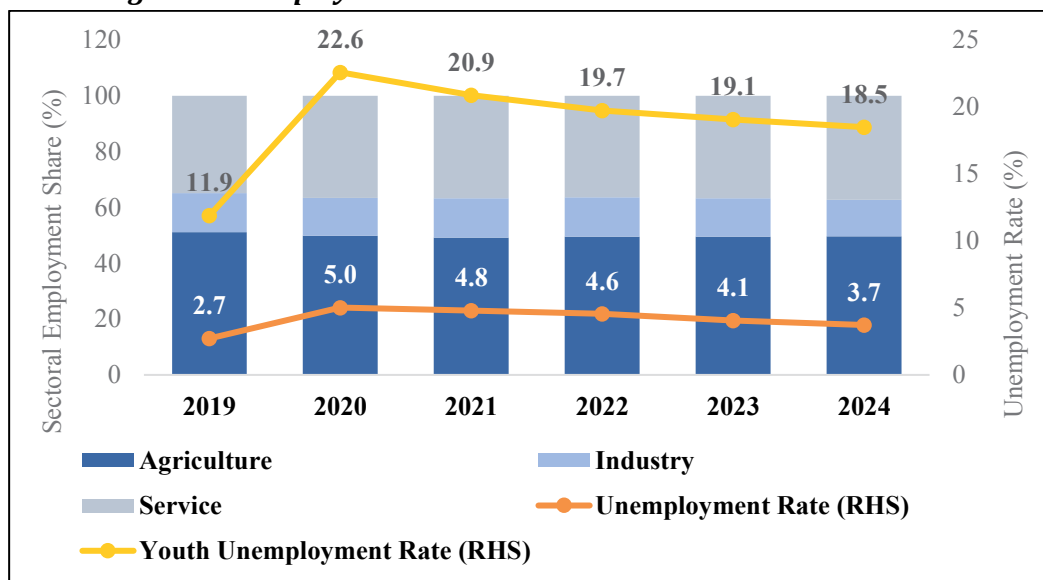
As of 31st March 2022, the prices of consumer goods and services increased by 5.6 percent from March 2021, mainly from an increase in price of fuel (57.6 percent) due to global supply chain disruptions, partly attributable to the on-going war in Ukraine. The rising cost of fuel is expected to have a ripple effect that can cause significant trade shock with macroeconomic repercussions.

As such, the timing and sequencing of monetary policies by the Central Bank will weigh on domestic demand to aid in curbing the inflationary pressure. Inflation will return to its pre-pandemic rates if supply-side disruptions dissipate and global food and energy prices stabilize.

#### **1.3.4 Employment:**

The pandemic has exacerbated many socio-economic weaknesses and structural bottlenecks. As per the Labour Force Survey 2021, the unemployment rate slightly improved to 4.8 percent (16,254 persons) in 2021 compared to 5 percent (16,660 persons) in 2020. The improvement could be attributable to implementation of numerous skilling programs such as De-suung Skilling Programme, Entrepreneurship Courses, Build Bhutan Project (BBP), and Youth Engagement and Livelihood Programs (YELP).

**Figure 1.5: Employment Situation**



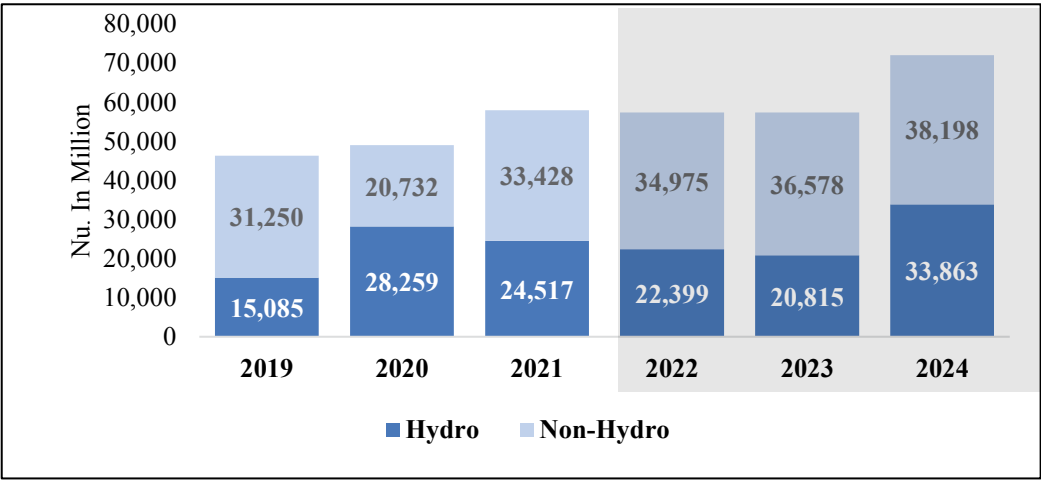
In line with the positive growth outlook, both labour supply and demand is expected to improve leading to reduction in the unemployment rate.

## 1.4 External Sector:

On the external front, the current account balance (CAB) is estimated to deteriorate from 12.4 percent of GDP in FY 2020-21 to 23.6 percent of GDP in the current FY 2021-22, as a result of widening trade deficit. This is mainly due to decline in energy generation and lower hydro exports and significant increase in imports. Trade deficit is estimated to widen from 7.1 percent in FY 2020-21 to 17.8 percent of GDP in FY 2021-22. In the medium term, the current account deficit is expected to narrow as trade balance improves and electricity exports increase with the commissioning of new HPPs (Puna-I, Puna-II, and Nikachu).

After the pandemic-induced slump in 2020, external trade recovered strongly in 2021 surpassing the pre-pandemic levels. Both exports and imports increased by 18.9 percent and 35.8 percent respectively in 2021 compared to 2020. In nominal terms, the overall export value stood at Nu.58,250.665 million and imports were recorded at Nu.90,323.505 million in 2021. In terms of trade with India, both the export and import increased fueled by stronger demand and resumption of productive activities. Merchandise exports increased by 65.2 percent while hydro export remained subdued in 2021. Merchandise import from India also bounced back, recording an increase of 39.2 percent in 2021 due to pick-up in public investment projects and hydropower construction.

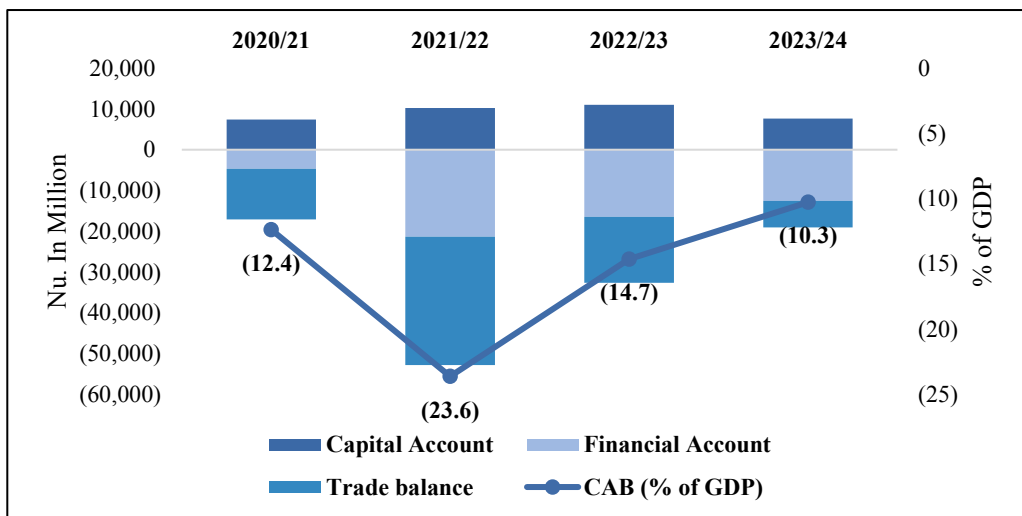
**Figure 1.6: Export (Hydro vs Non-Hydro)**



Trade is expected to remain on an increasing trend over the medium term owing to the recovery in the demand coupled with the revival in domestic activities. Overall exports and imports are estimated to increase by 25.7 percent and 30.7 percent in 2022 compared to the pre-pandemic level (2019). However, risks to forecasts are still on

the downside as possible renewed virus waves could aggravate the pandemic situation and evolving global situation could further weigh on the trade performance.

**Figure 1.7: Balance of Payments**



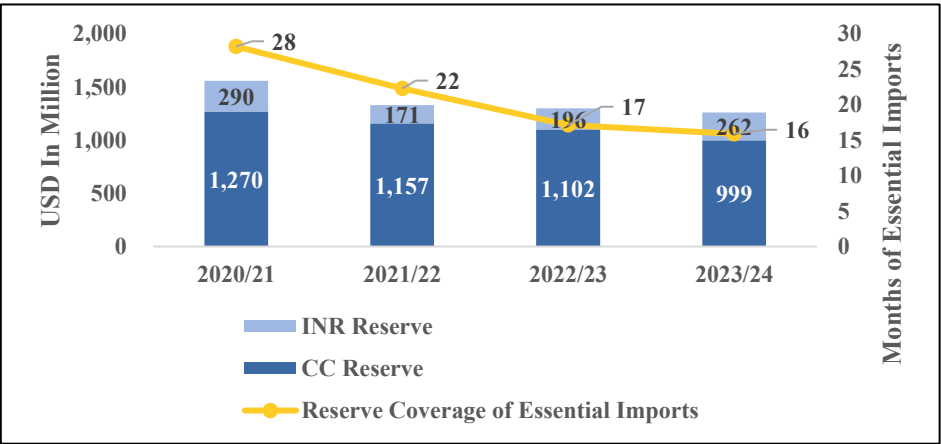
However, in the medium-term Current Account Balance (CAB) is expected to moderate and reduce with the assumption that hydropower exports will increase with the commissioning of new Hydro Power Projects (HPPs) and hydro-related imports to decline gradually after the completion of projects.

### 1.5 Reserve Position:

Due to widening of CAB, the gross reserve assets in the FY 2021-22 are estimated to deplete to US\$1,328.024 million from US\$1,559.250 million in previous FY. Of the total gross international reserves, Convertible Currency (CC) reserves estimate is US\$1,157.408 million and Indian Rupee (INR) reserve estimate is Rs.13,076.040 (US\$ 171.6) million.

The total reserve estimate for FY 2021-22 will be sufficient to finance 22 months of essential imports fulfilling the constitutional requirement on reserve adequacy.

**Figure 1.8: Total Reserves**



Despite the positive outlook on reserves, it is on a declining trend as no new investments generating foreign exchange earnings have been identified. The recent trend indicates that there has been a significant increase in imports without much corresponding inflows, which could pose possible risks to the pegged exchange rate regime.

**1.6 Monetary and Credit:**

Since the onset of the pandemic, several monetary measures have been implemented towards mitigating the adverse impacts on the economy and financial sector. Accommodative monetary policy along with other regulatory dispensations have helped in maintaining stability in the financial sector whereby the monetary and credit situation remained favorable and supportive. Money supply (M2), measured by broad money, grew by 24.4 percent in the

FY 2020-21 largely driven by higher growth in deposits held by commercial banks.

On the sources side, growth in M2 was mainly driven by the performance of Net Foreign Assets (NFA). In FY 2020-21, NFA grew by 17.2 percent due to increased inflow of Convertible Currency. However, growth of NFA was slower in FY 2020-21 compared to previous FY due to fall in return on foreign currency reserve investments.

With the continuation of monetary policy focused on promoting economic growth, and to ensure that there is adequate and uninterrupted flow of liquidity in the economy, money supply is estimated to grow at an average of 15.3 percent in the medium-term in tandem with other macroeconomic developments.

**Table 1.3: Monetary Aggregates**

Items	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<b>% Change (YoY)</b>	<b>Act.</b>	<b>Est.</b>	<b>Proj.</b>		
Broad Money (M2)	24.4	14.9	11.8	15.8	18.2
Net Foreign Asset	17.2	5.3	8.6	15.0	1.8
Domestic Credit	17.0	15.1	12.6	10.9	19.2
Credit to Private Sector	6.9	12.8	15.8	12.5	23.2
<b>% of GDP</b>					
Broad Money (M2)	102.4	110.1	114.8	121.2	127.7
Net Foreign Assets	56.0	55.2	55.8	58.5	53.1
Domestic Credit	81.1	87.4	91.7	92.8	98.6
Credit to Private Sector	71.7	75.7	81.7	83.8	92.1
Money Multiplier (M2/M0)	2.9	3.0	3.0	3.0	3.0

Credit to the private sector recorded a slower growth rate of 6.9 percent in the FY 2020-21 compared to 13.8 percent in the previous FY due to limited aggregate demand. However, with the country

transitioning to Phase II of the COVID-19 management and anticipated rebound in economic activities, the credit to the private sector is expected to gain momentum in the medium-term.

With the sustained monetary and regulatory policy measures including the temporary deferment of loan and interest waiver and Non-Performing Loans (NPL) resolution framework, the overall asset quality of the financial institutions improved. The NPL improved from Nu.26,594.89 million in the FY 2019-20 to Nu.24,243.906 million in the FY 2020-21. In terms of sectoral NPL, the highest was recorded in the service & tourism sector at 29.2 percent, followed by manufacturing at 19.01 percent as these two sectors were severely affected by the pandemic.

With the easing of monetary conditions, liquidity positions have remained favorable. As of 31st March, 2022, the excess liquidity was Nu. 39,885.704 million. The implementation of various measures has largely contributed in providing an undisrupted flow of liquidity in the financial sector.

## **1.7 Risk and Challenges:**

### ***External Risks could deteriorate the economic growth prospects:***

Against the already turbulent backdrop of global inflationary pressures following the COVID-19 pandemic, the on-going Russia-Ukraine conflict has further exacerbated supply chain disruptions leading to spike in commodity and fuel prices. These external factors are likely to affect manufacturing competitiveness and impact investment prospects.

The combination of supply disruptions and trade shock will weigh on growth, result in a sharper rise in inflation, and a wider current account deficit. Widening of the current account deficit will put a



strain on the economy's overall foreign currency reserves and exchange rate stability.

In addition, being a strongly import-dependent economy with a pegged exchange rate regime, any depreciation of the Indian rupee versus the US dollar would raise the cost of imports from third countries as well as the expense of servicing convertible currency debt.

***Domestic Risks still remain due to pandemic related uncertainties that could impede economic recovery measures:***

Although the vaccine roll outs have raised hopes of a turnaround in the pandemic, renewed waves and new variants of the virus pose risk for the outlook. The unpredictability of the COVID-19 outbreaks with prolonged mobility restrictions are among the concerns, which could hamper the growth trajectory and rebound in domestic consumer demand.

The economy also faces the challenge of increasing imports without a corresponding increase in exports. The resumption in economic activities has resulted in a significant increase in imports, worsening trade balance and widening the current account deficit. As the inflows are limited to external grants, loans and hydropower receipts, meeting the balance of payment obligations is projected to place further strain on the foreign currency reserves.

Other risks include hydropower projects delays and deterioration in revenue performance due to underperformance by Corporations and business entities owing to lockdown, supply-chain disruption and rise in prices of fuel and essential commodities. With increasing development activities, the need for financing is also on the rise. The economy has experienced an increasing level of fiscal deficit adding

on to the Government's fiscal burden. Given the narrow tax base, it continues to remain a challenge.

# Chapter 2

## Fiscal Policy

### 2.1 Overview:

In view of the challenges brought about by the pandemic, the Government's fiscal policy is to stimulate economic growth with stability to help the economy regain its growth momentum amid the negative growth in 2020. The fiscal policy for FY 2022-23 is designed to accelerate the economic recovery and gradually aim towards consolidation by enhancing domestic revenue mobilization and prioritizing expenditure.

Considering the various initiatives under the economic recovery measures primarily underpinned by fiscal, monetary, regulatory/policy interventions, the fiscal outlook is expected to improve in the medium-term.

While taking cognizance of the fact that deficits are on the rise, the countercyclical measures undertaken in this Budget, together with the spending in infrastructure projects and other productive areas, will have a fiscal stimulus effect of boosting the economy. Such spending will not only improve and provide gainful employment but also act as a catalyst in improving the overall economic situation, thereby the fiscal path.

### 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 2022-23:**

The adoption of fiscal targets is an important tool to guide fiscal policy for effective macroeconomic management by ensuring debt sustainability and stabilizing any output fluctuations. Therefore, the FY 2022-23 budget aims to fulfill the fiscal objectives by setting the following fiscal targets:

- a) Contain fiscal deficit below 5 percent during FY 2022-23 to achieve the Mid-Term Review target of 5 percent;
- b) Minimum GDP growth of 4.5 percent;
- c) Tax to GDP ratio of at least 12 percent;
- d) Recurrent expenditure to be covered by domestic revenue; and
- e) Non-hydro debt maintained below 35 percent of GDP.

## **2.4 Fiscal Performance:**

### **2.4.1 Fiscal Year 2020-21: Performance:**

As per the Audited Annual Financial Statement for the FY 2020-21, the original budget for the FY 2020-21 was Nu.69,151.122 million against the estimated resources of Nu.53,822.073 million. This resulted in an overall negative balance of Nu.15,329.049 million and financing gap of Nu.13,590.229 million. During the FY, the budget was revised to Nu.85,381.423 million and the resources to Nu.72,271.456 million which resulted in an overall negative balance of Nu.13,109.967 million and financing gap of Nu.10,722.989 million.

**Table 2.1: Fiscal Performance for the FY 2020-21**

Sl. No	Particulars	Nu.in million			% Variance		
		Original Budget	Revised Budget	Actual Outcomes	Original	Revised	Original
					Vs	Vs	Vs
					Revised	Actual	Actual
<b>A</b>	<b>RESOURCES</b>	<b>53,822.073</b>	<b>72,271.456</b>	<b>59,696.113</b>	<b>34.3</b>	<b>-17.4</b>	<b>10.9</b>
1	Domestic Revenue	33,189.392	33,281.000	35,855.455	0.3	7.7	8.0
2	Other Receipts (Net)	489.833	13,449.510	8,958.379	2645.7	-33.4	1728.9
3	Grants	20,142.848	25,540.946	14,882.289	26.8	-41.7	-26.1
<b>B</b>	<b>Total Expenditure</b>	<b>69,151.122</b>	<b>85,381.423</b>	<b>71,091.811</b>	<b>23.5</b>	<b>-16.7</b>	<b>2.8</b>
1	Recurrent	32,900.000	44,490.629	43,515.780	35.2	-2.2	32.3
	<i>Regular recurrent</i>	32,900.000	32,788.982	31,889.862	-0.3	-2.7	-3.1
	<i>DGRK</i>		11,701.647	11,625.918	0.0	-0.7	0.0
2	Capital	36,251.122	40,890.794	27,576.031	12.8	-32.6	-23.9
3	Advance/Suspense (Net)			-255.901	0.0	0.0	0.0
<b>C</b>	<b>FISCAL BALANCE</b>	<b>15,329.049</b>	<b>13,109.967</b>	<b>11,139.797</b>	<b>-14.5</b>	<b>-15.0</b>	<b>-27.3</b>
<b>D</b>	<b>FINANCING</b>	<b>15,329.050</b>	<b>13,109.970</b>	<b>11,139.797</b>	<b>-14.5</b>	<b>-15.0</b>	<b>-27.3</b>
1	Net External Borrowing	422.154	2,789.277	1,486.933	560.7	-46.7	252.2
2	Net Internal Borrowing surplus/deficit	13,590.229	10,722.989	9,091.414	-21.1	-15.2	-33.1
3	Net Lending	1,316.666	-402.299	745.570	-130.6	-285.300	-43.400

**Source: AFS 2020-21**

At the close of the FY, the total actual expenditure was Nu.71,091.811 million including advance against the total resources realized of Nu.59,696.113 million. This resulted in an overall negative balance of Nu.11,139.797 million, which is 6.0 percent of

Gross Domestic Product. With total external borrowing of Nu.5,211.993 million and a total repayment of Nu.3,737.329 million, the financing deficit stood at Nu.9,091.414 million which is about 4.9 percent of GDP. The resource gap was financed through the issuance of Treasury Bills (T-Bills). The principal amount of T-Bills outstanding at the end of the FY was Nu.12,997.574 million.

#### **2.4.2 Fiscal Year 2021-22: Revised budget:**

The resource position for the FY has been revised to Nu.60,288.165 million from Nu.56,765.582 million which is 5.2 percent increase from the approved budget. The increase in the revised budget is mainly attributed to the increase in the external grants from Nu.20,525.311 million to Nu.24,000.965 million.

The total budget excluding Lending and Repayments has been revised to Nu.77,786.268 from Nu.73,919.335 million which is a 5.2 percent increase mainly on account of increase in capital expenditure by 10.3 percent.

**Table 2.2: Revised Budget Summary for FY 2021-22 as of 30<sup>th</sup> April 2022**  
**Nu.in million**

Sl. No	Particulars	Approved Budget (July, 2021)	Revised (April 30,2022)
<b>A</b>	<b>RESOURCES</b>	56,765.582	60,288.165
1	Domestic Revenue	35,600.000	35,600.000
2	Other Receipts (Net)	640.271	687.200
3	Grants	20,525.311	24,000.965
<b>B</b>	<b>Total Expenditure</b>	73,919.335	77,786.268
1	Recurrent Expenditure	35,598.664	35,535.971
3	Capital Expenditure	38,320.671	42,250.297
<b>C</b>	<b>Fiscal Balance</b>	-17,153.753	-17,498.103
<b>D</b>	<b>Financing</b>	17,153.753	17,498.103
1	Net Lending	3,085.586	3,085.586
2	Net External Borrowings	444.822	2,336.472
3	Net Domestic Borrowings	13,623.345	12,076.045
	<b>Fiscal balance % of GDP</b>	-8.59	-9.30

With this revision, the fiscal deficit is expected to widen from Nu.17,153.753 to Nu.17,498.103 million which is about 9.3 percent of GDP. The fiscal deficit shall be financed through external concessional borrowing and domestic borrowing. The details of revenue, expenditure and public debt performance are presented in Chapter 3, 4 and 5 respectively.

## **2.5 Fiscal Outlook: FY 2022-23:**

The economic fallout from the prolonged pandemic required extensive policy responses, leaving a significant dent in the fiscal space. Sizeable stimulus packages and weak revenue collection have resulted in the deterioration of fiscal positions. Hence, a key challenge remains as to how fiscal policy needs to be adjusted in order to achieve a sustainable balance between rebuilding fiscal buffers and maintaining necessary policy support.

Amidst these challenges, the fiscal outlook for FY 2022-23 is formulated with an objective to support the process of accelerating the economic recovery. This is in view of the various policy measures and relaxations in support of the recovery process, which is expected to boost economic growth, enhance tax revenue and generate employment. The economic recovery is accelerated by inclusion of the activities from the Transformation Initiatives and the Economic Revival Strategy.

Underpinned by the above assumptions, the domestic revenue is estimated at Nu.36,368.270 million for FY 2022-23. From the total domestic revenue, tax revenue constitutes 70 percent (Nu.25,432.435 million) and non-tax revenue constitutes 30 percent (Nu.10,935.836 million). The indirect taxes such as customs duty, sales tax, domestic excise duty, and green tax which are primarily driven by consumer demand, are expected to further improve on account of the expansionary fiscal stance. As a result, the tax revenue during FY 2022-23 is expected to grow by 11.0 percent as compared to FY 2021-22.

Total expenditure for the FY 2022-23 is estimated at Nu.74,807.887 million which is 37 percent of GDP. From the total expenditure,



Nu.36,340.942 million is allocated for recurrent expenditure and Nu.38,466.945 million for capital expenditure.

As a result of increased expenditure over resources, the fiscal deficit is estimated at Nu.22,882.133 million which is 11.25 percent of GDP. The fiscal deficit will be financed through the net external concessional borrowing of Nu.270.005 million and net domestic borrowing of Nu.20,356.410 million.

**Table 2.3: Fiscal Outlook for FY 2022-23**

	<i>Nu.in million</i>
	<b>2022-23</b>
<b>Particulars</b>	<b>Estimates</b>
<b>Total Resources</b>	<b>51,925.754</b>
1. Domestic Revenue	36,368.270
2. Other Receipts	685.363
3. Grants	14,872.121
<b>Total Expenditure</b>	<b>74,807.887</b>
4. Recurrent Expenditure	36,340.942
5. Capital Expenditure	38,466.945
<b>OVERALL BALANCE</b>	<b>-22,882.133</b>
<b>FINANCING</b>	<b>22,882.133</b>
<i>Net Lending</i>	2,795.729
<i>Net external borrowings</i>	-270.005
<i>Net internal borrowings</i>	20,356.410
<i>GDP</i>	203,448.620
<b>Fiscal balance % of GDP</b>	<b>-11.25</b>

## **2.6 Budget Policy and Fiscal Framework Statement (BPFFS):**

The BPFFS serves as a framework in fulfilling the macroeconomic objectives and as a basis of determining the resource envelope. Macro-fiscal policies such as revenue, expenditure, deficit and debt management are adopted to achieve the objectives of macro fiscal management. Through this framework, decisions and strategies which influence economic circumstances in achieving the current fiscal objectives are being pursued.

As per the initial 12th FYP estimates, resources were estimated at Nu.280,772.642 million, out of which Nu.217,728.299 million was estimated as domestic revenue and Nu.63,044.343 million as grants. The total expenditure was estimated at Nu.310,016.072 million, out of which Nu.193,895.344 million pertains to recurrent expenditure and Nu.116,120.729 million for capital expenditure. As a result, the fiscal deficit was estimated at Nu.29,243.430 million which is 2.36 percent of GDP.

However, taking into consideration the fiscal performance as of FY 2020-21 and the revised fiscal estimates for FY 2021-22 and estimates for FY 2022-23, the overall resources for the 12th FYP is estimated at Nu.268,547.196 million and the total expenditure is estimated at Nu.325,312.382 million. This results into a fiscal deficit of Nu.57,648.838 million which is 5.97 percent of GDP.

Therefore, the overall fiscal deficit is estimated to increase from Nu.29,243.430 million to Nu.57,648.838 million by almost 97 percent from the initial 12th FYP estimates. The increase in fiscal deficit is on account of the impact of pandemic on the domestic revenue collection and increased spending requirements related to COVID-19 pandemic.

**Table 2.4: Budget Policy and Fiscal Framework Statement**

*Nu.in million*

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Particulars			Actual	Revised	Estimates
<b>Total Resources</b>	<b>42,033.296</b>	<b>54,603.868</b>	<b>59,696.113</b>	60,288.165	<b>51,925.754</b>
1. Domestic Revenue	34,707.670	36,218.876	35,855.445	35,600.000	36,368.270
2. Other receipts	-3,190.855	1,959.242	8,958.379	687.200	685.363
3. Grants	10,516.481	16,425.750	14,882.289	24,000.965	14,872.121
<b>Total Expenditure/ Outlay</b>	<b>44,054.133</b>	<b>57,572.283</b>	<b>71,091.811</b>	<b>77,786.268</b>	<b>74,807.887</b>
Recurrent Expenditure	27,768.663	35,525.354	43,515.780	35,535.971	36,340.942
<i>o/w DGRK</i>	<i>0.000</i>	<i>2,502.088</i>	<i>11,625.918</i>	<i>0.000</i>	<i>0.000</i>
2. Capital	16,285.470	22,046.930	27,576.031	42,250.297	38,466.945
Advance/Suspense (Net)	722.593	416.959	-255.901	0.000	0.000
<b>OVERALL BALANCE</b>	<b>-2,743.430</b>	<b>-3,385.375</b>	<b>11,139.797</b>	<b>17,498.103</b>	<b>22,882.133</b>
FINANCING	2,743.430	3,385.375	11,139.797	17,498.103	22,882.133
<i>Net lending</i>	<i>1,318.468</i>	<i>729.250</i>	<i>745.570</i>	3,085.586	2,795.729
<i>Net External borrowings</i>	<i>1,101.101</i>	<i>3,527.087</i>	<i>1,486.933</i>	<i>2,336.472</i>	-270.006
<i>Net internal borrowing</i>	<i>323.861</i>	<i>-870.962</i>	<i>9,091.414</i>	<i>12,076.045</i>	<i>20,356.410</i>
<b>Fiscal balance % of GDP</b>	<b>-1.50</b>	<b>-1.79</b>	<b>-6.03</b>	<b>-9.30</b>	<b>-11.25</b>

# Chapter 3

## Resource Performance and Outlook

### 3.1 Overview:

The total resource for FY 2020-21 was Nu.59,696.113 million, which is an increase of 9.3 percent as compared to the previous fiscal year. Of the total resources, 60.1 percent was domestic revenue and the remaining 39.9 percent was grants.

The total domestic revenue realized during the FY 2020-21 was Nu.35,855.445 million and was able to finance the entire recurrent expenditure.

During the year, the Government received external grants of Nu.14,882.289 million, which is a decrease of 9.4 percent from the previous year.

### 3.2 Resource Performance in FY 2020-21:

The total net domestic revenue realized during the FY 2020-21 was Nu.35,855.445 million, forming 20.3 percent of the GDP. The net domestic revenue decreased by 1 percent as compared to the previous FY 2019-20 of Nu.36,218.876 million.

The revenue collected from CIT, BIT and PIT during the year decreased by 3.6 percent, 5.3 percent and 40.4 percent respectively.

The fall in revenue was mainly due to the deferment of CIT payment as part of the fiscal measures. Further, with the enhancement of PIT exemption threshold from Nu.200,000 to Nu.300,000, and increase in allowable deductions, the PIT collection has also declined.

The sales tax collected during the fiscal year was Nu.4,110.603 million, a decrease of 16.9 percent as compared to the last fiscal year of Nu.4,945.881 million. The decrease was mainly from Telecom Services due to exemption of 5 percent sales tax on prepaid and postpaid telecom services effective from January, 2020.

The collection under Customs Duty was recorded at Nu.555.082 million with an increase of 18.6 percent as compared to the last fiscal year of Nu.467.997 million. Under other taxes, there was an increase of 9.1 percent mainly from royalty collection.

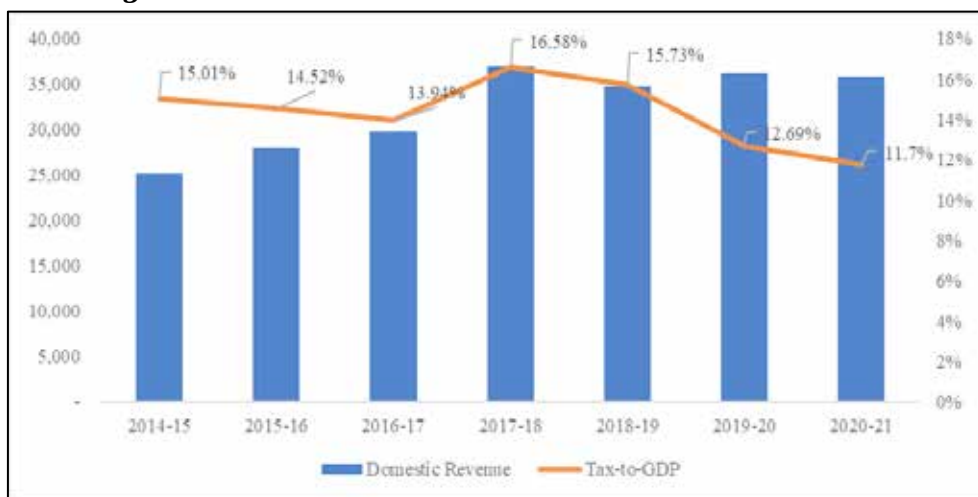
The revenue collected from Dividend was Nu.3,039.052 million with a decrease of 34 percent as compared to last fiscal year which was mainly due to decrease in dividend from Druk Holding & Investments (DHI).

### **3.2.1 Tax-to-GDP Ratio:**

During FY 2020-21, tax to GDP ratio was 11.7 percent, a decrease of 1 percent as compared to the previous FY. This was mainly due to decrease in collection from the CIT, BIT and PIT, sales tax, excise duty and green tax.

The CIT and sales tax were the highest contributors to the overall domestic revenue comprising 4.1 percent and 2.3 percent of total GDP respectively.

**Figure 3.1: Tax to GDP**



### 3.2.2 Taxes Forgone:

The tax foregone in the Income Year 2020 was Nu.5,010.062 million. A total of 10,732 business entities were either exempted from tax or under tax holiday. The CIT and BIT forgone stood at Nu.67.080 million.

The BIT exemption for the small and micro businesses located in the rural areas had been extended till the year 2024 by the Fiscal Incentive (Amendment) Act of Bhutan 2020. The Fiscal Incentive Act of Bhutan 2021 has also extended the same facility to those categories of the businesses. The incentive is provided primarily to promote the growth and enhance economic opportunities, livelihood and employment opportunities in rural areas.

The tax forgone on Customs Duty, Sales Tax and Green Tax is Nu.2,858.399 million, Nu.2,076.834 million and Nu.7.748 million respectively. It is on the account of Customs Duty, Sales Tax and Green Tax granted on the import of vehicles. Exemption of Green Tax

on the import of vehicles is extended to the organizations in accordance with the obligations under the international conventions or covenants, multilateral or bilateral agreements signed with the Kingdom of Bhutan. It is also on the account of refund on payment of taxes and duties for purchase of public transport, exemptions on import of plant and machinery and raw materials to manufacturing sector and exemption on cement.

**Table 3.1: Actual Collection Vs. Revenue Forgone** *Nu.in million*

<b>For the Year 2020</b>	<b>Actual Collection</b>	<b>Revenue Forgone</b>
CIT/BIT	8,320.076	67.080
Customs Duty	555.082	2,858.399
Sales Tax	4,110.603	2,076.834
Green Tax	593.788	7.748
<b>Total</b>	<b>13,579.549</b>	<b>5,010.062</b>

### **3.3 Revised Resource in FY 2021-22:**

For FY 2021-22, the revised total resource has increased to Nu.60,288.165 million from the initial approved total resources of Nu.56,765.582 million. The increase is about 6.2 percent as compared to the approved estimates which is attributed to the increase in both other receipts of total Nu.46.929 million from internal sources and external grants of total Nu.3,475.654 million.

#### **3.3.1 Domestic Revenue:**

The estimated and revised domestic revenue for the FY 2021-22 remains the same at Nu. 35,600.000 million.

**Table 3.2: Revised Resource Summary for FY 2021-22 as of 30th April 2022**

**Nu.in million**

Particulars	Approved	Revised
<b>TOTAL RESOURCES</b>	<b>56,765.582</b>	<b>60,288.165</b>
<b>INTERNAL RESOURCES</b>	<b>36,240.271</b>	<b>36,287.200</b>
<b>I. DOMESTIC REVENUE</b>	<b>35,600.000</b>	<b>35,600.000</b>
i.Tax	22,931.188	22,931.188
ii. Non-Tax	12,668.812	12,668.812
<b>II.OTHER RECEIPTS</b>	<b>640.271</b>	<b>687.200</b>
<b>III. GRANTS</b>	<b>20,525.311</b>	<b>24,000.965</b>
i. Program Grants	4,186.555	5,122.317
a) GoI (PG & TSF)	4,186.555	5,122.317
ii) Project-tied Grants	16,338.756	18,878.648
a)GoI	12,584.300	12,500.440
b) Others	3,754.456	6,378.208

*\* Other receipts include internal grants*

### **3.3.2 Grants:**

The grant estimate for FY 2021-22 has increased to Nu.24,000.965 million from the approved estimate of Nu.20,525.311 million. Over the fiscal year, Nu.3,475.654 million was incorporated with the highest under GoI grant amounting to Nu.2,373.735 million, Nu.243.943 million for the EU, and Nu.218.048 million under the other development partners. Table 3.2 provides the summary of the incorporations made during the year.



**Table 3.3: Summary of Incorporations****Nu.in million**

<b>Sl. No</b>	<b>Donors</b>	<b>Amount</b>
1	Asian Development Bank	38.440
2	European Union (EU)	243.943
3	Global Fund to fight Aids, Tuberculosis & Malaria	77.556
4	Government of Austria (GoA)	85.279
5	Government of India (GoI)	2,373.735
6	Swiss Development Organization (Helvetas)	5.250
7	SAARC Development Fund (SDF)	28.967
8	Save the Children	45.380
9	The Netherlands	30.000
10	United Children's Fund	86.116
11	United Nations Development Program (UNDP)	55.454
12	UN Environmental Program	12.632
13	UN Fund for Population Activities	24.843
14	World Bank	116.406
15	World Food Program (WFP)	24.526
16	World Health Organization (WHO)	148.993
17	World Wildlife Foundation (WWF)	17.825
18	Other Development Partners	218.048
	<b>Total</b>	<b>3,633.393</b>
<b>Less</b>	<b>Adjustment during the Mid-Year Budget Review</b>	<b>-157.739</b>
	<b>Total</b>	<b>3,475.654</b>

### 3.4 Resource Estimates for FY 2022-23:

For FY 2022-23, the total resources are estimated at Nu.51,925.754 million, which is a 13.8 percent decrease from the previous FY revised resource estimate mainly due to decrease in grants and other receipts.

#### 3.4.1 Domestic Revenue:

The domestic revenue is Nu.36,368.270 million, which is an increase of 2.2 percent from the previous FY. The estimated growth in revenue is mainly attributed to improved direct tax performance.

#### 3.4.2 Grants:

For FY 2022-23, the external grant is estimated at Nu.14,872.121 million which comprises of project-tied and program grants received from the development partners. Major portion of the external grant is received from the GoI followed by ADB, GEF, EU and others.

**Table 3.4: Summary of Grants for FY 2022-23**

<i>Nu.in million</i>		
Sl. No	Donors	Amount
1	Asian Development Bank	1,677.355
2	Bhutan Foundation	11.800
3	European Union (EU)	360.416
4	Global Fund to fight Aids, Tuberculosis & Malaria	52.948
5	Government of Austria (GoA)	149.917
6	Government of India (GoI)	10,976.226
7	Green Climate Fund (GCF)	378.551
8	Swiss Development Organization (Helvetas)	15.950

9	International Fund for Agricultural Development (IFAD)	14.010
10	SAARC Development Fund (SDF)	74.917
11	Save the Children	25.449
12	The Netherlands	23.000
13	United Children's Fund	132.138
14	United Nations Development Program (UNDP)	5.846
15	UN Environmental Program	19.725
16	UN Fund for Population Activities	21.433
17	World Bank	348.288
18	World Food Program (WFP)	20.165
19	World Health Organization (WHO)	95.956
20	Other Development Partners	468.031
	<b>Total</b>	<b>14,872.121</b>

### 3.5 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 tax revenue is estimated at 1.01 and 2.07 during FY 2021-22 and FY 2022-23. With the anticipated improvements in economic activities during FY 2022-23, the buoyancy for the overall domestic revenue is expected to improve to 0.8 and the buoyancy for tax revenue is also estimated to improve by 2.07.

**Table 3.5: Tax Revenue and Buoyancy*****Nu.in million***

<b>Particulars</b>	<b>2021/22 (Revised)</b>	<b>2022/23 (Estimate)</b>	<b>2023/24 (Projected)</b>
Domestic Revenue	35,600.000	36,368.270	48,088.960
Total Domestic Revenue Growth	(0.04)	0.06	0.32
<b>Domestic Revenue_ Buoyancy</b>	<b>(0.60)</b>	<b>0.80</b>	<b>3.34</b>
Tax Revenue	22,098.610	25,432.430	31,029.430
<b>Tax Revenue Buoyancy</b>	<b>1.01</b>	<b>2.07</b>	<b>2.28</b>

With anticipated improvement in the economic scenario, domestic revenue is expected to improve. As a result, tax revenues are projected to respond positively during FY 2022-23 and FY 2023-24 with a buoyancy of 2.07 and 2.28 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 Punatsangchhu -II with a buoyancy of 0.80 and 3.34 respectively.

# Chapter 4

## Expenditure

### 4.1 Overview:

The Budget for FY 2021-22 was formulated based on the theme of ensuring 'Sustained Economic Stability for a Resilient Recovery' underpinned by five broad objectives of maintaining public confidence, sustaining economic activities, transforming the health and education system, leveraging on ICT and Innovation, and enabling reform initiatives.

Accordingly, of the total expenditure of Nu.77,786.268 million in the FY 2021-22, Nu.42,250.297 million was for capital expenditure, which is 36 percent of the revised 12th FYP outlay and Nu.35,535.971 million was for recurrent expenditure, which is about 21 percent increase compared to FY 2020-21.

Subsequently, a total expenditure of Nu.74,807.887 million is provisioned for FY 2022-23 of which Nu.38,466.945 million is for capital expenditure and Nu.36,340.942 million for recurrent expenditure. The details of the budget estimate are provided under section 4.8 titled Budget Estimates for FY 2022-23.

### 4.2 Revised Budget for FY 2021-22:

The approved budget appropriation of Nu.80,483.150 million has been revised to Nu.84,350.083 million owing to incorporation of external funded activities during the FY. Accordingly, the total expenditure has increased by 5.2 percent from Nu.73,919.335 million to Nu.77,786.268 million mainly contributed by increase in capital expenditure. The increase in the capital expenditure is on

account of incorporation of external funded activities under grants and loans. With the revised total budget appropriation of Nu.84,350.083 million, the fiscal deficit is Nu.17,498.103 million, which is 9.3 percent of GDP.

**Table 4.1: Revised Budget Summary as of 30th April 2022**

*Nu.in million*

Particulars	Approved	Revised
<b>Expenditure</b>	<b>73,919.335</b>	<b>77,786.268</b>
i. Recurrent Expenditure	35,598.664	35,535.971
ii. Capital Expenditure	38,320.671	42,250.297
<b>Repayments</b>	<b>5,654.415</b>	<b>5,654.415</b>
i. Internal	13.186	13.186
ii. External	5,641.229	5,641.229
<b>On Lending</b>	<b>909.400</b>	<b>909.400</b>
<b>Grand Total</b>	<b>80,483.150</b>	<b>84,350.083</b>

#### **4.2.1 Recurrent Expenditure:**

The recurrent expenditure is maintained within Nu.35,598.664 million as per the Budget Appropriation Act for FY 2021-22. However, there is a downward revision of the recurrent budget due to re-prioritization of Nu.62.693 million from recurrent to capital expenditure.

#### **4.2.2 Capital Expenditure:**

The capital expenditure has been revised from Nu.38,320.671 million to Nu.42,250.297 million due to incorporation of donor funded activities under grants and loans amounting to Nu.3,929.626 million (includes Nu.62.693 million appropriated from recurrent to capital expenditure).

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

### 4.3 Budget for COVID-19:

As on 30<sup>th</sup> April, 2022, the total budget allocated to support COVID-19 related activities in the FY 2021-22 is Nu.3,302.566 million. Of the total, Nu.2,000 million was provisioned under the General Reserve for containment and management of COVID-19 pandemic, Nu.1,168.732 million was received by the Government through generous support from development partners (GoI, WHO, IDA/World Bank, UNICEF, EU and SDF) and Nu.133.834 million was met through technical adjustment within the overall approved budget.

The cumulative expenditure since FY 2019-20 for containment and management of COVID-19 is Nu.8,158.384 million of which Nu.1,241.938 million is financed through grant and Nu.710.513 million through loan. The detailed list of the expense is illustrated in Table 4.2.

**Table 4.2: Details of COVID-19 Expenditure**

Particulars	Cumulative expenditure (FY2019-20 & FY 2020-21)		FY 2021-22		Total	
	Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
Health (PPE, drugs, non-drugs and flu clinics)	78.607	1,496.672	-	275.460	78.607	1,772.132
Essential food and fuel	247.829	740.848	-	73.728	247.829	814.576

Quarantine (logistics and food)	788.751	6.942	-	951.865	788.751	958.807
Others (Structure - Roads, temporary shelters, etc)	0.448	578.277	-	697.892	0.448	1,276.169
Others (non-structural-COVID related miscellaneous expenses)	368.225	549.219	-	631.742	368.225	1,180.961
Vaccine	-	-	-	671.879	-	671.879
<b>Total</b>	<b>1,483.860</b>	<b>3,371.958</b>	<b>-</b>	<b>3,302.566</b>	<b>1,483.860</b>	<b>6,674.524</b>
<b>Grand Total</b>	<b>4,855.818</b>		<b>3,302.566</b>		<b>8,158.384</b>	

#### 4.4. COVID-19 Response Fund:

The COVID-19 Response Fund (Ngultrum Account and Foreign Currency Account) was opened on 9<sup>th</sup> March 2020 to receive voluntary contributions made by the development partners, individuals, corporate bodies, agencies, institutions, CSOs, etc. from within and outside the country for the management of the pandemic. These accounts are maintained with Bank of Bhutan Limited.

As on 31<sup>st</sup> March 2022, the total fund received in Ngultrum Account was Nu.151.268 million of which Nu.120.000 million was spent on COVID-19 test kits in the FY 2020-21. The total fund received in Foreign Currency Account was US\$26,300.83 and no expenditure has been made from this account till date. The fund balance as on 31<sup>st</sup> March 2022 was Nu.31.268 million for Ngultrum account and US\$26,300.83 for foreign currency account.



#### **4.5 Supplementary Budget Appropriation Bill:**

The Supplementary Budget Appropriation Bill for FY 2021-22 amounting to Nu.3,866.933 million is submitted to the House for consideration. The total budget appropriation for FY 2021-22 is revised from Nu.80,483.150 million to Nu.84,350.083 million, with the incorporation of externally funded projects including COVID-19 related activities.

#### **4.6 National Resilience Fund (NRF) :**

With the onset of the pandemic in March 2020, the NRF was established to support the grant of the Druk Gyalpo's Relief Kidu (DGRK) in the form of income support for individuals directly affected by the pandemic and interest payment support for individuals and business entities with effect from 17th April, 2020. His Majesty The King Commanded that the Druk Gyalpo's Relief Kidu be continued for an additional period of 15 months from April 2021.

As per the Royal Command, the NRF is financed in entirety from His Majesty's Kidu Fund and the Sungchob Fund with effect from July 2021.

The Government, on behalf of the people of Bhutan pay immense gratitude to His Majesty The King for the benevolence and compassion shown for the welfare of the people during the worst social and economic impacts of the pandemic. The Income and Interest Payment Support which are granted entirely through His Majesty's Kidu Fund and the Sungchob Fund, sustained the confidence and livelihood of people and ensured businesses are kept afloat.

## **4.7 Fiscal and Monetary Measures:**

### **4.7.1 Fiscal Measures:**

Since the onset of the pandemic, the Government has rolled out targeted measures to mitigate adverse economic and financial impacts.

The Tour Operator, Hotels and Airline Companies were allowed to defer the payment of BIT/CIT for the Income Year 2019 till 30th June, 2022. In addition, the Government deferred payment of CIT/BIT from Income Year 2019 without levying 24 percent penal interest, until tourism business resumes in the country without any mandatory quarantine for tourists or up to 31<sup>st</sup> December 2022 whichever is earlier.

The Fiscal Measures Phase II was extended till June, 2022 as Fiscal Measures Phase III as follows:

- a) The industries consuming high and medium voltage to pay demand charges on the actual consumption basis as against mandatory minimum charges. As a result, Nu.280 million shall be forgone as revenue.
- b) Hotels used as quarantine facilities have been waived off from payment of monthly electricity and WIFI charges to mitigate the risk of community transmission.
- c) The Government waived off the payment of monthly rent and other charges for tourism related business entities leasing government property. This resulted in a loss of revenue by almost Nu.51.365 million for the Government.

The Government approved A One Time Special Advance up to 20 percent on the remaining work balance on 24<sup>th</sup> February, 2022. The

Government also amended the Liquidity Damage rate at 0.05 percent for every day of delay to the maximum of 10 percent of the initial contract price with effect from 1st January, 2022 to the contractors. These initiatives were implemented to ensure the construction works in hand are completed on time with quality.

#### **4.7.2 Monetary Measures:**

To cushion the impact of the pandemic, accommodative monetary measures in various phases were provided for immediate socio-economic relief to the people and also to the financial sectors to avert the risk of build-up non-performing loans.

Monetary measures under Phase I, II and III includes: i) deferment of loan repayments ii) term based soft working capital facility for tourism related business iii) term based soft working capital to industries, and iv) soft term loans as bridging loans and treatment of interest accrued during the deferment period and Loan-to-Value (LTV) limits and land valuation.

The current Non-performing Loan (NPL) Resolution framework has been strengthened with Judiciary support for Debt Restructuring or Foreclosure in line with the existing rules and regulations.

## 4.8 Budget Estimates for FY 2022-23:

Having outlined the macro-fiscal context, the budget for FY 2022-23 has been cautiously formulated to reflect and resonate the strategies of protecting lives and livelihoods during this period of the COVID-19 pandemic and supporting the economic recovery process. In this respect, the Government has formulated the budget towards ***“Accelerating Economic Recovery through strategic investments in the areas of food self-sufficiency, human capital development, sustainable infrastructure development and improved social security.”***

As such, the total allocation is Nu.74,807.887 million of which recurrent allocation is Nu.36,340.942 million and capital allocation is Nu.38,466.945 million.

The recurrent allocation is guided by the principle of maintaining the recurrent expenditure within the estimated internal resources. Accordingly, efforts have been made to adjust the recurrent budget within the estimated domestic revenue. Further, to ensure optimal utilization and containment of controllable expenses by the budgetary bodies within their respective approved allocation, the recurrent budget will continue to be provided as block grants.

In addition, the Government will continue to implement the following budget policies adopted in FY 2021-22:

- 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;
- f) Implementation of Accelerated Mother and Child Health Program (AMCHP) shall be subject to improvement of revenue performance during the FY.

Further, the following new measures will be initiated;

- a) Suspension of DSA for in-country trainings;
- b) In-country travel that can be undertaken within a day's time to return to the place of work will not be eligible for DA;

Since the domestic revenue is adequate to cover only the recurrent expenditure, the capital budget for FY 2022-23 is funded through external grants, and the deficit financing through domestic borrowings and concessional external borrowings. As such, all the new constructions and major renovation of offices, staff quarters/residence, gates, boundary walls, fencing, have been deferred and non-developmental activities (training-others, professional services, furniture, office equipment, computers, and procurement of pool vehicles) irrespective of financing are rationalized.

#### **4.9 The Budget Appropriation FY 2022-23:**

The total budget appropriation for FY 2022-23 is estimated at Nu.81,827.311 million. Of the total, Nu.38,466.945 million is for capital expenditure (47 percent) and Nu.36,340.942 million is for recurrent expenditure (44 percent). Further, Nu.5,740.524 million is for principal repayment (7 percent) and Nu.1,278.900 million is for on-lending (2 percent).

**Table 4.3: Budget Appropriation for FY 2022-23***Nu.in million*

Particulars	Amount
<b>Expenditure</b>	<b>74,807.887</b>
Recurrent Expenditure	36,340.942
Capital Expenditure	38,466.945
<b>Repayments</b>	<b>5,740.524</b>
Internal	-
External	5,740.524
<b>On Lending</b>	<b>1,278.900</b>
<b>Grand Total</b>	<b>81,827.311</b>

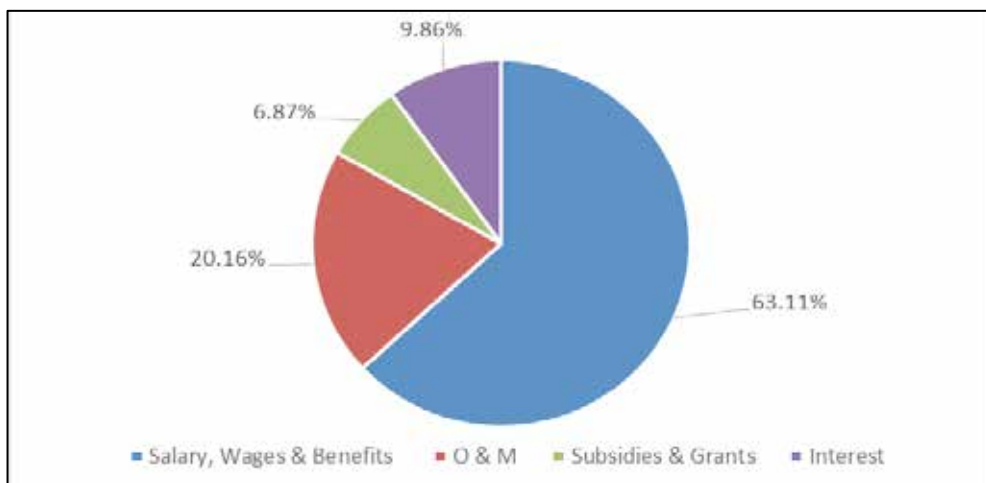
**4.9.1 Recurrent Expenditure:**

The recurrent expenditure for FY 2022-23 is estimated at Nu.36,340.942 million, which is about 2 percent increase from the approved recurrent budget of FY 2021-22. The increase in recurrent expenditure is mainly from increase in the interest payments and incremental increase of pay and allowances.

The total interest payment consists of Nu.2,898.883 million for external interest payment and Nu.683.710 million for domestic borrowings. Furthermore, a provision of Nu.430.000 million is provisioned under the General Reserve for the upcoming National Council election.

Figure 4.1 depicts the components of recurrent expenditure.

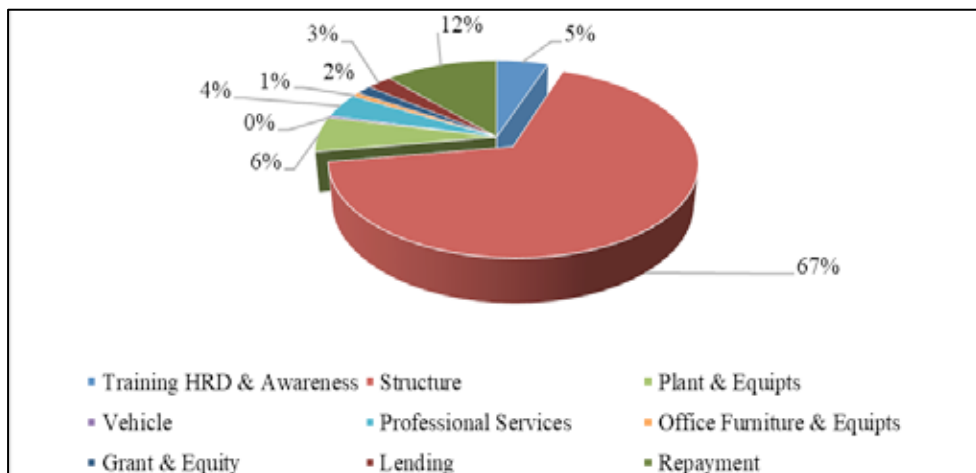
**Figure 4.1: Components of Recurrent Expenditure**



#### **4.9.2 Capital Expenditure:**

The estimated capital budget for FY 2022-23 is Nu.38,466.945 million constituting about 51 percent of the total expenditure. Of the total, about 40 percent is financed through grants, 11 percent from external borrowings and the balance of 49 percent from the domestic borrowings. Further, the Government will continue to make concerted effort to mobilize additional grants and concessional external borrowings to reduce the internal borrowings and improve the convertible currency reserve. Figure 4.2 depicts the components of capital expenditure.

**Figure 4.2: Components of Capital Expenditure**



#### **4.9.3 Budget provision for COVID-19 Response:**

The Government has earmarked Nu.1,000.000 million in the FY 2022-23 for COVID-19 Response under the General Reserve. In addition, Nu.538.124 million is provisioned for procurement of COVID-19 vaccines, test kits, ventilators and construction of flu clinics at Paro and Samtse under the Ministry of Health.

#### **4.9.4 Lending:**

The total on-lending estimated for FY 2022-23 is Nu.1,278.900 million. Of the total, Nu.27.000 million is provisioned for BPC - Rural Electrification under JICA funding, Nu.299.820 million for DHI-Phuentsholing Township Development under ADB funding, Nu.300.640 million for Bhutan Development Bank Limited (BDBL) - Rural Finance Sector Development Project under ADB funding, Nu.651.440 million for the NHDCL - Green and resilient affordable housing sector project under ADB funding.



#### 4.9.5 Repayment:

For FY 2022-23, the repayment is Nu.5,740.524 million, which is for the external 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.

#### 4.10 Sector Allocation:

Of the total allocation of Nu.81,827.311 million for FY 2022-23, the Economic and Public Services has been allocated the highest share with Nu.27,156.637 million corresponding to 33.2 percent and is followed by Social Services with Nu.23,888.535 million comprising of 29.2 percent. The list of major capital activities under each sector are provided in Annexure 6.

Table 4.4 provides the summary of sector allocation for FY 2022-23.

**Table 4.4: Sector allocation for FY 2022-23**

<i>Nu.in million</i>				
Sectors	Current	Capital	Total	% Share
<b>Social Services</b>	<b>14,613.656</b>	<b>9,274.879</b>	<b>23,888.535</b>	<b>29.2%</b>
Health	5,464.978	5,107.422	10,572.400	12.9%
Education	9,148.678	4,167.457	13,316.135	16.3%
<b>Economic &amp; Public Services</b>	<b>4,027.003</b>	<b>23,129.634</b>	<b>27,156.637</b>	<b>33.2%</b>
Agriculture	2,015.793	5,059.764	7,075.557	8.6%

Sectors	Current	Capital	Total	% Share
Communications	605.581	1,505.984	2,111.565	2.6%
Housing & Community	362.508	4,328.379	4,690.887	5.7%
Energy	105.063	1,096.730	1,201.793	1.5%
Mining & Manufacturing	529.087	2,568.139	3,097.226	3.8%
Roads	408.971	8,570.638	8,979.609	11.0%
Cultural Services	789.046	980.267	1,769.313	2.2%
General Public Services	10,587.536	4,595.209	15,182.745	18.6%
Law & Order Services	2,741.108	486.956	3,228.064	3.9%
Sub- Total	32,758.349	38,466.945	71,225.294	87.0%
Repayment	3,582.593	5,740.524	9,323.117	11.4%
Lending	0.000	1,278.900	1,278.900	1.6%
Total	36,340.942	45,486.369	81,827.311	100%

#### 4.10.1 Health sector:

For the Health Sector, Nu.10,572.400 million is provisioned constituting 12.9 percent of the total allocation. The allocation is inclusive of Nu.4,094.474 million for the Ministry of Health, out of which, Nu.538.124 million is for COVID-19 containment measures (Nu.432.570 million for procurement of COVID-19 vaccines, Nu.73.000 million for procurement of COVID-19 test kits and Nu.32.554 million for flu clinics, procurement of ventilators etc.) Further, Nu.301,000 million is also provisioned for procurement and maintenance of hospital equipment.

Besides, Nu. 160.631 million is also earmarked to initiate construction of 60 bedded Pema Center- a hospital for mental health and wellbeing, Nu.67.923 million for Continued Medical Education

and Nu.63.500 million of reconstruction of four satellite clinics at Motithang, Babena, Simtokha and Debsi.

Similarly, to complete the on-going construction works, Nu.340.000 million is for construction of 150 bedded Gyaltsuen Jetsuen Pema Mother and Child Hospital, Nu.232.890 million for construction of a 65 bedded Mother and Child Hospital at Mongar and Nu.62.216 million for ancillary works at Gidakhom for NCID.

In addition, the sector includes the Health Flagship Program of Nu.238.240 million for diagnostic and curative measures, Nu.84.500 million for procurement of a Cardiac Catheterization laboratory and Nu.79.000 million for procurement of equipment under the JDWNRH.

#### **4.10.2 Education sector:**

For the Education Sector Nu.13,316.135 million is provisioned constituting 16.3 percent of the total allocation. Of the total, Nu.1,403.527 million is allocated as capital expenditure under the Ministry of Education, which includes Nu.332.500 million for initiating Education reform to equip students with the competency required in the 21st century. The major activities under the education reforms are enhancement of the STEM education, supply of ICT equipment and internet connectivity in 22 schools identified for implementation of Bhutan Baccalaureate learning processes based on the practices at the Royal Academy, Pangbisa. Further, Nu.47.700 million is allocated for Early Childhood Care and Development and ICT in Education for Learning Recovery and Improved Access and Nu.80.000 million for education flagship.

The sector also includes Nu.666.798 million for initiating on-going capital works under the Royal University of Bhutan such as Nu.116.570 million for construction of hostels, Nu.56.269 million for construction of classrooms, Nu.14.540 million for construction of sports facilities and Nu.30.000 million for other developmental works. Further, to cater the needs of the digital world, Nu.250.000 million has been provisioned for building the infrastructure for Gyelpozhing College of Information and Technology.

#### **4.10.3 Renewable Natural Resource (RNR) sector:**

The sector allocation to the Renewable Natural Resource (RNR) Sector is Nu.7,075.557 million corresponding to 8.6 percent of the total allocation. The allocation includes the provision of Nu.500.000 million earmarked under the General Reserve for supply of materials for chain link fencing and Nu.88.400 million under MoAF for low cost poly-house to be implemented upon finalization of the implementation modality and based on the feasibility study.

Further, to support the RNR sector in stabilizing the farm production and increase in crop yields and quality through construction and renovation of irrigation schemes, Nu. 99.266 million has been allocated.

Similarly, under the National Organic Flagship Program (NOFP), Nu.97.590 million is allocated for completion of on-going activities such as, construction of microbiology laboratory at National Soil Services Center (NSSC) Simtokha (Nu.28.000 million), construction of bio-control laboratory at National Plant Protection Center (NPPC) at Simtokha (Nu.25.000 million), construction of sales outlet at Paro (Nu.20.000 million) and construction of multipurpose building at

National Center for Organic Agriculture (NCOA) Yusipang (Nu.13.000 million).

Further, to improve the quality of life of highlanders, a budget of Nu.41.291 million has also been allocated for implementation of the highland development program. In addition, Nu.17.900 million has been allocated to support institutions for inspecting and testing facilities and certifications. Nu. 134.300 million has been allocated for the construction of integrated cold stores with pack houses, export facilitation centers and establishment of semi processed peach and plum jam enterprises.

#### **4.10.4 Mining and Manufacturing Industry:**

The budget allocated for the sector is Nu.3,097.226 million constituting 3.8 percent of the total allocation. The allocated budget includes provision for completion of the on-going establishment of the Industrial Estates and Parks at Dhamdhum, Pasakha, Bjemina, Jigmeling and Motanga for which a sum of Nu. 218.821 million is provisioned. Similarly, development of Dry ports at Pasakha, Gelephu and Nganglam will be continued with an allocation of Nu.516.199 million. In addition, Nu.20.000 million is allocated for export diversification through product development under brand Bhutan. Further, a sum of Nu.114.404 million is provisioned to implement the on-going initiative for construction of Eastern and Central Bhutan POL depot and Nu.27.132 million for exploration and drilling of mining in various locations.

The sector also includes CSI flagship program, for which Nu.170.649 million is allocated to promote economic diversification, sustainable start-ups and CSI, strengthening export and reducing imports and creating job prospects.

#### **4.10.5 Tourism:**

While the tourism sector is a major source of employment and revenue besides earnings in convertible currency, the pandemic has severely impacted the sector with the travel restrictions and border closure announced since 2020. However, the sector continued to implement activities to upgrade the tourist sites and destinations, organized training and reskilling programs in partnership with private institutes and the Ministry of Labour and Human Resources etc.

In FY 2022-23, the Tourism Council of Bhutan is allocated Nu.123.462 million for development of road side amenities, training and re-skilling in tourism and hospitality, enhancement of Tashel system and digitization of tourism products, establishing ecotourism guidelines and certification system, etc.

#### **4.10.6 Vocational training and employment:**

In response to challenges posed by the pandemic, the Government has devised a range of plans and strategies through provision of high-quality training attuned to the needs of the emerging economy. The Skills Development Plan (SDP) is one of the strategies initiated to mitigate the socio-economic impact caused by the pandemic. To ensure an effective, inclusive and sustainable recovery, a total budget of Nu.333.777 million has been allocated for FY 2022-23.

Further, to address the rising unemployment, the Ministry of Labor and Human Resources (MoLHR) has been allocated Nu.1,353.099 million to continue the programs towards strengthening the vocational training institutes by equipping with required training

materials and engagement of candidates with employers to gain hands-on experiences.

Some of the significant programs included in the allocation are Youth Engagement and Livelihood Program (Nu.118.000 million), Build Bhutan Project (and Nu.81.333 million), ADB Funded Education Skills Development Project (Nu.480.909 million) and augmentation of existing Technical Training Institutes (TTIs) and Institute of Zorig Chusum (IZCs) to Vocational Colleges (Nu.150.999 million).

#### **4.10.7 Road sector:**

A budget of Nu.8,979.609 million is provisioned for the Road Sector. The allocation includes a budget provision of Nu.1,500.000 million kept under the General Reserve for Granular Sub-base (GSB phase II second priority) and Nu.3,190.562 million provisioned under the respective Dzongkhags for GSB phase II- first priority. In addition, it also includes the total budget provision of Nu.444.103 million for blacktopping of Gewog Centre (GC) roads under various Dzongkhags. Further, a budget provision of Nu.275.921 million is allocated for Improvement of Bjena Khotakha National Service Center Road and Improvement of approach road Taraythang National Service Center besides the support of Nu.187.000 million for Monsoon restoration and mitigation works allocated under various divisions.

The sector allocation also includes works related to the Primary National Highway (PNH) of Nu.863.681 million. Some of the major activities are pavement strengthening of Gomphu Pangbang PNH (Nu.49.500 million), Improvement of Tingtibi Phophel PNH (Nu.60.000 million), Pavement strengthening on Jumja Raidak PNH (Nu.81.695 million), Improvement Works on Sengor Dramaling PNH (Nu.194.150 million), Improvement works on Ura Yongkola

Rothpashong PNH (Nu.167.070 million) etc. While a total of Nu.244.941 million includes for Secondary National Highway (SNH) for which some of the major activities are Improvement works on Tshelingore Khothakpa SNH (Nu.94.000 million) and the construction of Diana Zam at Samtse to Sipsu SNH (Nu.72.801 million).

#### **4.10.8 Urban development, housing and public amenities sector:**

A total of Nu.4,690.887 million has been allocated in the FY 2022-23 for the Urban development, housing and public amenities sector. The major activities consist of construction of quarantine facilities in four southern regions of Samtse, Phuentsholing, Samdrup Jongkhar and Sarpang amounting to Nu.1,612.033 million.

Under the Water Flagship Program, Nu.1,653.600 million is allocated to implement more than 100 schemes across the country. The flagship program is under implementation across 20 Dzongkhags and four Thromdes. Around 170 water supply schemes of different sizes have been completed and are benefiting the communities. 37 schemes have been launched through the De-suung National Service Project, of which 22 schemes have been completed and handed over to communities across 20 Dzongkhags. The flagship program includes major urban water supply schemes, rural water supply schemes and irrigation schemes including De-suung National Service Water projects.

The sector further includes construction of Water supply and Sewerage at Samdrup Jongkhar, Dewathang and Rangjung Nu.156.760 million, retrofitting of public structures Nu.11.200 million, and basic building construction quality testing equipment



Nu.10.000 million. In addition, a total of Nu.62.420 million is provisioned for development works at four Thromdes.

#### **4.10.9 Communication sector:**

For the communication sector, Nu.2,111.565 million is provisioned constituting about 2.6 percent of the total allocation. To transform the country into a smart and inclusive society, Nu.661.803 million is allocated under the Digital Drukyl flagship program which includes Nu.148.289 million for Health Electronic Patient Information System (EPIS) implementation.

Further to strengthen the Government data center infrastructure for the whole of the Government initiative, a sum of Nu.70.000 million is earmarked for enhancement of digital transformation and innovation in the use of ICT and media, Nu.23.314 million for maintenance of Druk Research & Education Network (DrukRen) and data center, and Nu.10.000 million for identified and designated agency (CIES) as Datahub Owner for Single Source of Truth.

Further, to raise awareness and interest in space science and technology in empowering and improving the lives of the Bhutanese people, Nu.41.000 million is provisioned to build in-house 3U and 5U satellites.

The allocation also includes Nu.57.049 million for on-going runway resurfacing and extension at Bumthang Domestic Airport, Nu.57.467 million for enhancement of airport infrastructure at Yonphula Domestic Airport, Nu.14.251 million for establishment of electronic vehicle charging stations in 14 Dzongkhags and Nu.14.500 million for procurement of road safety equipment. In addition, Nu.78.289 million is allocated for rural communication project phase VI to enhance universal connectivity of communication services, and

Nu.54.372 million for the procurement of mobile radio frequency monitoring equipment.

#### **4.10.10 Energy sector:**

Bhutan has a significant potential for renewable and sustainable energy. Towards the achievement of reliable and energy security through diversified mode, the sector has been allocated Nu.1,201.793 million.

Some of the major activities include construction of 17.38 MW Sephu Solar PV project Nu.876.075 million, development of hydrogen road map as an alternative source of energy Nu.17.530 million and preparation of DPR for Kuri-Gongri hydropower project Nu.40.000 million.

#### **4.10.11 Religion and Cultural services:**

The sector will continue to restore and conserve structures and sites of rich traditional and cultural significance to support the continuity and development of cultural expression. Towards meeting this objective, a budget of Nu.1,769.313 million is allocated in the FY 2022-23.

During the FY 2022-23, the sector targets to complete two major Dzong constructions i.e. re-construction of Wangdue Phodrang and re-construction of Drukgyel Dzong for which a sum of Nu.146.000 million is allocated. Similarly, two major restoration works at Tango and Chari Monastery are also expected to be completed with the budget allocation of Nu.132.983 million. Further, a sum of Nu.395.600 million has been allocated for the on-going constructions of Lingzhi and Sarpang Dzongs, conservation of Lhakhangs (Pangrizampa, Chimi Lhakhang, and Lhakhang at Rajgir,

India) and conservations of Monasteries (Sangchoekhor and Rigsum Goenpa).

The sector budget also includes a budget provision of Nu.175.896 million for construction and maintenance works under the Council for Religious Affairs.

#### **4.10.12 Law and Order services:**

Under this sector, the agencies included are Judiciary, Bhutan National Legal Institute (BNLI), Royal Institute of Law, Office of Attorney General (OAG), Royal Bhutan Police (RBP), and Department of Law and Order. Towards enhancing judicial accessibility, strengthening administration of justice and legal services, providing legal education, strengthening the border management, and strengthening a safe and secure society, a sum of Nu.3,228.064 million has been allocated under the sector for FY 2022-23.

As envisaged in the 12<sup>th</sup> FYP, the RBP has been allocated with the sum of Nu.28.394 million for on-going construction of a fully equipped forensic laboratory and purchase of cameras and accessories for safe cities to strengthen the scientific methods of detecting and curbing crimes through forensic science, CCTV and biometrics amongst others. Further, Nu.89.943 million is allocated for construction of the municipality wall near Pugli gate, Jitti border check post to Ratan workshop, below Rinchending Goenpa and along the Jharna segment at Phuentsholing.

#### **4.10.13 General Public Services:**

The General Public Services include public service delivery by Local Governments, Finance, Foreign, Constitutional Bodies, and

Immigration, Civil Registration and Census, and Autonomous agencies.

In order to ensure effective public service delivery, Nu.15,182.745 million is provisioned under the General Public Services. The major activities include Nu.77.000 million for System Development of Electronic Customs Management under MoF, Nu.50.260 million for reconstruction of Kutshab's residence in RBE, Delhi, Nu.23.298 million for managing sustainable land resources for human settlement under NLCS, Nu.104.500 million for Procurement of Trade Facilitation Equipment by Phuentsholing Thromde and Strengthening Public Procurement System under MoF.

#### **4.10.14 Human Resource Development:**

Based on the endorsement from RCSC for implementation of critical HRD programs, Nu.544.351 million is provisioned in the FY 2022-23. Of the total, Nu.241.691 million is allocated under RCSC and the balance under various budgetary agencies.

#### **4.10.15 Sports:**

For the Bhutan Olympic Committee (BOC), Nu.73.326 million is provisioned. The major activities include Nu.35.959 million to complete the on-going construction of multi-sports halls at Haa and Paro and Nu.8.895 million for Construction of Indigenous Museum Pavilion, and Restructuring of Archery Ground at Changlimithang.

#### **4.10.16 Local Governments (LGs) :**

The total budget allocation for the LGs in FY 2022-23 is Nu.22,769.208 million. Of the total, Nu.12,745.172 million is for recurrent and Nu.10,024.036 million is for capital. The LGs shall

continue to receive the budget in the form of annual grants pertaining to RGoB financing. However, the budget for those activities under the external financing and GSB Phase II are tied to the specific activities and cannot be diverted to other activities in case of underutilization.

Table 4.5 illustrates the allocation of budget to LGs for the FY 2022-23.

**Table 4.5: Allocation for the LGs in FY 2022-23**

**Nu.in million**

Category	Recurrent	Capital			Grand Total
	RGoB	RGoB	External	Total	
Dzongkhags	10,602.243	3,637.412	2,554.724	6,192.136	16,794.379
Gewogs	699.187	2,760.000	-	2,760.000	3,459.187
Thromdes (including Thromde schools & City Bus Services)	1,443.742	1,000.000	71.900	1,071.900	2,515.642
<b>TOTAL</b>	<b>12,745.172</b>	<b>7,397.412</b>	<b>2,626.624</b>	<b>10,024.036</b>	<b>22,769.208</b>

As illustrated in the table 4.6, the total capital budget allocation to LGs is 26 percent of the total capital. However, considering the centrally executed activities of Nu.7,795.476 million by various central agencies, the actual budget allocation to LGs is about 46 percent of the total allocation.

Table 4.6 provides the summary of centrally executed activities in the LG.

**Table 4.6: Centrally executed activities in the LG****Nu.in million**

Sl. No.	Category	Agency Total	From Central Agency	From Dzongkhags	Grand Total
1	Dzongkhags	16,794.379	6,661.366		23,455.745
2	Gewogs	3,459.187	981.750	1,749.864	6,190.801
3	Thromdes (including Thromde schools & City Bus Services)	2,515.642	152.360		2,668.002
	<b>Total</b>	<b>22,769.208</b>	<b>7,795.476</b>	<b>1,749.864</b>	<b>32,314.548</b>

**4.10.17 Legislative, Judiciary and Constitutional Bodies:****National Assembly:**

The National Assembly of Bhutan is allocated a sum of Nu.115.877 million for FY 2022-23. Of the total, Nu.113.133 million is for recurrent and Nu.2.744 million is for capital. The capital budget provision is for purchase of laptops for assistant research officers, UPS for the server room and maintenance of the HVAC (heating, ventilation and air conditioning).

**Nu.in million**

<b>National Assembly</b>	<b>Amount</b>
Recurrent	113.133
Capital	2.744
<b>Total</b>	<b>115.877</b>

## National Council:

A total budget of Nu.83.070 million is provisioned for the National Council for FY 2022-23. Of the total, Nu.76.037 million is for recurrent and Nu.7.033 million is for capital. The capital activities include installation of heating and cooling system in the remodeled NC hall, installation of CCTV and fire safety and security system, and procurement of computers for the secretariat staff.

*Nu.in million*

<b>National Council</b>	<b>Amount</b>
Recurrent	76.037
Capital	7.033
<b>Total</b>	<b>83.070</b>

## Judiciary:

To provide efficient delivery of judicial services, a total budget of Nu.374.376 million is provisioned under Judiciary for FY 2022-23. Of the total, Nu.284.436 million is recurrent and Nu.89.940 million is for capital. The capital budget includes provision for completion of on-going constructions of the District Court at Gasa and Paro, Sakten Dungkhag Court, and Drangpon's residence at Paro. In addition, Nu.9.526 million is allocated for the capacity development of legal professionals.

*Nu.in million*

<b>Judiciary</b>	<b>Amount</b>
Recurrent	284.436
Capital	89.940
<b>Total</b>	<b>374.376</b>

### Anti-Corruption Commission:

A total budget of Nu.133.009 million is provisioned for the Anti-Corruption Commission for FY 2022-23. Of the total, Nu.93.593 million is for recurrent and Nu.39.416 million is for capital. Some of the major capital activities include Nu.7.500 million for conducting of National Integrity Assessment (NIA) 2022, Nu.7.300 million for specialized training on Anti-Corruption studies, investigation, prevention and education, and Nu.3.600 million to develop the Monitoring & Evaluation system for Anti-Corruption and Integrity measures.

*Nu.in million*

<b>Anti-Corruption Commission</b>	<b>Amount</b>
Recurrent	93.593
Capital	39.416
<b>Total</b>	<b>133.009</b>

### Election Commission of Bhutan:

In the FY 2022-23, the Election Commission of Bhutan is provisioned a sum of Nu.29.392 million, of which Nu.28.992 million is for the recurrent and Nu.0.400 million is for capital. In addition, a budget provision of Nu.465.000 million is earmarked under the General Reserve to meet the expenses for the upcoming National Council Election and Nu.20.000 million for Bye Election.

*Nu.in million*

<b>Election Commission of Bhutan</b>	<b>Amount</b>
Recurrent	28.992
Capital	0.400
<b>Total</b>	<b>29.392</b>



### **Royal Audit Authority:**

A total budget of Nu.200.134 million is provisioned for the Royal Audit Authority for FY 2022-23. Of the total, Nu.170.573 million is for recurrent and Nu.29.561 million is for capital. Some of the major capital activities include Nu.19.821 million to complete the on-going construction of the office at Bumthang, Nu.6.000 million for professional development of auditors and Nu.3.000 million for outsourcing of audit services.

*Nu.in million*

<b>Royal Audit Authority</b>	<b>Amount</b>
Recurrent	170.573
Capital	29.561
<b>Total</b>	<b>200.134</b>

### **Royal Civil Service Commission:**

The Royal Civil Service Commission (RCSC) has been allocated a total budget of Nu.356.709 million for FY 2022-23. Of the total, Nu.60.113 million is for recurrent and Nu.296.596 million is for capital. Some of the major capital activities include Nu.200.000 million for professionalizing civil service, Nu.26.200 million for cost sharing and other HRD programs and Nu.14.275 million for the Bhutan Civil Service Examination.

*Nu.in million*

<b>Royal Civil Service Commission</b>	<b>Amount</b>
Recurrent	60.113
Capital	296.596
<b>Total</b>	<b>356.709</b>

#### **4.11 Transfers: Annual Grants, subsidies and equities:**

The total budget of Nu.4,114.706 million has been provisioned for transfers as annual grants, subsidies and equities for FY 2022-23 of which Nu.2,904.123 million is for the recurrent and Nu.1,174.583 million is for capital. Table 4.7 provides the details on the transfers.

##### **4.11.1 Annual Grants:**

The total budget provisioned for FY 2022-23 as annual grants is Nu.2,091.152 million. Of the total, Nu.1,100.572 million is for recurrent grants and Nu.990.580 million is for capital grants. Of the total, Nu.1,780.234 million is for Tertiary Institutions (RUB and KGUMSB) and Nu.310.918 million is for agencies such as Red Cross Society, Bar Council, and Alternative Dispute Resolution Center.

##### **4.11.2 Subsidies:**

The total budget provisioned for FY 2022-23 as subsidies is Nu.1,915.437 million of which Nu.1,839.551 million is for recurrent and Nu.75.886 million is for capital. Of the total, Nu.1,406.440 million is for domestic power tariff, Nu.182.772 million is for Bhutan Broadcasting Service Corporation Limited (BBSCCL), Nu.10.500 million is for the Bhutan Chamber for Commerce and Industry (BBCI) and Nu.50.450 million is for operational subsidy for community service centers under the National CSI Development Bank. In addition, Nu.86.606 million is provisioned for interest and principal payment on account of the purchase of Aircraft, and Nu.14.459 million for the Bhutan Agro Industries Limited (BAIL) for interest subsidy and Nu.3.599 million for the price support to Bhutan Agro Industries Limited (BAIL).

### 4.11.3 Equities:

A total of Nu.108.117 million is provisioned for equities. Of the total, Nu.61.866 million is for FCBL to support the construction of four National Food Security Reserve (NFSR) warehouses and three integrated cold storage at Chunzom, Hongtsho, Nanglam, and Zhemgang, Nu.22.588 million is for Green Bhutan Corporation Limited (GBCL) and Nu.23.663 million is for the NCGS to support the guaranteed coverage for the FY.

**Table 4.7: Details of the grants, subsidies and equities for FY 2022-23**  
*Nu.in million*

Particulars	Current	Capital	Total
<b>A. GRANTS</b>			
Druk Gyalpo Relief Fund	-	100.000	100.000
Bhutan Economic Stabilization Fund	-	200.000	200.000
Support to Bhutan Red Cross Society	5.390	-	5.390
Support to Bhutan Alternative Dispute Resolution Center	4.009	-	4.009
Support to Bar Council	1.519	-	1.519
<b>Sub -total Others</b>	<b>10.918</b>	<b>300.000</b>	<b>310.918</b>
Royal University of Bhutan (RUB)	921.238	666.798	1,588.036
Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB)	168.416	23.782	192.198
<b>Sub-total Education Institutions</b>	<b>1,089.654</b>	<b>690.580</b>	<b>1,780.234</b>
<b>Total Grants (A)</b>	<b>1,100.572</b>	<b>990.580</b>	<b>2,091.152</b>
<b>B: Subsidy</b>			
Bhutan Broadcasting Service Corporation Limited	127.485	55.287	182.772

Bhutan Chambers and Commerce Industries (BCCI)	10.500	-	10.500
Domestic Power Tariff-BPC	1,406.440	-	1,406.440
Operational subsidy for community service centers (National CSI Development Bank)	50.450	-	50.450
<b>Sub-total SoE</b>	<b>1,594.875</b>	<b>55.287</b>	<b>1,650.162</b>
Interest subsidy for third aircraft-Drukair	53.745	-	53.745
Interest subsidy for purchase of ATR42-600-Drukair	32.861	-	32.861
Interest subsidy for loan availed for establishment of integrated Agro processing plant at Lingmithang-BAIL	10.860	-	10.860
Price support to Bhutan Agro Industries Limited (BAIL)	-	3.599	3.599
Interest subsidy on OD facility to facilitate timely payment to farmers-FCBL	26.250	-	26.250
Subsidy to NHDC Debt Servicing for Phuentsholing Housing Complex	53.960	-	53.960
<b>Sub-total Interest and Principal</b>	<b>177.676</b>	<b>3.599</b>	<b>181.275</b>
Rural House Insurance Scheme-RICBL	-	17.000	17.000
Rural Life Insurance – RICBL	67.000	-	67.000
<b>Sub-total Others</b>	<b>67.000</b>	<b>17.000</b>	<b>84.000</b>
<b>Total Subsidy (B)</b>	<b>1,839.551</b>	<b>75.886</b>	<b>1,915.437</b>
<b>C: Equity</b>			

Equity Injection: FCBL	-	61.866	<b>61.866</b>
Equity Injection: GBCL	-	22.588	<b>22.588</b>
Equity Injection: National Credit Guarantee Scheme (National CSI Development Bank)	-	23.663	<b>23.663</b>
<b>Total Equity (C)</b>	<b>-</b>	<b>108.117</b>	<b>108.117</b>
<b>Grand Total (A+B+C)</b>	<b>2,940.123</b>	<b>1,174.583</b>	<b>4,114.706</b>

#### 4.12 General Reserves:

The 'General Reserve' is a sum of money provisioned under the Ministry of Finance to meet the funding needs for unforeseen, unavoidable and ad-hoc priorities during the FY, the necessity or extent of which cannot be foreseen or reasonably evaluated at the time of budget formulation. The transfer from such specific provision shall be made for implementation upon fulfillment of established criteria and formalities including the finalization of the implementation modalities and readiness.

For FY 2022-23, the total budget of Nu.8,052.987 million is provisioned under the General Reserve. Of the total, Nu.2,232.987 million is for Current Reserves and Nu.5,820 million is for Capital Reserves. The General Reserve for FY 2022-23 has increased by about 28 percent compared to FY 2021-22 level mainly due to increase in provisioning under Current Reserves, and specific provisioning for GSB Phase II (Second priority), Transformation Initiatives and Chain Link fencing.

Table 4.8 shows the details of General Reserve provision for the FY.

**Table 4.8: Details of General Reserves***Nu.in million*

Sl.No.	Particulars	Amount		
		Current	Capital	Total
1	New Appointments Establishment	300.000	30.000	330.000
2	Hospitality And Entertainment	15.000		15.000
3	Retirement Benefits	635.000		635.000
4	Third Country Travel	50.000		50.000
5	National Events	100.000		100.000
6	Helicopter Services	100.000		100.000
7	Adhoc Works	332.987	800.000	1,132.987
8	Acquisition of Properties		500.000	500.000
9	Rehabilitation Programme		70.000	70.000
10	Disaster Contingency	200.000	385.000	585.000
11	COVID-19 Response		1,000.000	1,000.000
12	National Council Election	430.000	35.000	465.000
13	Bye Election	20.000		20.000
14	Retirement Benefits For NCs	50.000		50.000
15	Transformation Initiative		1,000.000	1,000.000
16	GSB Phase II Second Priority		1,500.000	1,500.000
17	Chain Link Fencing		500.000	500.000
	<b>TOTAL</b>	<b>2,232.987</b>	<b>5,820.000</b>	<b>8,052.987</b>

### 4.13 Flagship Programs:

For FY 2022-23, the Flagship Programs is estimated at Nu.3,130.319 million. The table below illustrates the actual expenditure for three FYs, revised budget for FY 2021-22 and estimates for FY 2022-23.

**Table 4.9: Summary of Flagship Programs**

*Nu.in million*

<b>Name of the Program</b>	<b>12FYP Revised Outlay</b>	<b>FY 2018-19 (Actual)</b>	<b>FY 2019-20 (Actual)</b>	<b>FY 2020-21 (Actual)</b>	<b>Revised Budget 2021-22</b>	<b>FY 2022-23 (Estimates )</b>
Waste/ Dog	800.000	2.847	11.010	123.673	593.173	162.639
Tourism	700.000	-	80.671	102.936	118.153	51.120
Organic	652.000	-	72.501	60.671	240.808	97.590
Startup and CSI	1,000.000	-	67.147	71.841	464.035	170.649
Water	2,148.000	-	20.221	184.429	1366.770	1,653.600
Digital Drukylul	2,250.000	-	82.392	503.997	1,179.432	661.803
Health	1,000.000	-	0.195	111.064	523.933	238.240
Education	900.000	-	16.097	196.155	386.396	80.000
National Day Footprint	550.000		2.834	285.477	308.415	14.678
<b>Total</b>	<b>10,000.000</b>	<b>2.847</b>	<b>353.068</b>	<b>1,640.243</b>	<b>5,181.115</b>	<b>3,130.319</b>

### 4.14 Gender Responsive Budgeting:

The Government continues to advocate gender responsive planning and budgeting as a tool to promote accountability and transparency in fiscal planning, increase gender responsive participation in the budget process and to advance gender equity agenda.

In FY 2022-23, Nu.679.877 million has been provisioned under various agencies to implement gender related activities.

**Table 4.10: Gender related allocation during FY 2022-23 Nu.in million**

Sl.No.	Agency	Name of Activity	Amount
1	MoAF	Implementation of gender action plan	2.500
2	DLG, MoHCA	Engagement of youth and women in local governance and development process	0.910
3	DLG, MoHCA	GECDP mainstreaming mechanism institutionalized at the LG level	1.500
4	DoYS, MoE	Strengthening youth friendly services through youth centers	2.150
5	NCWC	Programs and activities under the National Commission for Women & Children	8.927
6	MoH	Construction of 150 Bedded Gyaltsuen Jetsuen Pema Mother and Child Hospital at Thimphu	340.000
7	MoH	Construction of a 65 bedded Mother and Child Hospital at Mongar	323.890
		<b>Total</b>	<b>679.877</b>

#### **4.15 Climate Co-benefits:**

Fragile mountainous environment, high dependence on agriculture and the significant role of hydropower for economic development contribute to increasing vulnerability to the adverse impacts of climate change. Recognizing the importance of monitoring and reviewing the spending on climate adaptation and mitigation activities, the Climate Budget Tagging approach has been initiated for the four pilot budgetary agencies viz. Ministry of Agriculture and Forest, Ministry of Works and Human Settlement, Ministry of Economic Affairs and National Environment Commission. This initiative is expected to enhance reporting on climate expenditure by developing and implementing a climate budget tagging system.



As such, the total capital budget for four pilot agencies identified for climate budget tagging is Nu.10,376.074 million in the FY 2022-23. In order to enhance the precision of the estimation of the climate relevant expenditure, five relevance levels for the climate budget tagging methodology have been adopted and respective weights assigned as follows: (Full relevance - 100 percent, High Relevance - 75 percent, Medium Relevance - 50 percent, Low Relevance - 25 percent and Not Relevant - 0 percent).

The programs/activities have full relevance when the activities are entirely built on climate policy, satisfy one or more climate relevance criteria and do not undertake any action other than climate change, adaptation or mitigation, while for High relevance other things remaining the same few actions are undertaken outside the domain of climate change, adaptation or mitigation. On the Medium relevance other things remaining, half of the activities are outside the climate change, adaptation or mitigation. The Low relevance are for programs that do not have direct relevance to climate change adaptation and mitigation but have some indirect relevance whereas for the 0 percent weightage are for programs and activities that do not have any relevance to climate criteria.

The following table illustrates the summary of Climate Budget Tagging for the four pilot agencies.

**Table 4.11: Climate Co-benefits related allocation during FY 2022-23**  
**Nu.in million**

Agency	Recommended Budget	Climate Budget Tagging				
		Not Relevant (0%)	Low Relevance (25%)	Medium Relevance (50%)	High Relevance (75%)	Full Relevance (100%)
Ministry of Agriculture & Forest	927.989	519.012	34.844	60.577	137.000	176.556

Ministry of Work & Human Settlement	7,204.251	2,281.619	2,741.301	1,016.414	796.217	368.700
Ministry of Economic Affairs	2,063.006	1,025.193	14z3.902	9.229	5.984	878.698
National Environment Commission Secretariat	180.828	4.817	38.390	127.561	10.060	-
<b>Total</b>	<b>10,376.074</b>	<b>3,830.641</b>	<b>2,958.437</b>	<b>1,213.781</b>	<b>949.261</b>	<b>1,423.954</b>

#### **4.16 Transformation Initiatives (TI) :**

As an integral part of the reform, a transformation group was formed to review the economic situation and propose initiatives to lay a strong foundation to bring about economic transformation in the country. The focus of the transformation initiatives are Energy, Technology, Infrastructure, Water and Food, based on which the total estimated requirement is Nu.45,132.700 million over a period of 10 years.

To implement the initiatives during the FY 2022-23, the projected amount is Nu.2,367.900 million. Of the total, Nu.1,000.000 million is earmarked under the General Reserve to be transferred to the lead agencies upon finalization of the implementation plan and based on readiness. In addition, Nu.380.510 million has already been allocated under the respective sectors. The remaining requirement will be explored and incorporated as and when the funding sources are confirmed.

#### **4.17 Budget Appropriation Bill:**

In order to implement the priorities of the Government in FY 2022-23, a total budget of Nu.81,827.311 million is submitted to the House as a Budget Appropriation Bill for consideration.

The Budget Appropriation Bill includes Nu.36,340.942 million for recurrent expenditure, Nu.38,466.945 million for capital expenditure, Nu.5,740.524 million for repayment and Nu.1,278.900 million for on-lending.

Guided by the principle of maintaining the recurrent expenditure within the internal resources, in addition to the continuation of rationalization measures adopted in FY 2021-22, suspension of DSA for in-country training and ineligibility of DA for in-country travel that can be undertaken within a day's time to return to the place of work, is proposed for consideration as part of the Budget Appropriation Bill.

# Chapter 5

## Public Debt

### 5.1 Overview:

This chapter presents the latest information on the public debt trajectory with relevant debt indicators in keeping with the sound public debt management practice. At the same time, the Chapter also divulged the financing outlook and the financing strategy for the medium term.

The total public debt stock as of 31st March 2022 was Nu.247,681.514 million, accounting for 130.9 percent of estimated GDP. It consisted of Nu.222,107.077 million of the external debt constituting 89.7 percent of total public debt and Nu.25,574.437 million of domestic debt constituting 10.3 percent of total debt.

As of 31st March 2022, the hydropower debt was Nu.162,197.993 million, accounting 85.7 percent of estimated GDP and constituting 73 percent of total external debt. The non-hydro debt was Nu.59,909.084 million, accounting for 31.7 percent of estimated GDP and constituting 27 percent of total external debt. The 31.7 percent non-hydro-to-GDP ratio for the external debt was well within the Public Debt Policy threshold of 35 percent.

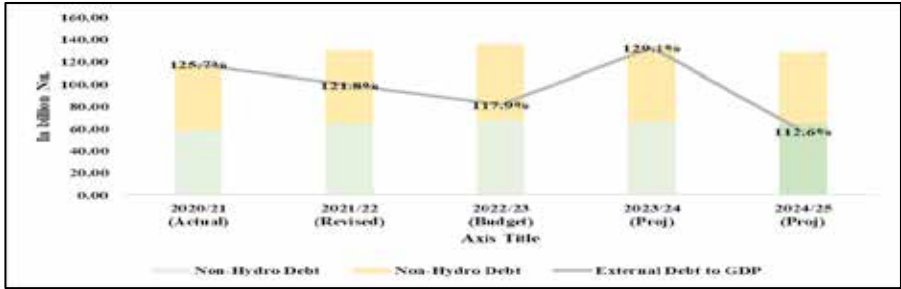
The gross financing need (GFN)—the sum of fiscal deficit, principal repayments, and net lending—for FY 2022-23 is estimated at Nu.25,826.928 million. The GFN is projected higher as compared to the previous FY owing to the adoption of expansionary fiscal policy for economic recovery and to complete the capital activities of the 12<sup>th</sup> FYP.

The GFN will be financed through borrowings from both external concessional borrowings and the domestic market. However, the Government will maximize external concessional borrowings to lower the financing costs. At the same time, meeting GFN from domestic sources is to facilitate the development of the domestic capital market going forward by the Government.

## 5.2 External Debt Stock:

As of 31st March 2022, the external debt constituted 89.7 percent of total public debt and accounted for 117.4 percent of estimated GDP. The external debt is mainly on account of borrowings for investment in hydropower development in the country which are deemed self-liquidating - thus less risky. Although the nominal level of external debt has been steadily increasing over the years, the external-debt-GDP has been fluctuating based on the difference in growth of nominal GDP vis a vis the rate of increase in external debt. 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 expected to increase from Nu.229,202.401 million on 30th June 2022 to Nu.239,814.013 million by 30th June 2023, an increase of 4.6 percent. The growth is mainly due to hydro loan disbursements, projected at Nu.11,737.224 million for FY 2022-

23, and Nu.5,470.518 million of budgetary loan disbursements from multilateral development banks and JICA.

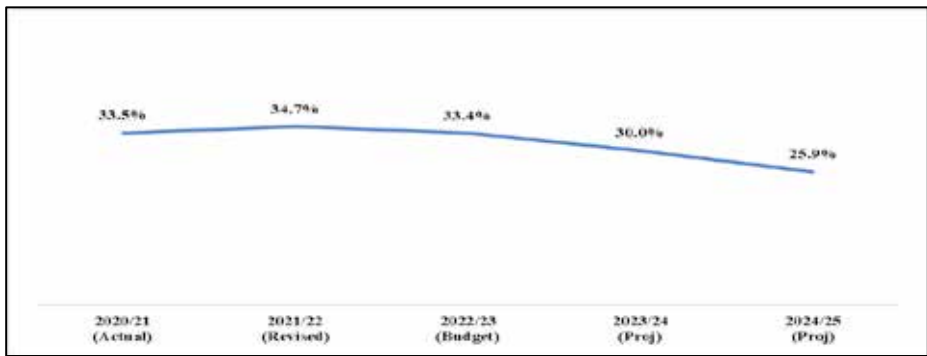
The external debt-to-GDP is projected to reach 117.9 percent in FY 2022-23 and steep jump in following FY 2023-24 hitting at 129.1 percent. The projected hike in FY 2023-24 is mainly contributed by the capitalization of Interest During Construction (IDC) of Punatsangchhu-II estimated at Nu.42,333.121 million with the expected commissioning in June 2023. Besides, the projected loan disbursement for on-going hydroelectric projects - Kholongchu and Punatsangchhu-I will also contribute to the increase in the external debt stocks and debt indicators. However, the external debt-to-GDP ratio is expected to fall sharply from FY 2024-25 with the start of repayment of Punatsangchhu-II and simultaneous increase in estimated GDP.

### **5.3 External debt indicators:**

The Public Debt Policy 2016 prescribes thresholds for several external debt indicators to ensure that the country's debt is sustainable. This section presents the key external debt indicators, measured against their thresholds prescribed by the Policy.

***Non-hydro debt to GDP ratio:*** The Public Debt Policy sets thresholds for the non-hydro external debt at 35 percent of GDP.

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

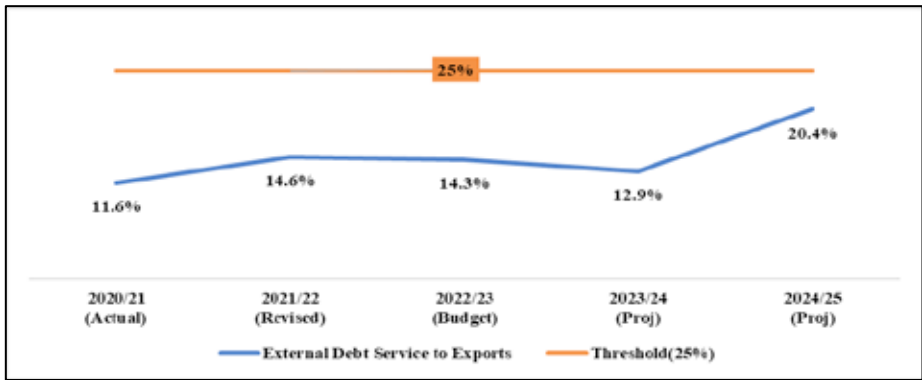


In keeping with the key strategy of government to avail concession external borrowings to finance the government budgetary activities though project-tied and program borrowings – ADB, WB, IFAD & JICA, the ratio for non-hydro external debt is expected to hit at 33.4 percent by the end of FY 2022-23. The estimated non-hydro borrowing for FY 2022-23 is Nu.5,470.518 million, contributing to the non-hydro debt stock.

The non-hydro external debt-to-GDP ratio is projected to decline to 33.4 percent during the FY 2022-23 as compared to the FY 2021-2022. The fall in the estimated ratio is owing to the increase in estimated GDP. As shown in Figure 5.2, the non-hydro external debt to GDP ratio is forecasted to remain within the 35 percent threshold of the Public Debt Policy.

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

Figure 5.3: External debt service to exports ratio

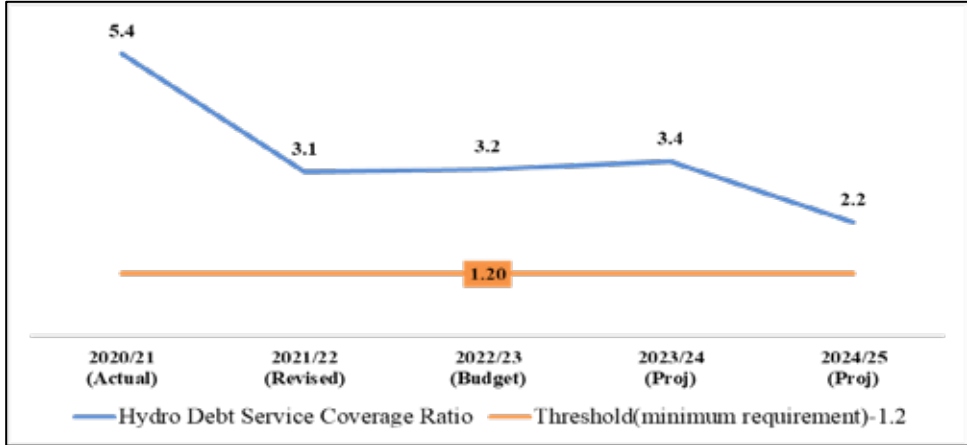


The external debt service to exports ratio is expected to hit 14.3 percent in FY 2022-23. Subsequently, the ratio is projected to decline to 12.9 percent in FY 2023-24 owing to an increase in exports of goods and services. All in all, the external debt service to export ratio is expected to remain within the 25 percent threshold prescribed by the Public Debt Policy 2016.

**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



The first half-yearly debt servicing for Mangdechhu Hydroelectric Project (MHP) started in January 2021, and the full annual debt service started from FY 2021-22. With the on-going hydro debt servicing of the MHP, the ratio is projected to hit 3.2 in FY 2022-23. In the following FY2023-24, the Hydro Debt Service Coverage Ratio is expected to improve slightly owing to the commissioning of Punatsangchhu-II, however, in the subsequent FY, its ratio is going to decline sharply with the start of debt servicing of Punatsangchhu-II after the one year of commissioning of the project. Nonetheless, the hydro debt service coverage ratio is projected to remain above 1.2 in the medium term going forward.

5.4 Financing for FY 2022-23:

The Government meets its financing requirement through external and domestic borrowings. The financing requirement and sources of financing for FY 2022-23 are presented in Table 5.1.

**Table 5.1: Financing Statement**

	<i>Nu.in million</i>
<b>FINANCING (fiscal deficit)</b>	<b>22,882.133</b>
<b>A. Net Acquisition of Financial Assets (Net Lending)</b>	<b>-2,795.729</b>
On-lending	1,278.900
Principal Recoveries	4,074.629
<b>B. Net Incurrence of Liabilities (Net Borrowing)</b>	<b>20,086.404</b>
<b>B1. Net External Borrowing</b>	<b>-270.006</b>
Borrowing	5,470.518
Repayment	5,740.524
<b>B2. Net Domestic Borrowing</b>	<b>20,356.410</b>
Borrowing	20,356.410
Repayment	0.000

The fiscal deficit for FY 2022-23 is estimated at Nu.22,882.133 million. Similarly, the net lending for the same FY is negative Nu.2,795.729 million and the repayment is Nu.5,740.524 million, resulting in the gross financing need (GFN) for FY 2022-23 is estimated at Nu. 25,826.928 million - the sum of fiscal deficit, principal repayments, and net lending is GFN.

The Government will finance the GFN from external concessional borrowings of Nu.5,470.518 million (21.2 percent) and the domestic market of Nu.20,356.410 million (78.8 percent). The International Development Banks – ADB, World Bank & IFAD constitute 99.5 percent of the external financing, and balance of 0.5 percent by bilateral partner - JICA.

### 5.4.1 Borrowings:

#### External Borrowings:

All the external borrowings are from multilateral development banks and bilateral partners such as ADB, World Bank, IFAD, and JICA. All loans from these institutions are available at highly concessional terms, with a nominal interest rate (0.75- 1.5 percent), long grace period (8-10 years), and long repayment period (16 - 40 years).

The planned external borrowings for FY 2022-23 are presented in Table 5.2.

**Table 5.2: External Budgetary Borrowings for FY 2022-23**

Project and Programs	Funding Agency	Amount (Million Nu.)
<b>A. Project-tied borrowings</b>		
1.Urban Infrastructure Project	ADB	5.845
2.SASEC Transport, Trade Facilitation and Logistic Project	ADB	199.606
3.Phuntsholing Township Development Project (for on-lending)	ADB	299.820
4. Secondary Towns Urban Development Project	ADB	145.020
5. Financing for Rural Development (for on-lending)	ADB	300.640
6. Green & Resilient Affordable Housing Sector Project (for on-lending to NHDCL)	ADB	651.440
7. Asia Pacific Vaccine Access Facility (APVAX)	ADB	432.570
8.Rural Electrification-II (for on-lending)	JICA	27.000
9.CARLEP	IFAD	197.029

10. COVID-19 Emergency Response and Health System Preparedness Project	World Bank	29.571
11. PforR on Human Capital Recovery & Resilient Projects - MoE & MoLHR	World Bank	381.477
<b>Total project-tied borrowings</b>		<b>2,670.018</b>
<b><i>B. Program borrowings:</i></b>		
1. Fiscal Sustainability and Recovery Program	ADB	2,800.500
<b>Total External Borrowings</b>		<b>5,470.518</b>

The external borrowing for FY 2022-23 is estimated at Nu.5,470.518 million, of which Nu.2,800.500 million is program borrowings from the ADB and Nu.2,670.018 million project-tied borrowings. The entire program borrowings are for financing the Government's budgetary activities, whereas Nu.1,278.900 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 2022-23, external concessional borrowings are expected to meet only 21.2 percent of GFN. Therefore, 78.8 percent (i.e. Nu.20,356.410 million) has to be financed from the domestic market, which will be through T-Bills and long-term Government bonds.

### **5.4.2 Debt Servicing:**

The total debt servicing (interest and principal payments) in FY 2022-23 is projected at Nu. 9,323.117 million, of which interest payment is Nu.3,582.593 million and principal repayment

Nu.5,740.524 million. The details of debt servicing are presented in Table 5.3:

**Table 5.3: Projected debt servicing in FY 2022-23**

<i>Nu.in million</i>			
Category	Interest	Principal	Debt Servicing
<b>1. External</b>			
ADB	418.261	1,257.37265	1,675.634
World Bank	366.207	773.51738	1,139.725
IFAD	30.076	139.21143	169.287
GOA	66.909	635.38130	702.290
JICA	3.885	150.03595	153.921
GoI (for MHP)	2,013.545	2,785.0054	4,798.551
<b>Total External Debt Servicing</b>	<b>2,898.88</b>	<b>5,740.524</b>	<b>8,639.40</b>
<b>2. Domestic</b>			
Existing Government Bonds (3, 7 & 10 Years)	433.710	0.000	433.710
T-Bills and Ways & Means Advances	250.000	0.000	250.000
<b>Total Domestic Debt Servicing</b>	<b>683.710</b>	<b>0.000</b>	<b>683.710</b>
<b>Total Debt Servicing (External &amp; Domestic)</b>	<b>3,582.59</b>	<b>5,740.524</b>	<b>9,323.11</b>

The external debt service for FY 2022-23 is estimated at Nu.8,639.407 million. More than half—Nu.4,798.550 million (55.5 percent)— of total external debt servicing pertains to MHP debt servicing to the GoI. The remaining 44.5 percent are payments to bilateral partners and multilateral development banks for the concessional loans availed in the past.

Domestic debt servicing makes up 7.3 percent of total debt service in FY 2022-23 and it pertains to coupon payments for past years government bonds.

### 5.4.3 Net Lending:

The net lending in FY 2022-23 is estimated at negative Nu.2,795.729 million. The details of net lending calculations are presented in Table 5.4.

**Table 5.4: Net lending**

**Nu. in Million**

<b>On-lending &amp; Recoveries</b>	<b>Amount</b>
<b>A. On-lending to:</b>	
DHI- for Phuntsholing Township Development Project	299.820
BPC- for Rural Electrification Project	27.000
BDBL- for Financing for Rural Development	300.640
NHDCL- Green & Resilient Affordable Housing Project	651.440
<b>Total on-lending</b>	<b>1,278.900</b>
<b>B. Principal recoveries from:</b>	
Bhutan Development Bank Limited	29.513
Bhutan Power Corporation Limited	238.345
Basochu Hydropower Plant	145.325
Dagachu Hydropower Corporation	596.486
Tangsibji Hydro Energy Limited	246.144
Mangdechhu Hydropower Plant	2,785.005
Drukair	33.811
<b>Total Principal Recoveries</b>	<b>4,074.629</b>
<b>Net Lending</b>	<b>-2,795.729</b>

In FY 2022-23, the Government will on-lend Nu.1,278.900 million: Nu.299.820 million to DHI for Phuntsholing Township Development Project, Nu.651.440 million to NHDCL for Green & Resilient Affordable Housing Project, Nu.300.640 million to BDBL for financing rural development, and Nu.27.000 million to BPC for Rural Electrification Project. The on-lending will be financed through concessional borrowings from ADB and JICA.

The total principal recovery for FY 2022-23 is estimated at Nu.4,074.629 million. About 68.3 percent of the principal recovery is from MHP for its debt servicing and remaining 31.7 percent from other State Owned Enterprises (SOEs) as shown in Table 5.4.

## **5.5 Medium-term Financing Strategy and Outlook:**

### **5.5.1 Financing Strategy:**

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

In the medium term, the Government will also borrow from the domestic market by issuing the Treasury-Bills (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 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 Nu.in million**

Particular	FY2020/21 Actual	FY2021/22 Revised	FY2022/23 Budget	FY2023/24 (Proj)	FY2024/25 (Proj)
<b>FINANCING (fiscal deficit)</b>	<b>11,139.798</b>	<b>17,374.887</b>	<b>22,882.133</b>	<b>9,721.157</b>	<b>9,725.880</b>
<b>A.Net Acquisition of Financial Asset</b>	<b>(745.494)</b>	<b>(3,165.286)</b>	<b>(2,795.729)</b>	<b>(1,574.089)</b>	<b>(10,577.784)</b>
On-lending	1,659.188	829.700	1,278.900	2,553.600	515.940
Principal Recoveries	2,404.682	3,994.986	4,074.629	4,127.689	11,093.724
<b>B. Net Incurrence of Liabilities</b>	<b>11,885.292</b>	<b>14,209.601</b>	<b>20,086.404</b>	<b>8,147.068</b>	<b>(851.904)</b>
<b>B.1 External</b>	<b>1,486.933</b>	<b>4,189.670</b>	<b>(270.006)</b>	<b>(3,168.138)</b>	<b>(12,154.094)</b>
Borrowing	5,211.993	9,830.899	5,470.518	2,535.800	441.180
Repayment	3,725.060	5,641.229	5,740.524	5,703.938	12,595.274
<b>B.2 Domestic</b>	<b>10,398.359</b>	<b>10,019.931</b>	<b>20,356.410</b>	<b>11,315.205</b>	<b>11,302.190</b>
Borrowing	10,411.349	10,033.117	20,356.410	26,124.273	24,364.327
Repayment	12.990	13.186	0.000	14,809.068	13,062.137

The Government is projected to experience a continuous fiscal deficit going forward. The external borrowings are estimated at Nu.5,470.518 million in FY 2022-23 and decline substantially in the following years owing to lack of commitment from the official development creditors at this point of time. However, it will improve in future as and when we ascertain commitment from Official Development Assistance (ODA). The repayment is expected to increase sharply in FY 2024-25 with the start of Punatsangchhu-II debt servicing, increasing the principal recovery for the FY.

On the domestic borrowing requirement, it is projected to remain on the increasing trajectory owing to the persistent fiscal deficit in



future. At the same time, the domestic repayment is expected to increase relentlessly for the redemption of the past issuance of Government bonds and projected T-Bills for financing purposes.

# Chapter 6

## Fiscal Risk

### 6.1 Overview:

The major risk to the recovery in public finance is a deterioration in GDP growth as a result of prolonged COVID-19 pandemic and the emerging conflict between Russia and Ukraine. Such twin risks pose an immediate effect, most notably, in the spike of commodity prices, particularly energy prices. The sweeping sanctions imposed on Russia have driven crude oil prices to multi year highs, and wholesale gas prices have more than doubled since the end of February 2022. Escalating energy prices would have negative repercussions, given that Bhutan is a net energy importer.

The situation requires the Government to further support economic activity through various stimulus and support packages, either from direct fiscal measures or non-fiscal measures such as quasi-fiscal instruments like guarantee facilities for businesses. The existing situation, where the pandemic is still unfolding, and the provision of fiscal stimulus and support measures needs to be continued, has elevated the Government's risk exposure. However, the Government remains committed to stabilizing the debt-to GDP ratio by ensuring that any support measures and stimulus are prudent and sustainable.

### 6.2 Macroeconomic Risks:

Risks under these are susceptible when outturns differ from forecasts for key macroeconomic variables, such as GDP, inflation, unemployment, interest rates, commodity prices, and exchange rates, which are themselves important determinants of fiscal performance. Notably, sharp deviations in nominal GDP growth may

have large implications for Government revenues as well as expenditures, and therefore for public debt.

### **6.3 Specific Fiscal Risks:**

These risks arise from the realization of contingent liabilities or other uncertain events, such as natural disaster, the bailout of a troubled public corporation, or the collapse of a bank. Each of these events can entail both immediate and/or on-going costs to the Government due to their explicit obligations or implicit obligations, which are not established by law or contract but are based on a moral obligation of the Government.

### **6.4 Fiscal Risk 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 2022-23**

**Nu.in million**

Liabilities	Direct liabilities		Contingent Liabilities	
	Particulars	Amount	Particulars	Amount
<b>Explicit</b>	Budgetary expenditure	36,340.000	Govt. guarantees	4,903.000
Government liabilities as recognized by law or contract	Debt servicing (interest in budgetary expenditure)	3,582.000	Subsidy to SOEs (including insurance and rural electricity)	1,854.000
<b>Implicit</b>			<b>Guarantees by SOE</b>	<b>8,300.000</b>
A moral obligation of Government that reflects public and interest-group pressures	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. 72.000 million increase in recurrent expenditure on maintenance of properties	Natural Disaster	585.000

**Direct Liability:**

The direct liability in FY 2022-23 is estimated at Nu.39,994.000 million which is about 20 percent of GDP. Of the total direct liability, explicit direct liabilities amount to Nu.39,922.000 million and implicit direct liabilities amount to Nu.72.000 million.

The explicit liabilities are on account of budgetary expenditure and debt servicing, while the implicit direct liabilities are on account of 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 a minimum of Nu.15,642.000 million in the FY 2022-23 which is about 8 percent of GDP. Of the total contingent liabilities, explicit contingent liability amounts to Nu.6,757.000 million and the implicit contingent liability amounts to Nu.8,885.000 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 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 the General Reserve and Department of Roads for disasters and monsoon restoration. In order to cover for risks associated with human lives and rural houses, the Government subsidizes insurance premiums.

# Chapter 7

## Financial Position of Public Sector Institutions and Investments

### 7.1 Overview:

With the pandemic at the forefront of the collective minds, the Government's primary goal is to ensure the uninterrupted supply of essential goods and services to citizens. Thus, State-Owned Enterprises (SOEs) under the MoF have operated under broad social mandates to primarily fulfill non-commercial social objectives through the delivery of public goods and services. During the pandemic SOEs strived to deliver more with less, under high public expectations and scrutiny.

SOEs are engaged in the implementation of Government development policies and plans including financial inclusion, concessional finance to promote the agriculture and CSI sector, affordable housing, national food security, universal postal services, transport, and public broadcasting services, which are social in nature. Each SOE falls under a portfolio ministry, which is responsible for policy making, technical support and monitoring of service delivery.

During the pandemic, most SOEs were exposed to additional operational and financial stress in ensuring uninterrupted public service delivery under circumstances for which they were not necessarily equipped. Nevertheless, SOEs played a critical role during the COVID-19 and will continue to do so in the post-pandemic world.

## **7.2 SOEs under the Ministry of Finance:**

Under the MoF, there are fifteen SOEs (eleven wholly-owned, two majority-owned, and two minority-owned). The MoF has initiated a reform study aimed to enhance efficiency, reduce the SOEs sector size, measures to track fiscal support, and strengthen financial oversight.

In the year 2021, considering the opportunities for synergies in research and developmental activities in the allopathic pharmaceuticals business area, Menjong Sorig Pharmaceutical Corporation Limited was transferred from MoF to DHI. Further, from the year 2022, the Chairperson of the Board is also included during the Annual Performance Compact (APC) signing between the MoF, portfolio ministry and respective SOEs. This was initiated to enable SOEs to come up with new initiatives to improve the revenue performances and measures to gain cost efficiency, and with the objective of achieving the set targets to fix accountability on the signing parties to APC.

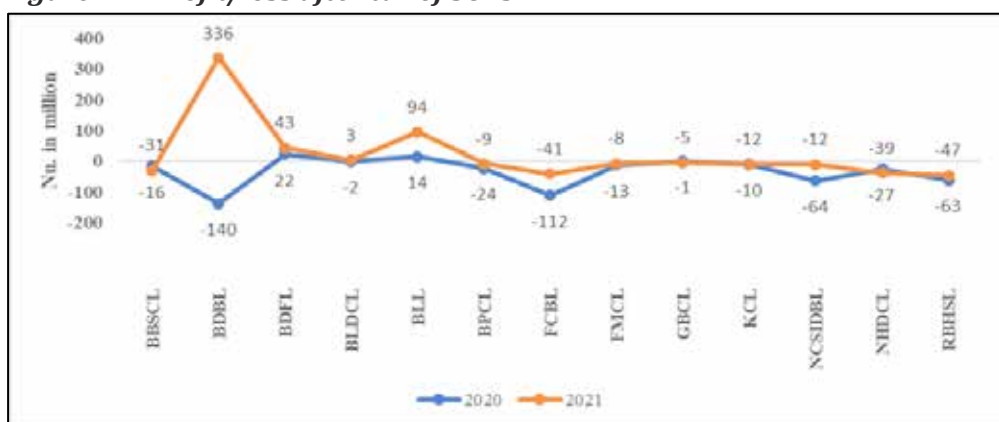
For the year 2020, the Government, in recognition of the performance and efforts of SOEs during the difficult times, has approved the Performance-Based Variable Incentives (PBVI) of 15 percent for fourteen SOEs. However, PBVI for the year 2021 is suspended in view of the current public revenue situation.

During the 114<sup>th</sup> National Day, Royal Bhutan Helicopter Services Limited (RBHSL) was awarded the “The Druk Thuksey” for its exceptional service to the Nation and especially during the pandemic. SOEs have contributed Nu. 4.254 million to His Majesty’s Kidu Fund for COVID-19 during the 10th Royal Wedding Anniversary held on 13<sup>th</sup> October, 2021.

## 7.2.1 SOE Performances:

During the year 2021, SOEs contributed Nu.311.042 million in the form of CIT and dividends. The tax contribution increased to Nu.201.042 million as compared to Nu.30.236 million in 2020 which is attributed to the improved performance of Bhutan Development Bank Limited (BDBL), Bhutan Lottery Limited (BLL), and Bhutan Duty Free Limited (BDFL). Further, the dividend contribution increased from Nu.13.000 million in 2020 to Nu.110.000 million in 2021 due to improved revenue performance of BLL and BDFL. As of December 2021, the combined net asset value of SOEs is Nu.11,381.361 million which was an increase of 15.7 percent as compared to the previous year.

**Figure 7.1: Profit/loss after tax of SOEs**





SOEs during the pandemic

<b>Bhutan Broadcasting Service</b> <ul style="list-style-type: none"><li>Produced more than 55 COVID-19 related messages in all languages of the radio services.</li><li>Covered 125 programmes on COVID-19.</li></ul>	<b>Food Corporation of Bhutan Ltd.</b> <ul style="list-style-type: none"><li>Amid the pandemic complications, FCBL adopted the Buy-Back Scheme to facilitate and helped farmers with marketing of crops.</li></ul>	<b>Kuensel Corp. Ltd.</b> <ul style="list-style-type: none"><li>Ran free advertisement on social and awareness messages worth of Nu. 2.02 million.</li></ul>	<b>National Housing Development Corp. Ltd.</b> <ul style="list-style-type: none"><li>Rent-free accomodation was provided to the front-line workers in Phuentsholing.</li><li>Deferred 10% rental increase for 506 units at Phuentsholing for 9 months amounting to Nu. 2 million.</li></ul>	<b>Royal Bhutan Helicopter Services Limited</b> <ul style="list-style-type: none"><li>Airlifted 333 kgs of medical supplies to Lingshi BHU.</li><li>Casualty evacuation of patients from Iti-Drupzhi near Tshar-Jathang.</li></ul>
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7.2.2 Subsidies to SOEs:

In the FY 2020-21, a total of Nu.398.700 million was transferred as subsidies to SOEs, which is an increase of 24.7 percent as compared to previous year. The increase was mainly on account of increase of operational subsidy to BBSCl by 12.1 percent, support to city bus services by 104.6 percent, subsidy for hiring of farm machinery by 38.6 percent and subsidy to National CSI Development Bank Limited (NCSIDBL) by 23.2 percent as compared to the previous year.

Figure 7.2: Summary of subsidy



**Table 7.1: Summary of subsidies to SOEs**

***Nu.in million***

<b>SOEs</b>	<b>FY2020/21 (Actual)</b>	<b>FY2021/22 (Estimate)</b>	<b>FY2022/23 (Projection)</b>
BAIL	7.103	11.240	10.860
BBS	180.913	235.707	316.438
Bhutan Post	56.163	-	-
FCBL	6.399	56.945	26.250
FMCL	62.205	31.364	68.872
NHDCL	61.687	62.312	53.964
BLDCL	13.400	-	-
GBCL	4.200		
NCSIDBL	6.630	87.989	82.167
<b>Subsidy amount</b>	<b>398.700</b>	<b>485.557</b>	<b>558.551</b>
<b>YoY % Change</b>	<b>24.7%</b>	<b>21.8%</b>	<b>15.0%</b>

Currently, the Government provides subsidies to SOEs for:

**i. Meeting operational cost:**

Bhutan Broadcasting Service Corporation Limited (BBSCL) and Community Service Centers (CSC) under NCSIDBL receive the subsidies for meeting the operational cost.

**ii. Interest subsidy:**

Bhutan Agro Industries Limited (BAIL), Food Corporation of Bhutan Limited (FCBL), National Housing Development Corporation Limited (NHDCL) and NCSIDBL are the SOEs that receive the interest

subsidy from the Government. NCSIDBL is provided with an interest subsidy from Nu. 13.860 million annually for 10 years starting from the FY 2021-22.

### **iii. Subsidies provided to citizens through SOEs:**

Subsidies are provided to citizens through Farm Machinery Corporation Limited (FMCL) for hiring of farm machinery.

## **7.3 Druk Holding & Investment (DHI) and Subsidiaries:**

The DHI was created through a Royal Charter issued by His Majesty on 11<sup>th</sup> November, 2007 as a commercial and investment arm of the Government operating on behalf of the people. DHI's portfolio spreads across sectors such as energy and resources, communication and transportation, financial services, real estate, and construction and trading.

### **7.3.1 DHI- Standalone Performance:**

In the year 2021, DHI generated a gross revenue of Nu.8,336.803 million, an increase by 12 percent from Nu.7,443.526 million in 2020. The increase in gross revenue was due to the increase in dividends from subsidiary companies by 12 percent from Nu.7,168.570 million to Nu.8,025.742 million in the year 2021 as shown in Table 7.2 below. Moreover, the expenditure of DHI decreased by 77.7 percent in the year 2021 from Nu.701.083 million to Nu.156.594 million. The decrease in expenditure was due to a decrease in repair and maintenance costs and other costs by 89.9 percent and finance costs by 99.3 percent.

**Table 7.2: Dividend Income from Subsidiaries****Nu.in million**

<b>Particulars</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-21</b>
<b>Dividend income from Subsidiaries -</b>			
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	1,550.000
Druk Green Power Corporation Ltd.	4,500.000	5,132.993	5,600.000
Druk Air Corporation Ltd.	-	3.000	-
State Mining Corporation Limited	64.680	316.440	364.548
Natural Resources Development Corp. Ltd	6.750	-	7.500
Bhutan Power Corporation Ltd.	882.560	412.141	460.589
Penden Cement Authority Ltd.	82.260	-	-
Thimphu Tech Park Ltd.	8.910	2.200	22.309
Wood Craft Centre Lt.	7.330	3.001	1.500
<b>Total</b>	<b>6,813.210</b>	<b>7,165.195</b>	<b>8,006.445</b>
<b>Dividend income from Associates and Portfolios -</b>			
Bhutan Ferro Alloys Ltd.	57.890	-	19.297
Bhutan National Bank Ltd.	40.820	3.380	-
Royal Insurance Corporation of Bhutan Ltd.	-	-	-
<b>Total</b>	<b>98.710</b>	<b>3.380</b>	<b>19.297</b>
<b>Total Dividend</b>	<b>6,911.920</b>	<b>7,168.574</b>	<b>8,025.742</b>

During the year, DHI contributed Nu.5,475.060 million to the domestic revenue in the form of CIT (Nu.2,454.060 million) and dividend (Nu.3,021.000 million).

**Table 7.3: Tax and Dividend Pay-out of DHI**

<i>Nu.in million</i>					
Particulars	2017	2018	2019	2020	2021
Corporate Income Tax (CIT)	2,326.058	2,612.000	2,132.390	2,089.844	2,454.060
Dividend Payout (DP)	4,021.000	3,350.000	4,100.000	4,532.000	3,021.000
% Change in DP	-0.4%	-16.7%	22.4%	10.5%	-33.3%
Total DHI Revenue	6,347.058	5,962.000	6,232.000	6,621.844	5,475.060
% Share to Domestic Revenue	21.4%	17.6%	16.3%	19.9%	15.9%

The total assets of DHI grew by 3.8 percent to Nu.68,668.808 million in 2021 from Nu.66,150.831 million in the year 2020. The increase was mainly attributed to an increase in capital work in progress (by Nu.364.312 million) and investment (by Nu.2,822.241 million).

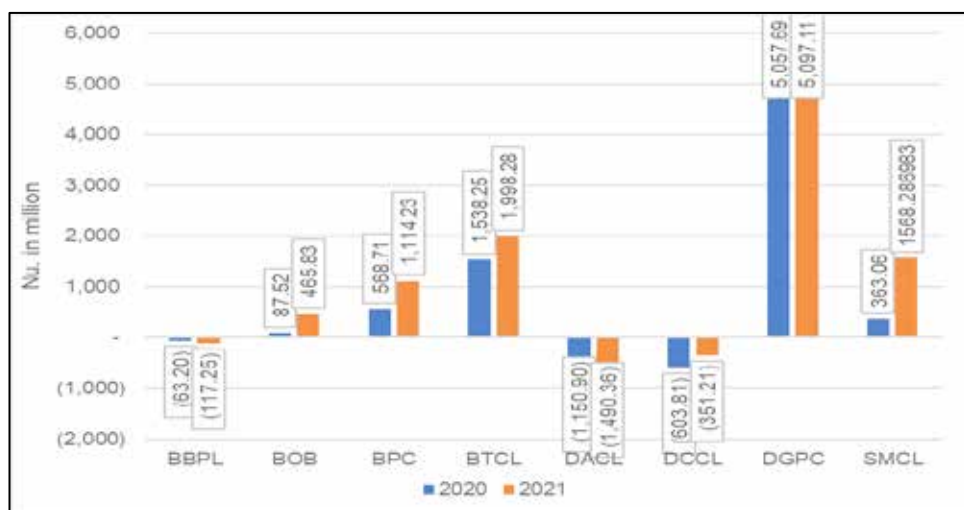
**Table 7.4: Financial Position of DHI Standalone**

<i>Nu.in million</i>			
Particulars	31-Dec-19	31-Dec-20	31-Dec-21
Non-current Assets	57,798.280	59,541.350	63,377.668
Current Assets	7,020.840	6,609.490	5,934.839
Total Assets	64,819.120	66,150.840	69,312.507
Equity	62,372.900	63,681.350	65,872.532
Non-current Liabilities	1,466.500	1,443.560	1,689.821
Current Liabilities	979.720	1,025.930	1,750.154
Total Equities and Liabilities	64,819.120	66,150.840	69,312.507

### 7.3.2 Performance of subsidiary companies:

In 2021, the subsidiary companies under DHI generated a gross revenue of Nu.40,246.040 million, an increase of 16 percent from Nu.34,676.513 million in the year 2020. The increase in revenue is attributed to an increase in revenue from State Mining Corporation Limited, Bhutan Power Corporation Limited, and Bhutan Ferro Alloys Limited. The profit after tax has also increased by 83 percent from Nu.3,644.843 million to Nu.6,686.401 million.

**Figure 7.3: Profit/loss after tax for DHI subsidiaries companies.**



### 7.3.3 Subsidies to DHI Companies:

The subsidies provided to the DHI companies include the interest subsidy to Drukair Corporation Limited (DCL) and subsidies provided to citizens through Bhutan Power Corporation Limited (BPCL) and Royal Insurance Corporation of Bhutan Limited (RICBL). In FY 2020-21, total subsidies transferred to the DHI companies amounted to Nu.1,693.635 million.

Nu.1,496.282 million was provided to citizens through BPCL as subsidy allocation for rural electricity. The subsidy includes 100 units and 200 units free electricity per month for rural community and highlander community respectively, and subsidized tariff for low voltage and medium voltage consumers. During the FY 2020-21, 208,530 consumers benefited from the electricity subsidy.

During the FY 2020-21, DACL was provided with an interest subsidy of Nu.116.622 million for purchase of ATR 42-600 and for purchase of third aircraft.

Nu.80.731 million was provided as rural house insurance and rural life insurance subsidy to citizens through RICBL. As of FY 2020-21, 67,546 houses and 603,899 individuals were covered under the rural house insurance scheme and rural life insurance scheme respectively.

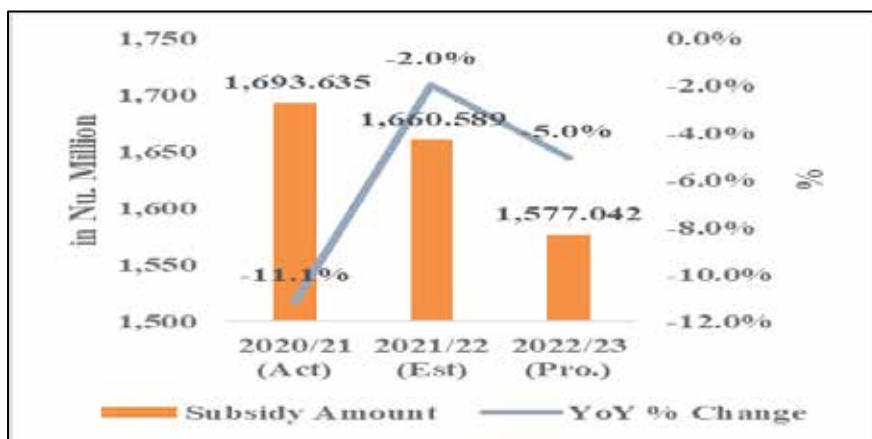
The subsidies to the DHI companies are expected to decline by 2 percent in the FY 2021-22 and by 5 percent in the subsequent year due to the decrease in the interest subsidy payment to DACL as shown in the table below.

**Table 7.5: Subsidy to DHI Subsidiaries**

**Nu.in million**

<b>DHI Subsidiaries</b>	<b>2019/20 (Act)</b>	<b>2020/21 (Act)</b>	<b>2021/22 (Est)</b>	<b>2022/23 (Pro.)</b>
BPC	1,695.620	1,496.282	1,471.000	1,406.436
Druk air	129.893	116.622	107.586	86.606
RICBL	80.211	80.731	82.003	84.000
<b>Subsidy Amount</b>	<b>1,905.724</b>	<b>1,693.635</b>	<b>1,660.589</b>	<b>1,577.042</b>
<b>YoY Change %</b>	<b>-4.5%</b>	<b>-11.1%</b>	<b>-2.0%</b>	<b>-5.0%</b>

**Figure 7.4: Subsidy to DHI Subsidiaries**



### 7.3.4 State-Owned Enterprises' Debt:

The overall debt of SOEs has increased from Nu.39,821.749 million to Nu.39,871.880 million in the year 2021. The increase was mainly due to an increase in borrowing for Druk Green Power Corporation (DGPC) by 7.1 percent, DACL by 8.3 percent, and Penden Cement Authority Limited (PCAL) by 16.7 percent.

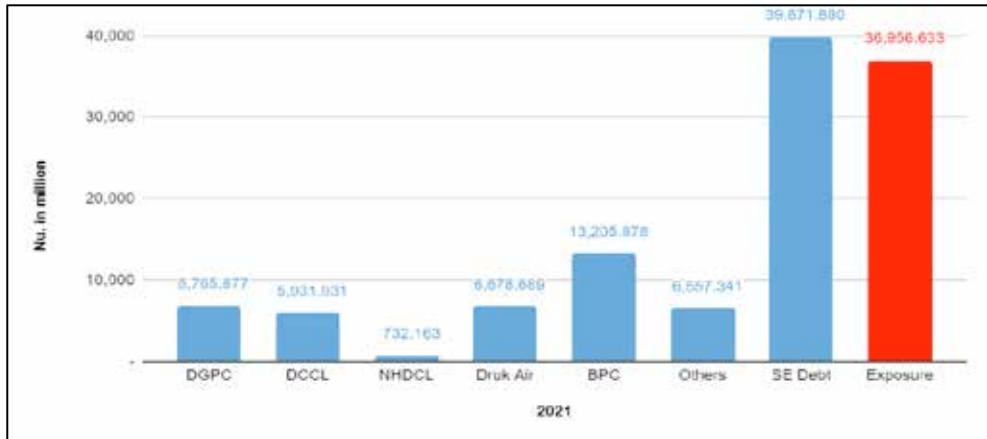
**Table 7.6: Summary of SOE Debt**

<i>Nu.in million</i>			
Particulars	2019	2020	2021
Short-term	4,938.471	4,059.551	3,652.647
Long-term	32,100.852	35,762.198	36,219.233
<b>Total SOE Debt</b>	<b>37,039.323</b>	<b>39,821.749</b>	<b>39,871.880</b>



In terms of exposure, based on the shareholding pattern, the Government's share of SOEs debt was 92.7 percent amounting to Nu.36,956.633 million.

**Figure 7.5: SOE's Debt and Government Exposure**



### 7.3.5 Sovereign Guarantee:

The Government provided guarantees to state enterprises to facilitate borrowing at concessional terms. The guarantee was provided to finance the priority sectors and socially beneficial projects. As of December 31, 2021, the Government guaranteed the borrowing of Nu. 2,026.890 million and US\$49.600 million to the SOEs.

**Table 7.7: Summary of Sovereign Guarantee as of 31st December 2021**

*Nu. in million*

Name of the beneficiary	Issue date	Issued by	Guaranteed		Years	Outstanding
Guaranteed by Government			US\$	NU		NU
National Housing Development Corp. Ltd.	11-Sep-17	NPPF		890.000	20	732.163
Bhutan Agro Industries Ltd.	05-Jun-17	BOBL		166.000	20	153.403
Bhutan Development Bank Ltd.	09-Mar-18	NPPF		521.000	5	174.830
Drukair Corporation Ltd.	11-Feb-19	NPPF	36.600		11	2,564.520
Drukair Corporation Ltd.	13-Aug-19	SDF	13.000		10	829.075
National Credit Guarantee Scheme- Multiple Beneficiaries	Multiple dates	BOBL, NCSIDBL, BDBL		449.890		449.890
<b>Total</b>			<b>49.600</b>	<b>2,026.890</b>		<b>4,903.881</b>

### 7.3.6 Medium-term Outlook of SOEs:

During the FY 2022-23, the contribution from CIT and dividend transfer from state enterprises is likely to increase considering new measures undertaken to open up restrictions. The tax is estimated to increase by 19.5 percent and dividend transfer by 3.6 percent as shown in Table 7.8:

**Table 7.8: Medium-term CIT and Dividend transfer outlook****Nu.in million**

Particulars	FY2020-21	FY2021-22	FY2022-23	FY 2023-24	FY 2024-25
	Actual	Estimate	Budgeted	Projection	Projection
<b>Dividend Transfer</b>					
MoF-SOE	19.000	80.000	68.330	77.960	90.870
DHI	3,021.000	3,614.030	3,757.456	4,482.190	5,035.120
<b>Sub total</b>	<b>3,040.000</b>	<b>3,694.030</b>	<b>3,825.786</b>	<b>4,560.150</b>	<b>5,125.990</b>
<b>CIT Contribution</b>					
MoF-SOE	14.650	201.020	215.840	269.700	286.280
DHI	2,089.840	2,454.060	2,882.920	2,907.460	3,502.780
DGPC	2,270.490	2,159.570	2,683.350	2,771.270	2,862.070
BPC	177.521	378.350	420.830	427.960	483.100
<b>Sub total</b>	<b>4,552.501</b>	<b>5,193.000</b>	<b>6,202.940</b>	<b>6,376.390</b>	<b>7,134.230</b>
<b>Grand Total</b>	<b>7,592.501</b>	<b>8,887.030</b>	<b>10,028.726</b>	<b>10,936.540</b>	<b>12,260.220</b>

#### 7.4 National Credit Guarantee Scheme (NCGS) :

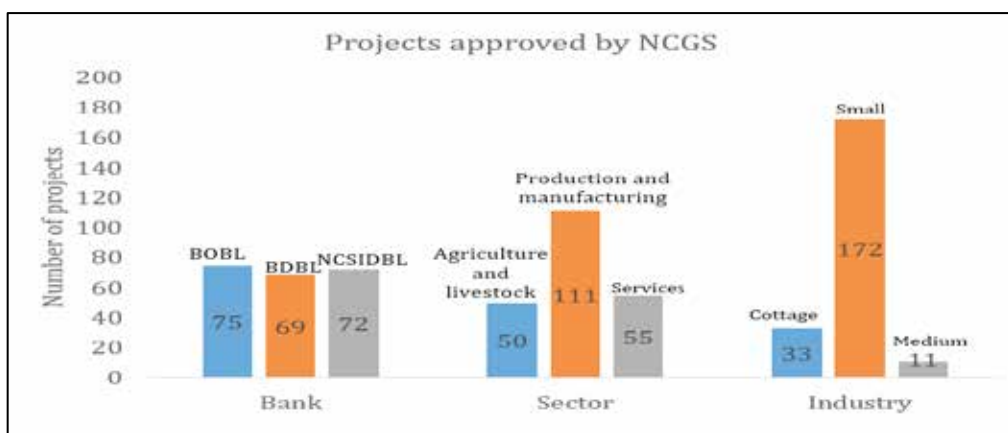
As a counter cyclical policy measure for the pandemic impact on the economy, the Government launched NCGS on 5<sup>th</sup> October, 2020. The Scheme is an intervention that aims to enhance easy access to credit. Under the NCGS, the Government extended the guarantee to SOE

Banks for supporting viable projects that generate employment besides promoting exports and substituting imports.

The Government targeted to guarantee a maximum of Nu.3,000.000 million in favor of three participating Banks viz; Bank of Bhutan Limited (BOBL), BDBL, and NCSIDBL. The guarantee is limited to the debt financing of the projects.

As of 30<sup>th</sup> April, 2022, 216 projects have been approved amounting to a loan of Nu.898.010 million and the Government guarantee coverage stands at Nu.564.650 million as shown in Figure 7.6.

**Figure 7.6: Projects approved by NCGS**



The provisioning of the NPL ratio for FY 2022-23 under NCGS is reduced from 12 percent to 3 percent. With the current growth rate, the total loan approved under NCGS is projected at Nu.1,274.380 million for the period till December 2022. This translates to a guaranteed amount of Nu. 788.760 million, for which the NPL amounts to Nu.23.663 million and thus the budget provision is estimated at Nu.23.663 million.

## **7.5 National Pension and Provident Fund:**

### **7.5.1 Operational Highlights:**

NPPF recorded a total membership of 65,890 as of June 30 2021, representing about 8.5 percent of the population. The number of pensioners grew from 7,634 in FY 2019-20 to 8,294 in FY 2020-21. The dependency ratio of pensioners to total members reached 12.5 percent during the year.

In the FY 2020-21, a total of Nu.4,293.040 million was received as a monthly contribution toward the pension and provident fund, an increase of 6.4 percent against the previous contribution of Nu.4,033.470 million. Against the contributions, a total of Nu.709.950 million was paid out as pension payment. Nu.909.220 million was paid as a refund of provident fund contributions and pension contribution refunds. The overall payout was Nu.1,619.180 million against Nu.1,496.850 million from the previous year, a growth of 8.1 percent.

The operational expenses were Nu. 179.850 million for the FY 2020-21.

### **7.5.2 Financial Highlights:**

In FY 2020-21, the surplus for the year ended 30<sup>th</sup> June, 2021 was Nu.2,822.110 million compared to Nu.2,100.310 million in the previous year due to an increase in membership during the FY 2020-21. The projected surplus for the FY 2021-22 is Nu.3,498.750 million. The total fund grew from Nu.41,034.230 to Nu.46,488.920 million registering a growth of 13.3 percent and it is estimated to reach Nu.50,535.970 million by the end of June 2022. As a part of the monetary measure, NPPF has provided an interest rebate of 1

percent amounting to Nu.44.140 million based on the terms and conditions specified by RMA. NPPF during the FY 2020-21, declared a return of 8 percent to its members against the target of 7.8 percent.

**Table 7.9: NPPF's Financial Performance and Outlook**

<b>Income statement</b>			
<b>Nu. in million</b>			
<b>Particulars/Year</b>	<b>30-06-2020 (Actual)</b>	<b>30-06-2021 (Actual)</b>	<b>30-06-2022 (Proj)</b>
Revenue	2,461.800	3,001.960	3,750.800
Operating Expense	361.490	179.850	252.050
Net profit	2,100.310	2,822.110	3,498.750
<b>Balance sheet, Nu. in million</b>			
Total assets	41,034.230	46,488.920	50,535.970
Total liabilities	277.980	238.560	190.870
Members Fund	40,756.240	46,250.370	50,345.100
<b>Key indicators</b>			
Operating margin (percent)	85.3%	94.0%	93.3%
Rate of return to member	7.1%	8.0%	7.4%

## 7.6 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 addition of the 720 MW Mangdechhu Power Plant in 2019, the total installed capacity of the country stands about at

2,334 MW, which is 6.3 percent of the total estimated hydro-power potential of the country, as shown in Table 7.10:

**Table 7.10: 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
<b>Total</b>		<b>2,334.698</b>	<b>10,724.320</b>	

Apart from the existing hydropower projects, a total of four projects are in various stages of construction and upon fully commissioning, these hydropower plants would generate another 2,938 MW of hydro-power in the country as shown in the Table 7.11:

**Table 7.11: Hydropower Plants under construction**

Sl. No	Power Plant	Installed Capacity	Design Energy	Expected Year of Commissioning
		(MW)	(GWh)	
1	Punatsangchhu I	1,200	5,544.00	2025/26
2	Punatsangchhu II	1,020	4,245.00	2023
3	Kholongchhu	600	2,568.88	2026
4	Nikachhu	118	491.52	2023
<b>Total</b>		<b>2,938</b>	<b>12,849.40</b>	

### 7.6.1 Financing Modality:

The hydropower projects involve huge investments and are implemented outside Five Year Plans and annual budgets of the Government. Loan disbursements for hydropower 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 after the completion of the concession period. Other modes of



development of hydropower 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 7.12 below:

**Table 7.12: Financing modality of on-going hydro-power projects**

Sl. No	Projects	Installed Capacity	Financial Modality
		(MW)	
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

### **7.6.2 Financial Progress of on-going projects:**

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

#### **Punatsangchhu - I hydroelectric project:**

Punatsangchhu-I hydroelectric project (1,200 MW) 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). 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 to restore or rehabilitate the area; and to adopt and complete the project with the barrage option. Discussions with the Government of India are underway on the way forward for the construction of the barrage option for the project.

As of February 2022, Nu.81,903.000 million has been disbursed and 87.4 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 FY 2023/24. The project cost as per the DPR/bilateral agreement was Nu.37,778.000 million (March 2009 PL). However, the project has been submitted for the second Revised Cost Estimate (RCE) to the Government of India in 2020. The second RCE is expected to increase from the first RCE of Nu.72,906.200 million (March 2015 PL) to about Rs.89,000.000 million (2020 PL). The progress of the project has been severely affected on account of challenges in mobilizing adequate manpower and construction materials due to the COVID-19 pandemic.

As of February 2022, total of Nu.74,459.230 million has been disbursed and 91.2 percent of the works of the project has been completed.

### **Kholongchhu Hydro Energy Limited:**

The 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 PL). The Concession Agreement for the JV project was signed in June 2020 and the main civil work packages are in process of being awarded.

As of February 2022, total of Nu.4,508.546 million has been disbursed.

### **Nikachhu HEP (Tangsibji Hydro Energy Limited):**

Tangsibji Hydro Energy Limited (THyE), is a 100 percent subsidiary company of DGPC which was incorporated on 25<sup>th</sup> April, 2014, for the implementation of the 118 MW Nikachhu HEP. The total project cost is estimated at Nu.11,964.590 million. The overall progress of the project was impacted due to the manpower shortages due to COVID-19 pandemic and adverse geological conditions at various work fronts. Therefore, the project completion date was extended from December 2021 to 30<sup>th</sup> June, 2023 as per the Concession Agreement.

As of February 2022, the project has spent Nu.10,133.817 million and the overall project progress stands at 80.1 percent.

### 7.6.3 Projects in Pipeline:

The Government is in the process of exploring and developing more hydropower projects for which various studies have been initiated as follows:

1. The DPR preparation of the 2,640MW Kuri-Gongri HEP is being undertaken with WAPCOS Limited, 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. Further, the restrictions related to COVID-19 in the movement of foreign workers and materials, and the major hindrances faced at the project sites during the monsoon period have significantly delayed the works at the site. However, it is expected to be completed in FY 2022-23.
2. The DPR of Gongri HEP is being carried out by DGPC through their own internal funding. Considering the firm power capacity of the project, it is expected that the project will help in ensuring energy security and also aid in enhancing firm power needs to meet the increasing demand mainly being driven by industrial loads.
3. The preparation of DPR of Dorjilung HEP has been undertaken by DGPC as part of capacity building in FY 2016-17 and has been identified as the potential project to be developed through a trilateral/sub-regional cooperation.

The DPR will be updated under the technical assistance of the World Bank.

4. The preparation DPR of 404 MW Integrated Nyeraamari HEP is in the final phase of completion being carried out by DGPC. To take forward the implementation, discussions are underway with ADB for potential funding.
5. The Pre-Feasibility Study (PFS) of the Jerichhu Pumped Storage Power Plant is carried out in collaboration with the DGPC through their internal funding. The development of a Reservoir/Pumped Storage type of Hydropower project will play a critical role in enhancing energy security, managing power deficits, and maintaining grid stability besides enabling industrial growth.
6. The DPR study of Sankosh HEP has been approved by Central Electricity Authority, GoI in August 2017 at an estimated cost of 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 the Project under IG mode.
7. With the approval of the 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. The preparation of the Hydrogen Roadmap has been initiated in-house and a dedicated team has been formed.

## **7.7 Royal Monetary Authority:**

The primary objective of the RMA is to formulate and implement monetary policy with a view to achieving and maintaining 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.

### **7.7.1 Financial Highlights:**

The overall financial position for the FY 2020-21 stood at Nu.117,642.470 million, which was a growth of 14.1 percent from Nu.103,138.100 million in the FY 2019-20. The growth in financial position was mainly contributed by the increase in foreign assets.

During the FY 2020-21, the RMA incurred a total operating loss of Nu.826.760 million compared to Nu.6,819.900 million in the FY 2019-20. This decline was mainly contributed by the unrealized revaluation loss on foreign assets. The overall operating expenses increased by Nu.8.700 million, mainly due to an increase in the cost of banknote printing. However, with the transfer of unrealized revaluation loss of Nu.1,719.670 million to the revaluation reserve, the RMA closed the books of accounts for the FY 2020-21 with a distributable profit of Nu.439.780 million.

### **7.7.2 Monetary Measures in Response to COVID-19 Pandemic:**

The RMA remained steadfast working closely with the Government during the pandemic period. Several monetary measures were implemented to support the affected borrowers and cushion the pandemic risks on the economy and the financial sector. In continuation to the Monetary Measures Phase I (April 2020-June 2020) and Monetary Measures Phase II (July 2020 - June 2021), the

Monetary Measures Phase III (July 2021 – June 2022) was implemented. The key features of the Monetary Measures Phase III are deferment of loan repayment, the incentive for regular repayments during the deferment period, treatment of bridging loans/soft term loans, treatment of interest accrued during the deferment period and Loan-to-Value (LTV) limits and land valuation.

### **7.7.3 New Initiatives of the RMA:**

Moving forward, the RMA remains committed to supporting the economy in its recovery process, while maintaining stability and resilience in the financial sector. Inspired by His Majesty the Druk Gyalpo's command to the Government to develop a National Economic Roadmap for the 21<sup>st</sup> Century, the RMA formulated and implemented the "Druk Nguldroel Lamtoen 2030", a ten year (2021-2030) Financial Sector Roadmap. The Roadmap focuses on promoting new transformation and positioning the financial sector as a catalyst for strengthening Bhutan's economic growth and prosperity based on new technology and innovation. The key thrust areas of Druk Nguldroel Lamtoen are promoting a resilient, sustainable, and inclusive growth; reinforcing stability, resilience, and integrity in the financial sector; transforming the payment system for the new digital age; and leveraging digital technology and innovation.

### **7.8 Foreign Direct Investment (FDI) :**

In 2021, a total of six projects were approved worth Nu.713.230 million. There is a decrease in both the number and the value of projects approved in 2021 as compared to 2020. The activities of the projects approved in 2021 are agro-processing, IT services, ferroalloys, and microfinance. The FDI inflows for the year 2020

were INR 175.380 million and US\$3.540 million. This decline in the number of projects as well as inflows is attributed to the impact of the pandemic that hampered both FDI inquiries, and project construction and operation.

As per the FDI Annual Report 2021, the FDI companies employed a total of 5,433 Bhutanese, (4,747 regular and 686 casual) in 2020. For every expatriate employed, there are 25 Bhutanese nationals employed by the FDI companies. The FDI annual survey revealed that most hotels were severely impacted by the pandemic and laid off their employees. Similarly, the tax contribution by the FDI companies declined almost by 50 percent at Nu.796.000 million in 2020 against Nu.1,530.650 million in 2019. This is owing to about 65 percent of the 57 operating companies that reported a decline in their income during the year 2020.

As of 31<sup>st</sup> December, 2021, there were a total of 96 FDI projects worth Nu.43,329.320 million. The hospitality sector constitutes 38 percent of these FDI projects followed by IT/ITES at 22 percent. Investments from within Asia remain the top source at 65 percent share. Within Asia, 55 percent of the projects in the country are from India followed by Singapore with 16 percent.

## **7.9 Government Non-Budgetary Funds:**

The Royal Government of Bhutan has eight extra budgetary or non-budgetary funds: three Trust Funds, three Endowments Funds, an Economic Stabilization Fund, and a Universal Services Fund. The trust funds were established under the Royal Charter while other funds were established under relevant Acts and through an Executive Order.



A brief status on each fund is provided below:

*Nu.in millions*

Sl.No.	FUND	OPERATION	FUND BALANCE AS ON 31/3/22
1	Bhutan Trust Fund for Environment Conservation	BT FEC	4,294.23
2	Bhutan Health Trust Fund	BHTF	3,608.71
3	Trust Fund for Cultural Heritage	Department of Culture, MoHCA	68.875
4	Sherig Endowment Fund	Ministry of Education	10.315
5	National Research Endowment Fund	Royal University of Bhutan	10.118
6	Endowment Fund for Crop and Livestock Conservation	Ministry of Agriculture and Forests	91.794
7	Universal Services Fund	Bhutan InfoComm and Media Authority	122.81
8	Bhutan Economic Stabilization Fund	MoF and RMA	825.454

### **7.9.1 Bhutan Trust Fund for Environmental Conservation:**

The Bhutan Trust Fund for Environmental Conservation was established in 1992 with an initial funding of US\$21 million in collaboration with the United Nations Development Program and World Wildlife Fund to finance the environmental conservation programs and initiatives in Bhutan. The fund was incorporated in 1996 through the Royal Charter and it is governed by the Charter and the Public Finance Act 2007 and Amendment thereof.

Currently, the trust fund has been invested in the offshore market as well as in the local market. As on 31<sup>st</sup> March 2022, the fund balance was Nu.4,294.230 million (US\$61.957 million @ Nu.75.82). The fund sources include dividends and interest income of Nu.68.773 million

from investment, capital gain of Nu.0.786 million and miscellaneous income of Nu.0.045 million.

The total expenditure as on 31<sup>st</sup> March 2022 was Nu.74.848 million, of which Nu.30.410 million was spent for secretariat expenses, Nu.27.224 million for program expenses, Nu.16.153 million for management fees, and Nu.1.059 million for Non-US resident tax.

### **7.9.2 Bhutan Health Trust Fund (BHTF) :**

The Bhutan Health Trust Fund was established in 1998 to assist the Government in providing Primary Health Care Services and ensuring sustainable and interrupted supply of vaccines, essential drugs, and related equipment. The fund has been diversely invested in the form of fixed deposits, annuities, bonds and IFTAS (Immediate Fixed Term Annuity Scheme) with financial institutions. The fund sources include grants from donors, health contributions and interest from investments while operational and fund support are the major expenses.

Currently, the fund supports the Government through Jigme Dorji Wangchuk National Referral Hospital (JDWNRH) and Department of Medical Services and Health Infrastructure (DMSHI) for supply of essential drugs and primary health care. The funds are released quarterly to the Ministry of Finance based on the annual commitment of the fund. The Ministry has received Nu.378.541 million in the FY 2020-21. The fund balance as on 31st March 2022 was Nu.3,608.705 million.

### **7.9.3 Trust Fund for Cultural Heritage:**

The Fund was established in 1999 through the Royal Charter for preservation and promotion of culture and heritage. It was started

with an initial fund of Nu.34.660 million and the fund is managed by the Department of Culture under the Ministry of Home and Cultural Affairs. The fund balance as on 31<sup>st</sup> March 2022 was Nu.68.875 million and the growth in fund size can be attributed to interest earned from fixed deposits and proceeds from a book by Khenpo Phuntsho Tashi, former Director of National Museum of Bhutan. Currently, the fund is parked with Bhutan National Bank Limited.

As per the Royal Charter, no expenditure will be incurred from the Trust Fund until the fund size reaches US\$5 million and in line with the Royal Charter, no expenditure has been made till date.

#### **7.9.4 Sherig Endowment Fund:**

The Sherig Endowment Fund was established in 2016 through an Executive Order. It was established to enhance and provide equitable and quality education to all the children across the country through action research. It was started with a fund size of Nu.10.000 million and the fund is managed by the Department of School Education under the Ministry of Education. Till date, the fund has provided financial assistance of Nu.3.871 million to various schools across the country for conducting action research.

As on 31<sup>st</sup> March 2022, the fund balance was Nu.10.315 million and the interest received from the fixed deposit with RICBL is the only source of the fund.

#### **7.9.5 National Research Endowment Fund:**

The fund was established in 2016 through an executive order to provide research grants and scholarships to individual researchers or research groups from colleges under the Royal University of

Bhutan (RUB). It was started with an initial investment of Nu.10.000 million and it is managed by the RUB.

As on 31<sup>st</sup> March 2022, the fund balance was Nu.10.118 million. The interest received from the fixed deposit with BNBL is the only source of the fund. For this FY, the fund has approved Nu.0.690 million to a group of researchers of which 60% of the approved fund has been released.

#### **7.9.6 Endowment Fund for Crop and Livestock Conservation:**

The endowment fund for Crop and Livestock Conservation was established in 2017 to compensate the farmers for crop and livestock damages caused by natural calamities. It is managed by the Ministry of Agriculture and Forests; however, the fund will not be operationalized and will be implemented only when the fund size reaches its target of Nu.1.770 billion.

As on 31<sup>st</sup> March 2022, the fund balance is Nu.91.794 million. The growth in fund size is primarily due to consolidation of Gewog Environmental Conservation Funds, Fees from Royal Takin Preserve and Cordyceps Royalty.

#### **7.9.7 Universal Services Fund:**

In 2007, the Universal Service Fund and Media Development Fund was established to ensure accessible communications services throughout the Country. However, the Media Development Fund was dissolved in FY 2019-20 and accordingly its share of the fund was surrendered to the Government. The fund is managed by the Bhutan Infocomm and Media Authority.

As on 31<sup>st</sup> March 2022, the fund balance was Nu.122.810 million. The mobile license fee paid by Bhutan Telecom Limited and Tashi InfoComm Limited is the main source of the fund while it is spent mainly on Rural Communication Program (RCP- phase VI) which is undertaken by two telecom companies.

#### **7.9.8 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.100.000 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 31<sup>st</sup> March 2022 was Nu.825.454 million of which Nu.38.4 million pertains to the interest from the deposits.

## Conclusion

As the country transitions to the Phase II of the COVID-19 management starting from 4<sup>th</sup> April, 2022 the Government has formulated the Budget for the FY 2022-23 with the main focus ***“Accelerating Economic Recovery through strategic investments in the areas of food self-sufficiency, human capital development, sustainable infrastructure development and improved social security.”***

The Government has also formulated Economic Revival Strategies whose activities are included in the Budget for FY 2022-23. The Budget for the FY 2022-23 also includes activities of the Transformation Initiatives. The economy therefore is estimated to grow at 4.5 percent of the GDP during the year.

Since the Government has allocated a high level of budget of Nu.81,827.311 million, 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 2022-23 and Supplementary Budget Appropriation Bill for FY 2021-22 are 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 on the welfare of the Bhutanese people and continued guidance to safeguard the nation from the pandemic.

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 for keeping our country safe.

The Government also offers felicitations to His Holiness and the Zung Dratshang for successful completion of 400 years of Zhung Dratshang for the benefit of the nation to peace through the blessings and Kurims and for all sentient beings.

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 like to express appreciation to all the individuals and entities who have made contributions 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.

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 2021-22 as of 30<sup>th</sup> April 2022

Nu.in million

Particulars	FY 2021-22 Estimates	
	Approved	Revised
<b>TOTAL RESOURCES</b>	<b>56,765.582</b>	<b>60,288.165</b>
<b>I. INTERNAL RESOURCES</b>	<b>36,240.271</b>	<b>36,287.200</b>
i. Domestic Revenue	35,600.000	35,600.000
a. Tax	22,931.188	22,931.188
b. Non-Tax	12,668.812	12,668.812
<b>II. OTHER RECEIPTS/Adj. (ESP)</b>	<b>640.271</b>	<b>687.200</b>
<b>III. GRANTS</b>	<b>20,525.311</b>	<b>24,000.965</b>
<b>i. Program Grants</b>	<b>4,186.555</b>	<b>5,122.317</b>
a) GoI (TSF & PG)	4,186.555	5,122.317
b) Others (EU)		
<b>ii. Project-tied Grants</b>	<b>16,338.756</b>	<b>18,878.648</b>
a) GoI	12,584.300	12,500.440
b) Others	3,754.456	6,378.208
<b>I. Total Expenditure</b>	<b>73,919.335</b>	<b>77,786.268</b>
i. Current Expenditure	35,598.664	35,535.971
ii. Capital Expenditure	38,320.671	42,250.297
<b>OVERALL BALANCE</b>	<b>(17,153.753)</b>	<b>(17,498.103)</b>
<b>FINANCING</b>	<b>17,153.753</b>	<b>17,498.103</b>
a. Net Lending	<b>3,085.586</b>	<b>3,085.586</b>
i. Principal recoveries	<b>3,994.986</b>	<b>3,994.986</b>
Less lending	<b>909.400</b>	<b>909.400</b>
b. Net external borrowings	<b>444.822</b>	<b>789.172</b>
i. Project-tied Borrowings	1,616.051	1,960.401
ii. Program Borrowings	4,470.000	4,470.000
Less repayment	5,641.229	5,641.229
<b>c. Net internal borrowings (Surplus)</b>	<b>(13,623.345)</b>	<b>(13,623.345)</b>
i. Internal borrowings	(13,636.531)	(13,636.531)
Less repayment	13.186	13.186
<b>GDP</b>	<b>199,654.659</b>	<b>188,153.200</b>
<b>Net internal borrowings % of GDP</b>	<b>-6.82%</b>	<b>-7.24%</b>
<b>Fiscal balance % of GDP</b>	<b>-8.59%</b>	<b>-9.30%</b>

**Annexure B: Budget Summary for FY2022-23**
*Nu.in million*

<b>Particulars</b>	<b>Estimates</b>
<b>TOTAL RESOURCES</b>	<b>51,925.754</b>
<b>I. INTERNAL RESOURCES</b>	<b>37,053.633</b>
<i>i. Domestic Revenue</i>	<i>36,368.270</i>
a. Tax	25,432.435
b. Non-Tax	10,935.835
<i>ii. Other Receipts (BHTF Nu. 450 m, BTFEC Nu. 75.006 m &amp; USF Nu. 132.657m, Adhoc Nu.27.7 m)</i>	<i>685.363</i>
<b>II. EXTERNAL RESOURCES</b>	<b>14,872.121</b>
<i>i. Program Grants</i>	<i>3,187.526</i>
<i>a) GoI (PG Nu. 2,109.108 m &amp; TSF Nu.1,078.418m )</i>	<i>3,187.526</i>
<i>ii. Project-tied Grants</i>	<i>11,684.595</i>
<i>a) GoI</i>	<i>7,788.700</i>
<i>b) Others</i>	<i>3,895.895</i>
<b>TOTAL EXPENDITURE</b>	<b>74,807.887</b>
<i>i. Current Expenditure</i>	<i>36,340.942</i>
<i>ii. Capital Expenditure</i>	<i>38,466.945</i>
<b>OVERALL BALANCE /FISCAL DEFICIT</b>	<b>(22,882.133)</b>
<b>FINANCING</b>	<b>22,882.133</b>
a. Net Lending	2,795.729
Principle recoveries	4,074.629
Less lending	1,278.900
b. Net external borrowings	(270.006)
i. Project-tied Borrowings	2,670.018
ii. Program Borrowings (ADB \$ 37.34 m)	2,800.500
Less repayment	5,740.524
<b>Net internal borrowings Surplus/Deficit</b>	<b>(20,356.410)</b>
i. Internal borrowings	(20,356.410)
Less repayment	-
<b>GDP estimates as per 1<sup>st</sup> Quarter MFCC</b>	<b>207,925.000</b>
<b>Fiscal balance % of GDP</b>	<b>-11.00%</b>
<b>GDP</b>	<b>203,448.620</b>
<b>Fiscal balance % of GDP</b>	<b>-11.25%</b>

**Annexure 1: Budget allocation for Dzongkhags excluding CMI allocation for Gewogs for FY2022-23**

*Nu.in million*

SL.No	Name of Dzongkhag	Recurrent	Capital		Total (Recurrent + Capital)
		RGoB	RGoB	External	
1	Chhukha	739.06	63.18	44.59	846.84
2	Haa	277.71	44.24	41.30	363.25
3	Paro	708.62	105.35	19.98	833.95
4	Samtse	908.31	96.02	101.18	1,105.51
5	Tsirang	472.48	57.90	27.72	558.10
6	Dagana	500.45	77.34	33.03	610.82
7	Punakha	585.63	58.84	65.55	710.01
8	Wangdue Phodrang	642.55	84.01	46.97	773.52
9	Bumthang	355.78	33.86	2.00	391.64
10	Sarpang	564.04	156.11	64.79	784.93
11	Zhemgang	495.99	55.62	21.15	572.76
12	Trongsa	333.39	101.00	33.13	467.52
13	Lhuentse	352.77	78.92	39.81	471.51
14	Mongar	710.31	87.48	44.58	842.37
15	Pema Gatshel	502.78	98.86	31.08	632.72
16	Samdrup Jongkhar	564.97	59.42	96.44	720.84
17	Trashigang	992.86	154.64	71.64	1,219.14
18	Thimphu	324.53	74.19	18.24	416.96
19	Gasa	142.84	51.59	85.81	280.24
20	Trashi Yangtse	427.17	34.05	19.40	480.62
	<b>Total</b>	<b>10,602.24</b>	<b>1,572.63</b>	<b>908.38</b>	<b>13,083.25</b>

**Annexure 2: Budget allocation for Thromdes including budget provision under the MoWS for FY2022-23**

*Nu.in million*

Sl.no	Name of Thromde	Recurrent	External			Total	Grand Total (Recurrent + Capital)
			RGoB	Thromde	Under MoWS		
1	Thimphu Thromde	1,002.44	437.72	14.48	0.09	452.29	1,454.72
2	Phuentsholing Thromde	176.09	243.09	44.82	-	287.91	464.01
3	Gelephu Thromde	138.92	189.87	2.60	-	192.47	331.39
4	Samdrupjongkhar Thromde	126.30	129.32	10.00	133.40	272.72	399.01
	<b>Total</b>	<b>1,443.74</b>	<b>1,000.00</b>	<b>71.90</b>	<b>133.49</b>	<b>1,205.39</b>	<b>2,649.13</b>

**Annexure 3: Budget allocation for Gewogs including CMI allocation under Dzongkhags for FY2022-23**

AU Code	Name of Gewog	Recurrent	Capital			Grand Total (Recurrent + Capital)
			RGoB (Annual Grant)	Gewog CMI under Dzongkhag	Total	
401.02	Sampheling Gewog, Chhukha	3.178	19.998	5.819	25.817	28.995
401.03	Bongo Gewog, Chhukha	3.710	22.955	54.394	77.349	81.059
401.04	Chapchha Gewog, Chhukha	3.175	10.901	9.976	20.877	24.052
401.05	Dungna Gewog, Chhukha	4.395	9.858	20.784	30.642	35.037
401.06	Geling Gewog, Chhukha	3.230	11.451	28.432	39.883	43.113
401.07	Darla Gewog, Chhukha	3.561	37.393	19.287	56.680	60.241
401.08	Getana Gewog, Chhukha	4.719	9.622	122.446	132.068	136.787
401.09	Bjachho Gewog, Chhukha	3.128	12.333	4.323	16.656	19.784
401.1	Lokchina Gewog, Chhukha	3.844	15.278	54.929	70.207	74.051
401.11	Metakha Gewog, Chhukha	3.630	6.064	14.964	21.028	24.658
401.12	Phuentsholing Gewog, Chhukha	3.285	27.42	29.929	57.349	60.634
402.02	Bji Gewog, Haa	2.817	9.885	1.247	11.132	13.949

402.03	Katsho Gewog, Haa	3.099	8.343	6.651	14.994	18.093
402.04	Sangbey Gewog, Haa	3.306	12.267	33.254	45.521	48.827
402.05	Sama Gewog, Haa	2.846	7.920	4.988	12.908	15.754
402.06	Iusu Gewog, Haa	2.994	7.387	9.819	17.206	20.200
402.07	Gakidling Gewog, Haa	2.937	11.994	28.352	40.346	43.283
403.02	Dobshari Gewog, Paro	3.219	11.146	9.145	20.291	23.510
403.03	Dogar Gewog, Paro	3.220	11.596	12.138	23.734	26.954
403.04	Doteng Gewog, Paro	3.348	6.470	6.485	12.955	16.303
403.05	Hungrel Gewog, Paro	3.157	2.741	16.627	19.368	22.525
403.06	Lango Gewog, Paro	3.335	15.883	9.561	25.444	28.779
403.07	Lungnyi Gewog, Paro	3.147	11.643	4.157	15.800	18.947
403.08	Naja Gewog, Paro	3.363	17.589	8.314	25.903	29.266
403.09	Shaba Gewog, Paro	3.152	17.789	6.651	24.440	27.592
403.1	Tsento Gewog, Paro	3.049	17.217	8.314	25.531	28.580
403.11	Wangchang Gewog, Paro	3.095	15.483	8.314	23.797	26.892
404.02	Norgaygang (Bara) Gewog, Samtse	3.742	30.275	23.952	54.227	57.969
404.03	Pemaling (Biru) Gewog, Samtse	3.191	19.158	18.290	37.448	40.639
404.04	Sangngacholing (Chargharey) Gewog, Samtse	3.176	18.793	14.964	33.757	36.933
404.05	Norbugang (Chengmari) Gewog, Samtse	3.130	18.328	8.314	26.642	29.772
404.06	Denchukha Gewog, Samtse	3.539	18.236	15.629	33.865	37.404
404.07	Dophuchen (Dorokha) Gewog, Samtse	3.170	27.089	13.302	40.391	43.561
404.08	Dumteod Gewog, Samtse	3.899	11.067	15.297	26.364	30.263
404.09	Yoedseltse Gewog, Samtse	3.231	18.659	8.530	27.189	30.420
404.1	Namgaychheoling Gewog, Samtse	3.177	21.729	34.917	56.646	59.823
404.11	Tendu Gewog, Samtse	3.154	27.018	14.964	41.982	45.136
404.12	Ugyentse Gewog, Samtse	3.216	8.503	10.808	19.311	22.527

404.13	Phuentshopelri (Pugli) Gewog, Samtse	4.021	25.949	10.808	36.757	40.778
404.14	Samtse Gewog, Samtse	3.110	22.526	4.988	27.514	30.624
404.15	Tashicholing (Sibsu) Gewog, Samtse	3.014	17.361	4.988	22.349	25.363
404.16	Tading Gewog, Samtse	3.139	32.118	20.784	52.902	56.041
405.02	Patshaling (Beteni) Gewog, Tsirang	3.013	9.083	16.627	25.710	28.723
405.03	Dunglagang Gewog, Tsirang	3.462	11.284	18.007	29.291	32.753
405.04	Barshong Gewog, Tsirang	3.110	10.020	11.639	21.659	24.769
405.05	Goseling Gewog, Tsirang	2.999	10.532	6.651	17.183	20.182
405.06	Rangthangling Gewog, Tsirang	2.994	11.780	10.392	22.172	25.166
405.07	Kilkhorthang Gewog, Tsirang	3.100	13.249	18.290	31.539	34.639
405.08	Mendrelgang Gewog, Tsirang	3.330	9.984	8.480	18.464	21.794
405.09	Sergithang (Pataley) Gewog, Tsirang	3.620	11.117	38.207	49.324	52.944
405.1	Phuentenchhu Gewog, Tsirang	3.362	10.475	29.929	40.404	43.766
405.11	Shemjong Gewog, Tsirang	3.257	8.962	24.109	33.071	36.328
405.12	Tsholingkhar Gewog, Tsirang	3.129	12.325	18.290	30.615	33.744
405.13	Tsirangteod Gewog, Tsirang	3.523	11.201	2.993	14.194	17.717
406.02	Dorona Gewog, Dagana	3.480	9.375	35.277	44.652	48.132
406.03	DrujeYGang Gewog, Dagana	3.502	17.079	24.941	42.020	45.522
406.04	Gesarling Gewog, Dagana	3.025	8.350	10.808	19.158	22.183
406.05	Goshi Gewog, Dagana	2.995	12.382	10.808	23.190	26.185
406.06	Kana Gewog, Dagana	2.765	15.896	33.254	49.150	51.915
406.07	Khebisa Gewog, Dagana	3.573	15.331	15.898	31.229	34.802
406.08	Lajab Gewog, Dagana	4.154	7.459	37.845	45.304	49.458
406.09	Trashiding Gewog, Dagana	3.116	13.717	19.952	33.669	36.785
406.1	Tsendagang Gewog, Dagana	3.120	12.459	17.458	29.917	33.037

406.11	Tsangkha Gewog, Dagana	3.887	10.430	18.290	28.720	32.607
406.12	Tseza Gewog, Dagana	2.888	8.999	9.976	18.975	21.863
406.13	Karmaling (Deorali) Gewog, Dagana	3.160	8.398	5.819	14.217	17.377
406.14	Lhamoizingkha Gewog, Dagana	3.072	13.039	4.074	17.113	20.185
406.15	Nichula Gewog, Dagana	3.522	9.479	9.976	19.455	22.977
407.02	Chhubu Gewog, Punakha	3.145	12.289	13.302	25.591	28.736
407.03	Goenshari Gewog, Punakha	3.104	8.279	23.278	31.557	34.661
407.04	Guma Gewog, Punakha	3.156	16.118	19.952	36.070	39.226
407.05	Kabjisa Gewog, Punakha	3.302	11.631	11.971	23.602	26.904
407.06	Limbukha Gewog, Punakha	3.356	6.749	9.976	16.725	20.081
407.07	Shengana Gewog, Punakha	3.412	9.347	11.639	20.986	24.398
407.08	Talo Gewog, Punakha	3.457	9.038	19.121	28.159	31.616
407.09	Teowang Gewog, Punakha	3.513	8.468	25.938	34.406	37.919
407.1	Dzoma Gewog, Punakha	3.257	10.247	7.482	17.729	20.986
407.11	Baap Gewog, Punakha	3.180	15.430	2.494	17.924	21.104
407.12	Toebesa Gewog, Punakha	3.244	11.689	21.615	33.304	36.548
408.02	Bjena Gewog, Wangdue Phodrang	3.084	11.665	12.470	24.135	27.219
408.03	Dangchhu Gewog, Wangdue Phodrang	3.636	9.106	13.302	22.408	26.044
408.04	Daga Gewog, Wangdue Phodrang	3.147	14.055	31.591	45.646	48.793
408.05	Gangteod Gewog, Wangdue Phodrang	3.430	10.976	29.929	40.905	44.335
408.06	Gasetshogongm Gewog, Wangdue Phodrang	3.316	13.617	2.494	16.111	19.427
408.07	Gasetshowogm Gewog, Wangdue Phodrang	3.328	4.967	18.290	23.257	26.585

408.08	Kazhi Gewog, Wangdue Phodrang	3.224	11.134	22.446	33.580	36.804
408.09	Nahi Gewog, Wangdue Phodrang	3.502	6.791	11.639	18.430	21.932
408.1	Nyisho Gewog, Wangdue Phodrang	3.543	11.559	24.941	36.500	40.043
408.11	Phangyuel Gewog, Wangdue Phodrang	3.081	7.132	19.952	27.084	30.165
408.12	Phobji Gewog, Wangdue Phodrang	3.588	10.885	9.311	20.196	23.784
408.13	Rubesa Gewog, Wangdue Phodang	3.457	10.766	19.952	30.718	34.175
408.14	Sephu Gewog, Wangdue Phodrang	3.100	10.062	8.314	18.376	21.476
408.15	Athang Gewog, Wangdue Phodrang	3.242	10.406	40.736	51.142	54.384
408.16	Thedtsho Gewog, Wangdue Phodrang	3.112	19.595	1.663	21.258	24.37
409.02	Chhoekhor Gewog, Bumthang	3.127	20.094	4.988	25.082	28.209
409.03	Chhumei Gewog, Bumthang	3.070	12.144	5.819	17.963	21.033
409.04	Tang Gewog, Bumthang	3.662	11.419	5.321	16.740	20.402
409.05	Ura Gewog, Bumthang	3.203	8.610	12.470	21.080	24.283
410.02	Samteyling Gewog, Sarpang	3.174	12.557	3.325	15.882	19.056
410.03	Chhuzargang Gewog, Sarpang	3.214	13.810	3.325	17.135	20.349
410.04	Dekidling Gewog, Sarpang	3.145	21.506	2.162	23.668	26.813
410.05	Chhuzom Gewog, Sarpang	4.494	18.859	203.113	221.972	226.466
410.06	Tareythang Gewog, Sarpang	3.445	4.180	0.000	4.180	7.625
410.07	Gelephu Gewog, Sarpang	3.108	16.967	3.430	20.397	23.505
410.08	Gakidling Gewog, Sarpang	3.083	17.834	19.952	37.786	40.869
410.09	Jigmedchheoling Gewog, Sarpang	3.419	23.220	53.278	76.498	79.917
410.1	Umling Gewog, Sarpang	3.521	8.983	2.494	11.477	14.998



410.11	Singye Gewog, Sarpang	3.617	10.091	6.651	16.742	20.359
410.12	Shompangkha Gewog, Sarpang	3.144	6.813	4.988	11.801	14.945
410.13	Sershong Gewog, Sarpang	3.443	9.413	3.325	12.738	16.181
411.02	Bardo Gewog, Zhemgang	3.829	19.051	21.615	40.666	44.495
411.03	Bjoka Gewog, Zhemgang	4.096	12.186	13.014	25.200	29.296
411.04	Nangkor Gewog, Zhemgang	4.167	16.880	36.591	53.471	57.638
411.05	Ngangla Gewog, Zhemgang	3.004	15.658	11.639	27.297	30.301
411.06	Phangkhar Gewog, Zhemgang	3.032	12.561	8.314	20.875	23.907
411.07	Shingkhar Gewog, Zhemgang	3.411	14.789	11.797	26.586	29.997
411.08	Trong Gewog, Zhemgang	3.180	15.714	17.292	33.006	36.186
411.09	Goshing Gewog, Zhemgang	3.311	14.596	12.803	27.399	30.710
412.02	Drakteng Gewog, Trongsa	2.977	17.696	41.568	59.264	62.241
412.03	Korphu Gewog, Trongsa	3.718	8.245	11.639	19.884	23.602
412.04	Langthel Gewog, Trongsa	4.523	18.742	14.549	33.291	37.814
412.05	Nubi Gewog, Trongsa	4.343	18.316	27.102	45.418	49.761
412.06	Tangsibji Gewog, Trongsa	2.984	10.054	21.615	31.669	34.653
413.02	Gangzur Gewog, Lhuentse	3.042	17.183	31.591	48.774	51.816
413.03	Jarey Gewog, Lhuentse	3.669	9.924	51.544	61.468	65.137
413.04	Khoma Gewog, Lhuentse	3.161	14.348	24.941	39.289	42.450
413.05	Kurteod Gewog, Lhuentse	4.526	7.326	35.249	42.575	47.101
413.06	Minjay Gewog, Lhuentse	3.244	10.041	26.603	36.644	39.888
413.07	Menbi Gewog, Lhuentse	3.106	13.883	28.266	42.149	45.255
413.08	Metsho Gewog, Lhuentse	3.801	9.179	18.955	28.134	31.935
413.09	Tsenkhar Gewog, Lhuentse	3.031	16.544	34.917	51.461	54.492
414.02	Balam Gewog, Mongar	3.456	7.561	22.446	30.007	33.463
414.03	Chhali Gewog, Mongar	3.206	13.888	21.615	35.503	38.709

414.04	Chaskhar Gewog, Mongar	3.446	11.173	28.266	39.439	42.885
414.05	Drametse Gewog, Mongar	3.606	15.494	12.138	27.632	31.238
414.06	Drepung Gewog, Mongar	3.631	10.453	10.808	21.261	24.892
414.07	Gongdue Gewog, Mongar	3.395	13.472	11.639	25.111	28.506
414.08	Jurmey Gewog, Mongar	3.573	13.741	21.615	35.356	38.929
414.09	Kengkhar Gewog, Mongar	4.136	14.098	9.976	24.074	28.210
414.1	Mongar Gewog, Mongar	3.296	21.677	8.812	30.489	33.785
414.11	Ngatshang Gewog, Mongar	3.191	10.723	19.271	29.994	33.185
414.12	Saleng Gewog, Mongar	3.181	13.794	27.601	41.395	44.576
414.13	Sherimuhung Gewog, Mongar	3.550	15.496	34.085	49.581	53.131
414.14	Silambi Gewog, Mongar	4.957	12.370	29.929	42.299	47.256
414.15	Thangrong Gewog, Mongar	3.701	12.891	6.651	19.542	23.243
414.16	Tsakaling Gewog, Mongar	3.398	13.754	7.482	21.236	24.634
414.17	Tsamang Gewog, Mongar	3.678	10.307	49.881	60.188	63.866
414.18	Narang Gewog, Mongar	3.639	11.342	10.309	21.651	25.290
415.02	Chongshing Gewog, Pema Gatshel	3.539	9.972	8.314	18.286	21.825
415.03	Chhimung Gewog, Pema Gatshel	3.890	8.969	9.976	18.945	22.835
415.04	Dungmin Gewog, Pema Gatshel	3.164	10.791	16.727	27.518	30.682
415.05	Khar Gewog, Pema Gatshel	3.463	10.792	21.615	32.407	35.870
415.06	Shumar Gewog, Pema Gatshel	2.962	15.541	8.314	23.855	26.817
415.07	Yurung Gewog, Pema Gatshel	3.649	9.530	8.314	17.844	21.493
415.08	Zobel Gewog, Pema Gatshel	2.960	11.806	33.254	45.060	48.020
415.09	Dechhenling Gewog, Pema Gatshel	3.954	18.539	9.976	28.515	32.469
415.1	Norbugang Gewog, Pema Gatshel	3.048	14.754	3.492	18.246	21.294
415.11	Nanong Gewog, Pema Gatshel	3.923	13.996	38.242	52.238	56.161

415.12	Choekhorling Gewog, Pema Gatsel	3.773	7.736	13.302	21.038	24.811
416.02	Phuentshothang Gewog, Samdrup Jongkhar	3.393	16.671	13.302	29.973	33.366
416.03	Pemathang Gewog, Samdrup Jongkhar	3.215	9.696	3.325	13.021	16.236
416.04	Gomdar Gewog, Samdrup Jongkhar	3.353	20.246	23.278	43.524	46.877
416.05	Wangphu Gewog, Samdrup Jongkhar	3.502	16.784	23.278	40.062	43.564
416.06	Langchenphu Gewog, Samdrup Jongkhar	3.053	7.941	16.627	24.568	27.621
416.07	Lauri Gewog, Samdrup Jongkhar	4.126	25.331	32.900	58.231	62.357
416.08	Martshala Gewog, Samdrup Jongkhar	3.59	16.711	29.929	46.64	50.23
416.09	Dewathang Gewog, Samdrup Jongkhar	3.078	12.703	4.988	17.691	20.769
416.1	Orong Gewog, Samdrup Jongkhar	3.458	15.548	17.458	33.006	36.464
416.11	Samrang Gewog, Samdrup Jongkhar	2.938	4.384	0.970	5.354	8.292
416.12	Serthi Gewog, Samdrup Jongkhar	3.876	14.394	24.941	39.335	43.211
417.02	Bartsham Gewog, Trashigang	3.934	11.341	14.133	25.474	29.408
417.03	Bidung Gewog, Trashigang	3.551	9.473	23.278	32.751	36.302
417.04	Kanglung Gewog, Trashigang	3.083	20.437	13.302	33.739	36.822
417.05	Kangpara Gewog, Trashigang	4.175	15.615	51.710	67.325	71.500
417.06	Khaling Gewog, Trashigang	3.354	15.067	12.470	27.537	30.891
417.07	Lumang Gewog, Trashigang	3.657	22.374	18.223	40.597	44.254
417.08	Merak Gewog, Trashigang	4.239	15.195	83.608	98.803	103.042
417.09	Yangnyer Gewog, Trashigang	3.784	14.992	27.435	42.427	46.211
417.1	Phongmey Gewog, Trashigang	3.421	15.564	13.634	29.198	32.619
417.11	Radhi Gewog, Trashigang	3.242	15.445	16.627	32.072	35.314
417.12	Sakteng Gewog, Trashigang	4.624	26.702	7.050	33.752	38.376
417.13	Samkhar Gewog, Trashigang	3.417	15.843	13.368	29.211	32.628
417.14	Shongphu Gewog, Trashigang	3.227	14.176	16.627	30.803	34.03

417.15	Thrimshing Gewog, Trashigang	3.555	12.274	5.986	18.26	21.815
417.16	Udzorong Gewog, Trashigang	3.907	15.982	36.579	52.561	56.468
418.02	Soe Gewog, Thimphu	3.319	3.813		3.813	7.132
418.03	Chang Gewog, Thimphu	3.088	16.080	4.157	20.237	23.325
418.04	Dagala Gewog, Thimphu	3.250	8.344		8.344	11.594
418.05	Gayney Gewog, Thimphu	3.987	5.746	3.824	9.570	13.557
418.06	Kawang Gewog, Thimphu	3.309	18.533	1.234	19.767	23.076
418.07	Lingzhi Gewog, Thimphu	3.214	6.105		6.105	9.319
418.08	Mewang Gewog, Thimphu	3.147	18.408	9.818	28.226	31.373
418.09	Naro Gewog, Thimphu	4.287	4.202		4.202	8.489
419.02	Geonkhamed Gewog, Gasa	3.133	4.835	6.983	11.818	14.951
419.03	Geonkhateod Gewog, Gasa	3.153	4.035	1.197	5.232	8.385
419.04	Laya Gewog, Gasa	4.040	15.742		15.742	19.782
419.05	Lunana Gewog, Gasa	3.307	13.101		13.101	16.408
420.02	Bumdeling Gewog, Trashigang	3.208	19.676	9.810	29.486	32.694
420.03	Jamkhar Gewog, Trashigang	3.293	8.278	26.603	34.881	38.174
420.04	Khamdang Gewog, Trashigang	3.429	20.988	23.278	44.266	47.695
420.05	Ramjar Gewog, Trashigang	3.520	10.875	16.627	27.502	31.022
420.06	Teodtsho Gewog, Trashigang	3.429	14.586	14.133	28.719	32.148
420.07	Tongmizhangtsha Gewog, Trashigang	3.430	10.992	39.905	50.897	54.327
420.08	Yalang Gewog, Trashigang	3.509	15.196	4.988	20.184	23.693
420.09	Yangtse Gewog, Trashigang	3.072	15.659	11.639	27.298	30.370
	<b>Total</b>	<b>699.187</b>	<b>2760.000</b>	<b>3711.140</b>	<b>6471.140</b>	<b>7170.327</b>

**Annexure 4: Budget allocation for Legislative, Judiciary and Constitutional Bodies National Assembly Services**

*Nu.in million*

Sl. No	Name of the activities	Recurrent	Capital
1	Current grants including pay and benefits	113.133	-
2	Central heating ventilation and air conditioning HVAC	-	0.384
3	Purchase of laptops for AROs	-	2.210
4	Purchase of UPS for NA server room	-	0.150
	<b>Total</b>	<b>113.133</b>	<b>2.744</b>

**National Council Services**

*Nu.in million*

Sl. No	Name of the activities	Recurrent	Capital
1	Current grants including pay and benefits	76.037	-
2	Strengthening the capacity of secretariat staff- Procurement of Laptops	-	0.260
3	installation of heating and Cooling system in Remodeled NC hall	-	4.418
4	installation of fire safety and security system for NC building	-	1.411
5	installation of CCTV for the NC building	-	0.944
	<b>Total</b>	<b>76.037</b>	<b>7.033</b>

**Judiciary**

*Nu.in million*

Sl. No	Name of Activity	Recurrent	Capital
1	Current Block Grants to Judiciary	284.436	
2	Construction of District Court at Gasa	-	15.776
3	Construction of Sakten Drungkhag Court	-	12.126
4	Construction of District Court at Paro	-	42.870
5	Construction of Drangpon Residence at Paro	-	6.718
6	Establish institutional linkage between Supreme Court of Bhutan and Courts in the Region	-	0.160
7	Masters Degree for Judiciary officers	-	5.200
8	Masters Programme LLM	-	4.326
9	Installation of air conditioners for server room	-	0.060

10	Procurement of furniture, computers and office equipment	-	0.164
11	Procurement of office Equipment, Tsirang District Court	-	0.040
12	Construction of retaining wall, parking and access road at Haa district court.	-	2.400
13	Maintenance of water supply at Pema Gatshel district court	-	0.100
	<b>Total</b>	<b>284.436</b>	<b>89.940</b>

### ***Anti-Corruption Commission***

*Nu.in million*

<b>Sl.No.</b>	<b>Name of activities</b>	<b>Recurrent</b>	<b>Capital</b>
1	Current Grants including pay and allowance	93.593	-
2	It Services and System Strengthened	-	2.000
3	Conduct System Studies in Vulnerable Areas	-	0.900
4	Implement integrity Vetting in Public Sectors	-	0.643
5	Capacitate For Implementation and Assessment of NIAC and OIP	-	0.500
6	Administer and Manage Asset Declaration	-	0.550
7	Conduct NIA 2022	-	7.500
8	Implement Business integrity initiative of Bhutan	-	0.500
9	Conduct NCBS 2022	-	3.000
10	Develop and Disseminate information Education and Communication Materials	-	1.353
11	Implement Youth integrity Programme	-	2.880
12	Conduct Thematic Sessions	-	1.090
13	Conduct General Awareness Programs on Youth General Citizen Private Public	-	0.540
14	Upgrade and Launch Elearning Course on Ethics and integrity	-	0.400
15	Conduct Organizational Climate index Survey	-	0.200
16	Management of Complaints	-	0.500
17	Anti Corruption Act of Bhutan 2011 Amendment and Associated Works	-	0.200
18	Print and Disseminate Anti Corruption Commission Annual Report	-	0.300

19	Implement The Anti Corruption Commission Media and Communication Strategy	-	0.500
20	Develop M and E System For Anti Corruption and integrity Measures	-	3.600
21	Comply to United National Convention Against Corruption (UNCAC) Requirements	-	1.700
22	Assessment and Enhancement of Overall Security System and installations	-	1.500
24	Implement CSO Engagement Programme On Anti Corruption and Justice	-	0.160
25	Operationalize Regional offices	-	0.200
26	investigation Services	-	0.400
27	Specialized Training on Anti-Corruption Studies, investigation, Prevention and Education	-	7.300
28	Enhance Network with Regional and International Counterparts	-	1.000
	<b>Total</b>	<b>93.593</b>	<b>39.416</b>

### ***Election Commission of Bhutan***

***Nu.in million***

<b>Sl.No.</b>	<b>Name of activities</b>	<b>Recurrent</b>	<b>Capital</b>
1	Current Grant including pay and allowance	28.992	-
2	Capacity Building of Party Functionaries		0.400
	<b>Total</b>	<b>28.992</b>	<b>0.400</b>

### ***Royal Audit Authority***

***Nu.in million***

<b>Sl.No.</b>	<b>Name of activities</b>	<b>Recurrent</b>	<b>Capital</b>
1	Current Grant including pay and allowance	170.573	-
2	Annual Audit of RAA	-	0.200
3	Audit Advocacy Program	-	0.600
4	Outsourcing of Audit Services	-	3.000
5	Operation and Management Services	-	0.240
6	Construction of office Spill Over	-	19.821
7	Installation of Network System in The office Building	-	2.800

8	Operation and Management Services	-	0.500
10	Procurement of fortigate license	-	0.400
11	Austrian Support For Capacity Building of RAA	-	2.000
	<b>Total</b>	<b>170.573</b>	<b>29.561</b>

### ***Royal Civil Service Commission***

*Nu.in million*

<b>Sl.No.</b>	<b>Name of activities</b>	<b>Recurrent</b>	<b>Capital</b>
1	Current Grant including pay and allowance	60.113	-
2	Cost Sharing and Other HRD Programs	-	26.200
3	Bhutan Civil Service Examination	-	14.275
4	SMS Gateway Charges UTM and Antivirus License Renewal	-	0.530
5	Hiring of Consultancy For Leadership Reforms	-	10.000
6	Future Leaders Mentoring Program (FLMP)	-	0.300
7	Civil Service Awards	-	4.500
8	Executive forum	-	0.500
9	Bhutan Executive Service Training (BEST)	-	6.000
10	Civil Service Transformation	-	10.000
11	Civil Services Learning Management System (CLMS) Development_e-PEMS and Zest integration Familiarization For HRO and HR Assistant	-	6.000
12	Professionalizing civil servants-GOI PTA	-	200.000
13	Nehru Wangchuk scholarship	-	13.603
14	GEF LDCF scholarship	-	1.888
15	Onboarding of services to ServE tool -Empathy skill training for 25 cohorts and general service delivery guidelines	-	2.800
	<b>Total</b>	<b>60.113</b>	<b>296.596</b>



**Annexure 5: Economic Classification of Expenditure for FY 2022-23**

*Nu.in million*

Sl.no	Object Classification	Appropriation
<b>RECURRENT EXPENDITURE</b>		
1.00	Pay and Allowances	17,127.316
2.00	Other Personnel Emoluments	1,072.352
3.00	Medical Benefits	86.300
4.00	Special Allowance	72.374
5.00	Stipends	1,423.704
7.00	Current Grant (Annual Grant)	5,698.314
11.00	Travel (Travel Incountry, Ex country & LTC)	688.600
12.00	Utilities	30.597
13.00	Rental of Properties	4.300
14.00	S & M	27.500
15.00	Maintenance of Properties	29.001
17.00	Operating Expenses	13.229
18.00	Hospitality & Entertainment	18.500
21.00	Current Grants - Individuals, Non-profit organisations/ Sungchop	668.002
22.00	Current Grants - Public Enterprises (Subsidies & Domestic Power Tariff)	1,829.051
24.00	Contributions - Provident Fund	1,736.222
26.00	General Reserve	2,232.987
31.00	Interest Payments	3,582.593
	<b>TOTAL RECURRENT EXPENDITURE</b>	<b>36,340.942</b>
<b>CAPITAL EXPENDITURE</b>		
41.01	Acquisition of Immovable Property – Land	4.400
42.01	Capital Grant	5,332.630
43.01	Disaster: Relief and Response	525.617
45.01	Training - Human Resource Development	544.351
45.02	Training – Others	2,094.170
51.01	Exp. on Structure – Buildings	7,188.251
51.02	Exp. on Structure - Roads (incl.culverts ,drns)	6,721.848
51.03	Exp. on Structure – Bridges	460.879

51.04	Exp. on Structure - Irrigation Channels	387.969
51.05	Exp. on Structure - Drainage Systems	8.217
51.06	Exp. on Structure - Water Supply & Sanitation	1,757.510
51.07	Exp. on Structure – Plantations	189.902
51.08	Exp. on Structure – Others	1,018.324
52.01	Plant & Equipt. – Roads	20.770
52.02	Plant & Equipt. - Power Generation	897.845
52.03	Plant & Equipt. - Power Trans. & Dist.	1.007
52.04	Plant & Equipt. – Telecommunications	189.022
52.05	Plant & Equipt. - Agricultural Machineries	88.466
52.06	Plant & Equipt. – Livestock	91.119
52.07	Plant & Equipt. - Hospital/Lab. Equipment	949.728
52.08	Plant & Equipt. - General Tools, Instruments	753.073
53.01	Purchase of Vehicles	175.609
54.01	Furniture	35.081
54.02	Office Equipment	95.618
54.03	Computers & Peripherals	248.213
55.01	Professional Services	1,742.545
56.01	General Provisions	5,820.000
57.01	System Development	342.323
61.01	Capital Grants - Individuals/Non-Profit Orgs.	418.449
61.02	Capital Grants – Sungchop	5.162
62.02	Capital Grants - Non-Financial Institutions	80.186
63.01	Acquisition of Equities/Shares	278.661
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>38,466.945</b>
65.02	Loans – Enterprises	1,278.900
	<b>TOTAL LENDING EXPENDITURE</b>	<b>1,278.900</b>
	<b>REPAYMENT EXPENDITURE</b>	
70.02	Repayment of Debt Principal – External	5,740.524
	<b>TOTAL REPAYMENT EXPENDITURE</b>	<b>5,740.524</b>
	<b>TOTAL BUDGET APPROPRIATION</b>	<b>81,827.311</b>

## **Annexure 6: Major Capital activities under various sectors**

### **i. Major Capital activities under Health Sector**

***Nu.in million***

<b>Sl.No.</b>	<b>Name of Activity</b>	<b>Amount</b>	<b>Funding</b>
<b>Local Government</b>			
1	Construction of Pangbisa BHU Grade I, Paro	0.586	GoI
2	Construction of Primary Health Center with Four Staff Quarter At Karmaling Gewog (Spillover), Dagana	4.400	GoI
3	Relocation of Dungkar BHU Under Kurtoed Gewog (Construction of Bhu Main Building, Staff Quarter & Patient Kitchen Cum Toilet), Lhuentse	3.901	GoI
4	Construction of Laya PHC	65.180	PG
<b>Ministry of Health</b>			
1	Procurement of Covid 19 Vaccine for all the Populations	432.570	ADB
2	Construction of 150 Bedded Gyaltsuen Jetsuen Pema Mother and Child Hospital at Thimphu	340.000	GoI
3	Procurement of Medical Equipment	266.000	RGoB
4	Construction of 65 Bedded Mother and Child Hospital at Mongar	232.890	GoI
5	Gastric Cancer Program Cervical Cancer Program and Breast Cancer Program (Flagship programme)	238.240	PG
6	Construction of 60 bedded Pema Center (hospital for mental health and wellbeing)	160.631	RGoB
7	Procurement of Test Kits	73.000	RGoB
8	Ancillary Works for (Gidakom Water Supply and Compact Substations and Related Works) Upcoming NCID	62.216	RGoB
9	Construction of 3 Satellite Clinics at Motithang Babena and Simtokha	43.730	ADB
10	Long Term Training (Continuation)	36.000	RGoB
11	Implement C4CD Plus P2P Sessions in Phase I Dzongkhags	35.000	SCF/USA
12	Purchase of Medical Equipment Spares Parts and Accessories for Medical Equipment Devices	35.000	RGoB
13	Construction of Water Reservoirs for BHUs and Hospitals in Samdrupjongkhar and Pemagatshel Districts	33.000	ADB

14	Refurbishment of MCH Mongar	22.500	SDF
15	Construction of 1 Satellite Clinic at Debsi	19.770	ADB
16	Improvement of Water Sanitation and Waste Management at PHCS Under Lhuentse	19.645	IDA
17	Long Term Training (New)	16.000	RGoB
18	Procurement of Vaccines and Syringes	14.080	UNICEF
19	Procurement of Consumables for NVL CRIDC NFTL for AMR Surveillance and Media Reagent for JDWNRH ERRH, CRRH PGH RCDC	13.849	ADB
20	Training of Health workers on Cold Chain Supply Management and Preventive Maintenance of CCE	12.300	UNICEF
21	Construction of Water Reservoirs Waste Sheds Burial Pits for BHU in IIS and Hospital in Trongsa and Zhemgang Districts	12.250	ADB
22	Purchase and Distribution of Test Reagents	11.250	SDF
23	Training of Health Workers on Immunization Services and Conduct EVMA	8.990	UNICEF
24	Procurement of Ventilators with Air Compressor	8.065	SDF
25	Procurement and installation of Hand Washing and Safe Drinking Water Stations in Healthcare Facilities for Phase 3	8.030	UNICEF
26	Conduct National AMR and AMU Symposium	7.890	ADB
27	Sample Collection and Transportation Case investigation and Surveillance of any Outbreak	7.500	SDF
<b>Jigme Dorji Wangchuck National Referral Hospital</b>			
1	Procurement of Cardiac Catheterization Laboratory for JDWNRH	84.500	RGoB
2	Procurement of Routine Hospital Equipment for JDWNRH	44.000	RGoB
3	Procurement of Equipment (ESWL) Under JDWNRH	35.000	RGoB

## ***ii. Major activities under Education Sector***

***Nu.in million***

<b>Sl.No</b>	<b>Name of Activity</b>	<b>Amount</b>	<b>Funding</b>
<b>Local Government</b>			

1	Infrastructure Development 120 Bedded Hostel and Two 4 Units Staff Quarter (Spill Over) at Pakshikha CS, Chhukha	27.133	GoI
2	Infrastructure Development 6 Unit Classroom, 64 Bedded Hostel 2 Units, Principal Quarter, 4 Units Staff Quarter and Water Supply at Rangtse PS, Haa	13.500	GoI
3	Construction of 4 Units Staff Quarter and 12 Units Classroom at Wanakha LSS, Paro	18.394	GoI
4	Construction of Integrated Building at Panbari PS, Samtse	3.000	GoI
5	Infrastructure Development Two Nos 200 Bedded Hostel, 12 Units Classroom, Two Nos 4 Unit Staff Quarter, MPH and Two Nos Academic Toilet at Dorokha CS, Samtse	30.663	GoI
6	Infrastructure Development Two Nos 200 Bedded Hostel, 6 Unit Classroom, Dining Hall, 6 Unit Staff Quarter, Two Nos Academic Toilet and Water Supply at Norbugang CS, Samtse	2.713	GoI
7	Infrastructure Development Two Nos 200 Bedded, Hostel, 6 Units Classroom and Two Academic Toilets at Tendu CS, Samtse	21.500	GoI
8	Construction of Dining Hall at Peljorling HSS, Samtse	2.444	GoI
9	Construction of Boys Hostel With Warden's Quarter at Peljorling HSS, Samtse	8.277	GoI
10	Construction Girls Hostel With Matron's Quarter at Peljorling HSS, Samtse	13.026	GoI
11	Infrastructure Development 12 Units Class Room and 180 Bedded Hostel, 6 Units Staff Quarter, Kitchen Cum Store and Academic Toilet 2 Nos Tsirangtoe CS, Tsirang	3.907	GoI
12	Infrastructure Development 120 Bedded Hostel, 6 Units Staff Quarter, Dining Hall, Academic Toilet 2 Nos, Basketball Court and Football Ground at Damphu CS, Tsirang	17.610	GoI
13	Infrastructure Development 6 Units Classroom 2 Nos, 120 Bedded Hostel, Dining Hall and Basketball Court at Tashidingkha CS, Punakha	17.480	GoI
14	Construction of Six Units Staff Quarter and Construction of 120 Bedded Hostel 2 Nos at Kabesa CS, Punakha	13.890	GoI
15	Construction of 6 Units Classroom, 6 Units Staff Quarter, Dining Hal and Academic Toilet at Norbuling CS (Spillover), Sarpang	5.472	GoI

16	Construction of 12 Units Class Room, 6 Units Staff Quarter and Academic Toilet at Sarpang CS (Spillover), Sarpang	11.883	GoI
17	Infrastructure Development of 200 Bedded Hostels and Water Supply at Taktse CS, Trongsa	12.006	GoI
18	Infrastructure Development of 180 Bedded Hostel and 2 Nos Academic Toilet at Tangmachu CS, Lhuentse	13.750	GoI
19	Construction of Girls Hostel at Lhuentse HSS, Lhuentse	2.273	GoI
20	Construction of 120 Bedded Girls Hostel at Nagor MSS, Mongar	2.990	GoI
21	Construction of Administrative Block and 8 Unit Class Rooms at Nagor MSS, Mongar	3.730	GoI
22	Infrastructure Development (Construction of Six Unit Classroom) at Drametse CS, Mongar	2.148	GoI
23	Infrastructure Development (6 Units Classroom, 2 Nos 64 Bedded Hostel and 2 Nos Academic Toilet) at Nangkor CS, Pema Gatshel	15.000	GoI
24	Construction of Two Blocks of 96 Bedded Hostel at Orong CS, Samdrup Jongkhar	13.676	GoI
25	Infrastructure Development ( 8 Unit Classrooms, 2 Nos 96 Bedded Hostel, Science Lab and Academic Toilet) at Minjiwoong CS, Samdrup Jongkhar	27.363	GoI
26	Infrastructure Development ( 8 Unit Classrooms, 2 Nos 120 Bedded Hostel and 2 Nos Academic Toilet) at Gomdar CS, Samdrup Jongkhar	18.509	GoI
27	Infrastructure Development 6 Units Classrooms, Library Block, 96 Bedded Hostel 2 Nos, Principal's Quarter, Academic Toilet 2 Nos and Watersupply at Martshalla CS, Samrup Jongkhar	16.859	GoI
28	Construction of 96 Bedded Hostel For Girls at Bidung LSS, Trashigang	8.929	PG
29	Infrastructure Development (6 Units Classroom, Dinning Hall and Academic Toilet 2 Nos) at Rangjung (Spillover), Trashigang	12.000	GoI
30	Construction of 4 Units Teacher's Quarter at Kuzuchen MSS, Genekha LSS and Yangchengatshel MSS (Spillover), Thimphu	2.558	GoI
31	Infrastructure Development Four 3 Units Classroom, Two 64 Bedded Hostel, Principal's Quarter , Adm Block, Library Block, 4 Units Staff Quarter, MPH, Kitchen Cum Store, Two Units Academic Toilet and Basket Ball Court at Laya LSS, Gasa	16.944	GoI

32	Infrastructure Development 6 Units Class Room, 4 Units Staff Quarter, 96 Bedded Hoste, Academic Toilets, Staff Toilets, Watersupply and Basketball Court at Baylling Central School, Trashy Yangtse	2.323	GoI
33	Construction of 12 Units Classroom Block at Dangrina PS 2 Nos, Thimphu Thromde	4.000	GoI
34	Construction of Classroom Block and Administrative Blocks at YHS, Thimphu Thromde	5.000	GoI
<b>Ministry of Education</b>			
1	Establishment of Model Inclusive ECCD Centre	6.000	UNICEF
2	B Ed Primary at Paro College of Education	6.100	RGoB
3	M Ed Geography and English at Samtse College	6.345	RGoB
4	Construction of 64 bedded hostel 2 Nos and 4 unit Staff quarter at ShershongLssMongar	6.356	GoI
5	Construction of Tvet labs in Wangsel Institute at Paro along with additional works at Tvet pilot schools	6.810	ADB
6	Construction of 8 unit classroom and 4 unit Staff quarter and academic Toilet 2 Nos and Water Supply at Namgaycholing PS Samtse	7.284	GoI
7	M Ed Scinece and Mathematics at Samtse College	7.285	RGoB
8	M Ed Primary at Paro College of Education	7.561	RGoB
9	Skill training and education pathways up gradation construction of Tvet lab in 13 pilot schools	9.000	ADB
10	Training of ICT lab assistant and institutional capacity	10.000	GoI
11	Construction of 96 bedded hostel and renovation of kitchen cum store academic toilet and water supply at Phekoma Ps Dagana	10.001	GoI
12	Construction of 6 unit classroom 4 unit staff quarter and academic toilet 2 and water supply at Sinchula Ps Chhukha	10.858	GoI
13	Student Loan Scheme for Tertiary Education	11.107	GoI
14	Refurbishing of existing kitchen and Stores in 6 selected schools	11.200	WFP
15	Procurement of Tvet club tools for the Tvet feeder schools	11.690	ADB
16	Construction of 96 bedded hostel 2 Nos and kitchen cum store dining hall and renovation of class room at Pangna Ps Dagana	12.783	GoI
17	Undergraduate scholarships at Royal Thimphu College	12.998	RGoB
18	Project Management and Monitoring	13.000	GoI

19	Project Management Unit operation ADB Step up	14.200	ADB
20	Bridge Bhutan Project	14.990	UNESCO
21	Construction of 6 unit classroom and 64 bedded hostel 2 Nos and 4 unit Staff quarter at Lauri PS Samdrupjongkhar	15.000	GoI
22	Professional Development for Teachers on Bhutan Baccalaureate	15.000	RGoB
23	Mathematics reform curriculum review and training and orientation of mathematics teacher	15.000	RGoB
24	Replication of Teaching and Learning	15.000	RGoB
25	Construction of 64 bedded hostel 2 Nos and 4 unit staff quarter at Jigmecholing LSS Sarpang	18.827	GoI
26	Construction of 64 bedded hostel 2 Nos and MPH and kitchen cum store at Pemathang LSS Sjongkhar	20.234	GoI
27	Scholarships under Queen's Endowment for cultural studies	20.728	RGoB
28	Construction of 8 unit classroom 32 bedded hostel 2 Nos academic toilet kitchen cum store principal quarter and 3 unit staff quarter three 2 unit classrooms at Lunana Ps Gasa	22.548	GoI
29	Scholarships under Assistance to Privately Enrolled Medical Students' Scheme	27.246	RGoB
30	Construction of 6 unit classroom and 32 bedded hostel 2 Nos and 4 unit staff quarter at Tarphele Ps Tashiyangtse	27.465	GoI
31	Construction of 6 unit classroom and 96 bedded hostel 2 Nos and 4 unit Staff quarter and kitchen cum store and academic toilet 2 Nos and water supply at Sakteng LSS Tashigang	29.232	GoI
32	Construction of 8 unit classroom and 32 bedded hostel 2 Nos and 4 unit Staff quarter and dining hall and kitchen cum Store and academic toilet 2 Nos and water supply at Dungkar PS Lhuentse	37.211	GoI
33	Setting up of computer lab and supply of additional computer with LAN set up in school	57.000	GoI
34	Government scholarship to private schools (Class xi & xii)	67.180	RGoB
35	Professional Development of Teachers	70.000	GoI
36	Implement new scholarship slots under GoI Funding and on-going students	86.860	GoI
37	Construction of Chundu Central School	100.000	RGoB



38	Supply of ICT equipment in 22 BB Schools and Strengthen Internet Connectivity	100.000	RGoB
39	Implement new Ex-Country under graduate scholarship in third countries /India & on-going students	113.546	RGoB
40	Hiring for expatriate teachers for STEM	150.000	RGoB
41	Computer supplies and strengthening of campus network	37.500	IDA
42	Digitization of Curriculum and platform development	2.500	IDA
43	Build Capacity of DEOs/TEOs, Principals, Vice Principals and teachers on competency based curriculum in line with digital competency	7.000	IDA
<b>Royal University of Bhutan</b>			
1	Infrastructure Development, Gyalposhing CIT, RUB	250.000	PG
2	Construction of 2 Units Staff Quarter, Samtse College of Education, RUB	19.000	GoI
3	Construction of Sports Laboratory With Fitness Centre, Paro College, RUB	15.000	GoI
4	Development of Infrastructure and Teaching, CNR Lobesa, RUB	30.000	GoI
5	Construction of Convention Hall,CST,P/ling RUB	30.000	GoI
6	Construction of 4 Blocks of 4 Units Each Staff Residence, CICS, Taktse, RUB	12.514	GoI
7	Construction of Water and Sewerage Treatment Plant Along With The Network, Sherubtse College, RUB	30.000	GoI
9	Construction of Student Hostel	116.570	GoI
10	Construction of Mechanical Lab and Classroom Construction of Sports Laboratory with Fitness Centre	26.052	GoI
11	Construction Of 6 Units Postgraduate Block	10.000	GoI
12	HRD Capacity Building of RUB College Faculties	75.000	PG

### ***iii. Major capital activities in RNR Sector***

***Nu.in million***

<b>Sl.No.</b>	<b>Name of Activity</b>	<b>Amount</b>	<b>Funding</b>
<b>Local Government</b>			
1	Renovation of Hokatsho Irrigational Scheme, Punakha	4.250	GCF

2	Renovation of Phenthey Yurwa Irrigational Channel at Talo and Toebisa, Punakha	26.880	GCF
3	Renovation of Juprey Irrigation Scheme at Samtenling, Sarpang	4.380	GCF
4	Construction of Sershong Irrigation Channel, Zhemgang	6.526	GoI
5	Renovation of Khapachu Irrigation Channel(Spillover), Lhuentse	4.720	CARLEP
6	Renovation of Bowchu Irrigation In Sherimuhung Gewog	1.500	CARLEP
7	Construction of Samrang Irrigation Channel Spillover	0.970	GoI
<b>Ministry of Agriculture &amp; forest</b>			
1	Supply of Chain Link fencing to Dzongkhag	500.000	RGoB
2	Supply of Poly House (low cost Greenhouse)	88.400	RGoB/FSAPP
3	Construction of Integrated Cold Stores Along With Centralized Pack Houses	80.000	World Bank
4	Construction of Phangyul Irrigation Scheme	50.000	GCF
5	Purchase of Spare Parts and Pol for Heavy Machineries	41.000	RGoB

Sl.No.	Name of Activity	Amount	Funding
6	Establishment of Integrated Cold Store In Zhemgang	35.000	GEF-UNDP
7	Construction of Microbiology Laboratory at NSSC Simtokha Spillover	28.000	PG
8	Construction of Biocontrol Laboratory at NPPC Simtokha Spillover	25.000	PG
9	Construction of Organic Sales Outlet at Paro Spillover	20.000	PG
10	Supply of LN2 Plant Equipments	17.500	CARLEP-Loan
11	Development of Foothills Herbal Medicinal Garden at Choekhorling Spillover	15.500	RGoB
12	Construction of Export Facilitation Center at Nganglam Pema Gatsel Dzongkhag	13.300	CARLEP-Loan
13	Construction of Multipurpose Building at NCOA Yusipang Spillover	13.000	PG
14	RNR Based Enterprises Agriculture Livestock and NWFP based Establishment for 4 Regions	12.000	GEF-UNDP
15	Construction of UHT Plant at Samdrupjongkhar	10.000	CARLEP-Loan
16	Procurement of Laboratory Materials and Furnishing of New Building	10.000	PG
18	Enhancement of Agromet Division Support System	8.850	World Bank
19	Annual Royal Bhutan Flower Exhibition	8.500	RGoB
20	Import of Breed Layer Parent Stock	6.500	GoI
21	To Establish Domestic Size Bio Gas Plant in 20 Dzongkhag and Support RCBC Bhumtang Establishment of Slurry Tank and Biogas	6.100	GoI
22	Establishment of Semi Processed Peach and Plum Jam Enterprise at Tashigang	6.000	CARLEP-Loan
23	Purchase of Automatic Yogurt Plant	5.250	CARLEP-Loan
24	Rainbow Trout Enterprise Bongo	5.200	GoI
25	Purchase of Sex Sorted and Conventional Semen	5.140	CARLEP-Loan
26	Strengthening and Enhancement of Laboratory Diagnostic Capacities	5.000	GoI
27	Construction of Large Market Facility	5.000	CARLEP-Loan
28	High Development Program	41.291	PG

**iv. Major capital activities in Mining and Manufacturing Industries**  
*Nu.in million*

Sl.No.	Name of Activity	Amount	Funding
1	EIF TIER 2 on Export Diversification and Brand Under Brand Bhutan	20.000	EIF
2	Development of Pasakha Dry Port	202.860	TSF
3	Development of PoL Depot for Eastern and Central Bhutan	114.404	TSF

Sl.No.	Name of Activity	Amount	Funding
4	Construction Of Infrastructures for Nganglam Dry Port	88.034	TSF
5	Construction of Infrastructure for Gelephu Dry Port	225.304	TSF
6	Bjemina and Pasakha Industrial Estate	15.244	RGoB
7	Motanga Industrial park	44.500	Gol
8	Jigmeling Industrial Park	109.000	Gol
9	Dhamdhum Industrial Park	50.077	Gol
10	Start-up and CSI flagship	170.649	Gol/RGoB

**v. Major capital activities in Tourism**

*Nu.in million*

Sl.No.	Name of Activity	Amount	Funding
1	Construction of Kitchen at RITH	7.800	PG
2	Construction of 5 Units Restroom at Chumbo Nye	3.500	PG
3	Develop Ecotourism Concession Framework	6.913	GEF
4	Develop Bhutan Tourism Product Development Guidelines	3.458	GEF
5	Development of Procedure for Assessment of Tour Operator Office	2.708	GEF
6	Certification by Salzburg	1.320	PG
7	RITH Training Materials and Food Processing Items	3.000	PG
8	Reskilling in Hospitality Management (Food Production F and B House Keeping front Desk Management) for Hotel Employees in the country.	2.500	PG
9	Draft National Ecotourism Master Plan	2.813	GEF

10	Extract Tourism Inventory	2.650	GEF
11	Identify and Map Tourism Hotspots	3.239	GEF
12	Develop Operational Framework for Implementation	2.326	GEF
13	Develop new Guidelines for Campsites and Routines Management	2.180	GEF

***vi. Major capital activities in employment and vocational training***

***Nu.in million***

<b>Sl.No.</b>	<b>Name of Activity</b>	<b>Amount</b>	<b>Funding</b>
1	Construction of TTI in Serbithang, Thimphu	82.62	RGoB Contribution
2	Construction of TTI in Serbithang, Thimphu	104.3	ADB
3	Procurement of Tools and Equipment and Furniture for The TTIs	153.729	ADB
4	Capacity Building	58.93	ADB
5	Critical Skills Training	45.53	ADB
6	Construction of River Protection Wall at Rangjung	12.298	GoI
7	Construction of Facility Technology at Khuruthang	15.000	GoI
8	Review and Development of Curriculum and CBLM	39.685	IDA
9	Implementation of SDP DTP and Modular Courses By TTIs and IZCs	97.345	IDA
10	Procurement of Training Materials and Tools and Equipment for TTIs and IZCs	40.317	IDA
11	Procurement of Training Materials and Tools and Equipment and Tuition Fees for Public institutes	29.605	IDA
12	Conduct Entrepreneurship Development Training	61.745	IDA
13	Implementation of Critical Skills Training for Preservice	48.32	GoI
14	Enrolment in TTIs	30.792	GoI
15	Engagement of Candidates with Employers	19.926	GoI
16	Youth Engagement and Livelihood program (YELP)	118	GoI

**vii. Major capital activities in Road Sector**

*Nu.in million*

Sl.No.	Name of Activity	Amount	Funding
<b>Ministry of Work and Human Settlement</b>			
1	Improvement of Bjena Khotakha National Service Center	225.921	Gol
2	Improvement of approach road Taraythang National Service Center	50.000	Gol
3	Improvement Works on Sengor Dramaling PNH	194.150	Gol
4	Improvement works on Ura Yongkola Rothpashong PNH	167.070	Gol
5	Improvement and Blacktopping of Dhamdum to Gurung Basti PNH Base Course Permanent Work	92.177	RGoB
6	Pavement strengthening on Jumja to Manitar to Raidak PNH	81.695	RGoB
7	Improvement of Tingtibi Phophel PNH	60.000	RGoB
8	Improvement of Tingtibi Praling PNH	52.000	RGoB
9	Pavement strengthening of Gomphu Pangbang PNH	49.500	RGoB
10	Construction of Gayzam Chhu and Lerizam on Tralingthang Dramaling PNH	50.000	Gol
11	Resurfacing of Nangar Ura PNH on Semtokhatrashigang PNH	43.921	RGoB
12	Resurfacing of Dochula Wangdue PNH	38.168	RGoB
13	Pavement and restoration works on Pangbang Ngalam PNH	35.000	PG
	<b>Total for PNH</b>	<b>863.681</b>	

Sl.No	Name of Activity	Amount	Funding
1	Improvement works on Tshelingore Khothakpa SNH	94.000	GoI
2	Construction of Diana Zam at Samtse to Sipsu SNH	72.801	GoI
3	Blacktopping Works on Lhuentse Dungkhar SNH	42.000	RGoB
4	Resurfacing Works on Gangola Lhuentse SNH	36.140	RGoB
	<b>Total for SNH</b>	<b>244.941</b>	
1	Monsoon Restoration Works	187.000	RGoB
2	Improvement of Kurizampa to Gyalpozhing Road	105.000	PG
3	Mitigation of Landslide at Reotala	100.000	GCF
4	Construction of Pasakha to Manitar Road Project	100.000	ADB/RGoB
5	Construction of Phuentsholing Chamkuna Road	90.740	ADB/RGoB
6	Construction of Bridges for Gyelsung project	66.000	RGoB
7	Construction of Pangrizampa Bridge	49.500	GoI
8	Blacktopping of Nimshong Therang Shingkar GC Road	39.000	RGoB
9	Construction of Khuru Kuenphen Zam Detail studies, design drawings and constructions	36.600	GoI
<b>Local Government</b>			
1	Blacktopping of Getena GC Road, Chhukha	100.000	GoI
2	Blacktopping Lokchina of GC Road, Chhukha	25.000	GoI
3	Blacktopping of Burichu Dovan Road Under Sergithang Gewog, Tsirang	24.972	GoI
4	Blacktopping of Khebisa GC Road (Spillover), Dagana	2.430	GoI
5	Blacktopping of Lajab GC Road (Spillover), Dagana	16.230	GoI
6	Blacktopping of Chhuzom GC Road, Sarpang	186.486	GoI
7	Blacktopping of Bjoka GC Road, Zhemgang	1.375	GoI
8	Blacktopping of Lauri GC Road Spillover, Samdrup Jongkhar	14.610	GoI
9	Blacktopping of Merak GC Road (Spillover), Trashigang	72.800	GoI
10	Blacktopping of Sakteng GC Road Spillover, Trashigang	0.200	GoI
11	Construction of Chiwog Connectivity Road at Baikunza Chiwog Under Bongo Gewog, Chhukha	10.000	GoI
12	Improvement of Farm Road From Rangtse To Tanga Via Youkha (GSB and Drainage), Haa	1.250	GoI

13	Construction of Chiwog Connectivity Road at Changzhu Tshachu Under Norgaygang Gewog, Samtse	4.000	GoI
14	Construction of Chiwog Connectivity Road at Dorona Chewa Under Dorona Gewog (Spillover), Dagana	11.080	GoI



Sl.No.	Name of Activity	Amount	Funding
15	Construction of Chiwog Connectivity Road at Dorona Choongwa Under Dorona Gewog (Spillover)	5.000	GoI
16	Construction of Chiwog Connectivity Road at Tshalabji Under Dorons Gewog (Spillover), Dagana	0.907	GoI
17	Improvement of Gong Farm Road (GSB and Drainage), Sarpang	30.000	GoI
18	Construction of Chiwog Connectivity From Tsheldang To Duenmang Under Nangkhor Gewog, Zhemgang	5.000	GoI
19	Construction of Chiwog Connectivity Road From Tomi Yuri Zam To Woongborang Under Dungmin Gewog (Spillover), Pema Gatsel	4.257	GoI
20	GSB Phase II	1125.780	GoI
		2064.782	RGoB Contribution
21	GSB Phase II Second Priority	1500.000	RGoB

**viii. Major activities in Urban Development Housing & Public Amenities Sector**

*Nu.in million*

Sl.No.	Name of Activity	Amount	Funding
<b>Ministry of Work and Human Settlement</b>			
1	Water Flagship Program (Desuung)	45.000	PG
2	Water Supply Scheme under Ministry of Health (Improvement of Drinking Water Quality)	5.000	EU
3	Construction of Intake Transmission Main Wtp and Distribution Mains under Gelephu Thromde	80.000	RGoB
4	Construction of Intake Transmission Main Wtp and Distribution Mains under Gelephu Thromde	180.000	GoI
5	Construction of Barsachu Water Treatment Transmission Line and Water Treatment Plant	10.000	GoI
6	Construction of Water Treatment Plant at Amochu under Phuentsholing Thromde	20.000	GoI
7	Construction of Water Treatment Plant at Simtokha and Construction of Thrust Block Pipe Support Along the Existing Water Main	64.000	GoI

	Transmission Line from Chamgang to Simtokhane From Chamgang		
8	Construction of Wtp and Reservoir for Tshimasham Town	26.500	EU
9	Construction of Distribution Network for Tshimasham Town	10.000	EU
10	Construction of Transmission Line for Mongar Town	30.000	GoI

Sl. No	Name of Activity	Amount	Funding
11	Construction of Transmission Line Gyelposhing Town	30.000	GoI
12	Construction of Water Treatment Plant and Distribution Network at Dzongkhag Municipality and Nanglam Town	22.000	GoI
13	Construction of Water Treatment Plant and Distribution Network at Dzongkhag Municipality and Nanglam Town	35.000	GoI
14	Construction of Water Supply Scheme for Denchi Town	30.000	GoI
15	Construction of Water Treatment Plant and Water Distribution and Procurement of Testing Kits at Yenlag Thromde	24.000	GoI
16	Water Supply at Haa Municipal	5.000	EU
17	Construction of quarantine center at Damdum, Samtse	367.991	RGoB Contribution/GOI
18	Construction of quarantine center at Amochu, Phuntsholing	328.310	RGoB Contribution/GOI
19	Construction of quarantine center at Dekiling, Sarpang	570.977	RGoB Contribution/GOI
20	Construction of quarantine center at Montanga, Samdrupjongkhar	344.755	RGoB Contribution/GOI
21	Management services for construction of quarantine centers	121.705	RGoB Contribution/GOI
22	Secondary towns Urban Development Project (Rangjung, Dewathang and Samdrup Jongkhar)	156.760	RGoB Contribution/ADB
23	Basic building construction quality testing	10.000	RGoB
24	Retrofitting of public building	11.200	GoA
<b>Local Government</b>			
1	Construction of Vegetable Shed Parking Areas And Site Development Works At Babesa, Thimphu Thromde	5.000	GoI
2	Construction of Municipal Road From Lower Rinchending To Ahley, Phuentsholing Thromde	44.822	PG
3	Construction of Integrated Vegetable Shed In Gelephu Town, Gelephu Thromde	2.598	PG

4	Construction of Integrated Vegetable Market Shed With Car Parking (Spill Over), Samdrupjongkhar Thromde	10.000	GoI
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#### ***ix. Major activities in Communication Sector***

***Nu.in million***

<b>Sl.No.</b>	<b>Name of the activities</b>	<b>Amount</b>	<b>Funding</b>
1	Digital Drukylu Flagship	661.803	PG,TSF, ADB, GOI
2	Rural Communication Project Phase VI	78.285	USF
3	Strengthen Capacity of Government Data Center Infrastructure	70.000	RGoB
4	Development of Runway End Safety Area at Yonphula Domestic Airport	57.467	PG, RGoB
5	Runway Resurfacing and Extension at Bumthang Domestic Airport	57.049	PG
6	Procurement of mobile radio frequency monitoring equipment	54.372	USF
7	Build 3U and 5U satellite	41.000	RGoB
8	Druk Research and Education Network Backbone Maintenance of Last Mile and Data Center	23.314	RGoB
9	Procurement of Road Safety Equipment	14.500	PG
10	Establishment of Electronic Vehicle Charging Stations in 14 Dzongkhags	14.251	RGoB
11	Identified and Designated Agency (CIES) as Datahub Owner for Single Source of Truth	10.000	RGoB

#### ***x. Major activities under Energy Sector***

***Nu.in million***

<b>Sl.No.</b>	<b>Name of Activity</b>	<b>Amount</b>	<b>Funding</b>
1	Construction of 17.38 MW Sephu Solar PV Project	876.075	ADB/RGoB
2	Promotion of Renewable Energy and Energy Efficient Technologies Final Phase	19.108	GoA
3	DPR Preparation for Kuri-Gongri Hydroelectric Project	40.000	GoI

4	Development of Hydrogen Roadmap	17.530	RGoB
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**xi. Major capital activities under Religion and Cultural Services**

*Nu.in million*

Sl. No.	Name of Activity	Amount	RGoB
<b>Ministry of Home &amp; Cultural Affairs</b>			
1	Construction of Sarpang Dzong	120.000	GoI
2	Restoration of Tango Monastery	83.000	RGoB
3	Conservation of Drukgyel Dzong	80.000	RGoB
4	Construction of Lhakhang at Rajgir Bihar India	70.000	RGoB
5	Reconstruction of Wangduephodrang Dzong	66.000	GoI
6	Conservation of Sangchenchoekhor Monastery	50.000	GoI
7	Restoration of Rigsum Goenpa Lhakhang at Tashiyangtse	50.000	GoI
8	Restoration of Chari Monastery	49.983	RGoB
9	Conservation of ChhimiLhakhang	38.100	RGoB
10	Conservation of Lingzhi Dzong	35.000	GoI
11	Restoration of PangrizampaLhakhang	32.500	RGoB
12	Renovation of Trongsa Kuengarabten Palace	19.785	RGoB
13	Conservation of Samcholing Palace Project	16.800	PG
14	Procurement of SAR Equipment	10.200	EU
15	Fire Mitigation Measures at Druk Wangditse Lhakhang	8.536	RGoB
16	Restoration and Adaptive Reuse of Wangdichoeling Palace in Bumthang	6.800	BF
<b>Council for Religion Affairs</b>			
1	Construction of Thangka Conservation Center in Thimphu (Spillover)	28.000	RGoB
2	Renovation of Dobji Dzong Dogar Gewog Paro (Spillover)	12.432	RGoB
3	Construction of Common Room at Gyenzhu Kipiling (Elderly Care Centre)	3.500	RGoB
4	Construction of Drasha andLamai Zimchung at Khenchendra Under Chubu Gewog	3.000	RGoB

5	Construction of Lhakhang at Gase Masepokto Lobdra	4.000	RGoB
6	Zhabdrung Statue Zhukhang	2.500	RGoB
7	Construction of New Zhirim Lobdra at Samkhar (Spillover)	3.000	RGoB
8	Construction of Drasha at Gomphu Kora (Spillover)	3.000	RGoB
9	Construction of Dormitory and Kitchen at Dodeydra Shedra	3.000	RGoB
10	Construction of Tshamkhang at Pagar Langka Goenpa	5.000	RGoB
11	Construction of Staff Quarter at Tshangkha Shedra	3.641	RGoB
12	Construction of Dining Hall and Bath House at Tamzhing Dratshang	3.000	RGoB
13	Construction of 108 Chortens Around Dhuedhul Choryen In Samtse Town	6.000	RGoB
14	Conservation of Wellness Garden at Haalu Menchu Below Dechenphodrang Lobdra	14.323	RGoB/BTFEC
15	Major Renovation of Sachok Gonpa	5.000	RGoB
16	Construction of Principals Qtr and Classroom at Tango Dorden, Tashithang	4.000	RGoB
17	Writing and Archiving of Kanjur In Gold Scripts	40.000	RGoB
18	Construction of Drasha at Dagapela Lobdra	3.000	RGoB

***xii. Major capital activities under Law and Order***

*Nu.in million*

Sl. No	Name of activity	Amount	Funding
1	Construction of National Center for Search and Rescue Center at Tashigatshel	65.486	EU
2	Construction Of Municipality Wall Near Pugli Gate	45.000	RGoB
3	Construction of District court at Paro	42.870	GoA
4	Purchase of Service Delivery Vehicles for RBP	38.834	RGoB
5	Construction Of Municipality Wall from Jitti Border Check Post to Ratan Workshop	30.450	RGoB
6	Construction of office and Lockup at Monggar	27.665	RGoB
7	Construction of Family Quarter at Nungzor In Trashigang	22.738	RGoB

8	Construction of Fully Equipped forensic Lab	19.394	GoA
9	Construction of PS and Lockup at Gasa	16.198	RGoB
10	Construction of office and Lockup at Haa Police Station	15.874	RGoB
11	Construction of District court at Gasa	15.776	RGoB
12	Construction of Low Cost Family Quarter at Legokha	14.814	RGoB
13	Construction of Municipality wall below Rinchending Goenpa (Raigaon to Jharna)	12.633	RGoB
14	Construction of Sakten Dungkhag Court	12.126	RGoB
15	Major Renovation of Family Quarter at Gyelpoizhing	8.568	RGoB
16	Construction of Vocational Training Workshop at Chamgang	6.735	RGoB
17	Construction of Municipality wall along Jharna segment at Phuntsholing	6.360	RGoB
18	Installation of CCTV and Security Gadgets in various Divisions under the Jail Services	5.000	RGoB
19	IPS Cadre Courses and other mandatory Trainings	4.220	RGoB
20	Purchase of Communication Hand Set and Accessories	4.000	RGoB
21	Purchase of Cameras and Accessories for Safe City	4.000	RGoB
22	Construction of Drangpons Residence at Paro	6.718	RGoB
23	Legal needs survey -OAG	7.350	GoA

### ***xiii. Major capital activities under General Public Services***

***Nu.in million***

<b>SL.No.</b>	<b>Name of activities</b>	<b>Amount</b>	<b>Funding</b>
1	IT automation and Training on BITS under Mof	17.620	TSF
2	System Development of Electronic Customs Management, under Mof	77.000	SASEC
3	Subscription to World Bank Shares GCI And SCI, under Mof	170.544	RGoB
4	Strengthening Public Procurement System, under Mof	13.379	WB/MDF
5	Reconstruction of Kutshab's Residence With Furnishing under MofA	50.260	RGoB
6	Procurement of Trade Facilitation Equipment By Phuntsholing Thromdey, under MoF	104.500	SASEC

7	Goods And Service Tax GST Implementation under MoF	15.835	WB/MDF
8	Construction of State Guest House, Cabinet Secretariat	25.550	RGoB
9	Construction of office at RAA, Bumthang	19.821	RGoB
10	Civil Service Transformation – RCSC	10.000	RGoB
11	Bhutan Civil Service Examination – RCSC	14.275	RGoB
12	Bhutan Executive Service Training and nurturing leadership program -RCSC	6.000	RGoB
13	Hiring of consultancy for leadership reforms -RCSC	10.000	RGoB
14	Civil Service Awards – RCSC	4.500	RGoB
15	Conduct of National Integrity Assessment 2022 - ACC	7.500	RGoB
16	Conduct of National Corruption Barometer Survey 2022 - ACC	3.000	RGoB
17	Develop M&E system for Anti-corruption and integrity measures -ACC	3.600	RGoB
18	Implementation of EV Discount Program for procurement of EV - Cabinet Secretariat	24.525	GEF-UNDP

***xiv. Major capital activities under Human Resources Development***

*Nu.in million*

Sl.No.	Agency	Name of Activity	Amount	Funding
1	Judiciary	Masters Degree for Judiciary officers	5.200	GoA
		Masters Programme LLM	4.326	GoA
2	Royal Civil Service Commission	Professionalising Civil Service	200.000	GoI
		Nehru-Wangchuck Scholarship	13.603	GoI
		Cost Sharing and Other HRD Programs	26.200	RGoB
3	Royal Bhutan Police	IPS cadre course and other mandatory trainings	4.220	RGoB
4	Anti-Corruption Commission	Specialized Training on Anti-Corruption Studies, investigation, Prevention and Education	7.300	GoA
5	Royal Audit Authority	Austrian Support for Capacity Building of RAA	2.000	GoA
6	Office of the Attorney General	Master Degree Program for Legal officer	2.000	GoA
7	Gross National Happiness Commission	GCF Project Management	3.700	GCF



8	Royal institute of Management	Masters in Business Administration	11.558	RGoB
9	Royal University of Bhutan	HRD Capacity Building of Rub College Faculties	75.000	GoI
10	Khesar Gyalpo University of Medical Sciences of Bhutan	Student and Faculty Exchange Program	7.951	RGoB
11	Jigme Singye Wangchuk School of Law	Capacity of Faculty and Staff Developed	9.060	GoA
12	National Center for Hydrology and Meteorology	Training of Engineers and Technicians	2.000	GoI
13	Bhutan Civil Aviation Authority	Initial Airworthiness officer Training	2.800	RGoB
		Mandatory Training Meetings Workshops Conference Seminars To Enhance Safety and Security	5.000	RGoB
14	Ministry of Economic Affairs	Promotion of Renewable Energy and Energy Efficient Technologies Final Phase	2.900	GoA
15	Ministry of works & Human Settlement	Seismic Vulnerability Assessment and Earthquake Loss Estimation Under Earrrd	2.520	WB
16	Ministry of Health	Long Term Training (New)	16.000	RGoB
		Long Term Training (Continuation)	36.000	RGoB
		Capacity Building of Health Workers on Primary Eye Care and Advance Technology	2.000	HCP
		CME for All the TM Professional on Basic Modern Medicine Diagnostic Services	2.000	RGoB

Sl.No.	Agency	Name of Activity	Amount	Funding
17	Ministry of Education	M Ed Leadership and Management at Paro College of Education	1.412	RGoB
		M Ed Dzongkha at Paro College of Education	3.320	RGoB
		B Ed Primamry at Paro College of Education	6.100	RGoB
		Ma English at Yongphula College	0.660	RGoB
		M Ed Scinece and Mathematics at Samtse College	7.285	RGoB
		M Ed Geography and English at Samtse College	6.345	RGoB
		M Ed in inclusive Education at Paro College of Education	1.991	RGoB
		M Ed Primary at Paro College of Education	7.561	RGoB
		Support Tuition Fee and Stipend for 40 Eccd Facilitators Enrolled in the Diploma Programme in Paro College of Education	3.000	UNCF
18	Ministry of Labour & Human Resources	Capacity Building	27.920	ADB
		Critical Skills Training	20.870	ADB

***xv. Major capital activities related to Gender***

*Nu.in million*

Sl.N o.	Agency	Name of Activity	Amou nt	Funding
1	MoAF	Implementation of gender action plan	2.500	GCF
2	DLG, MoHCA	Engagement of youth and women in local governance and development process	0.910	Helvatas
3	DLG, MoHCA	GECDP mainstreaming mechanism institutionalized at the LG level	1.500	EU

4	DoYS, MoE	Strengthening youth friendly services through youth centers	2.150	UNICEF
5	NCWC	Programs and activities under the National Commission for Women & Children	8.927	Save the Children/RGoB/GoA/UNDP
6	MoH	Construction of 150 Bedded Gyaltsuen Jetsuen Pema Mother and Child Hospital at Thimphu	340.000	GoI
7	MoH	Construction of a 65 bedded Mother and Child Hospital at Mongar	323.89	GoI

***xvi. Major capital activities related to Climate***

***Nu.in million***

Sl.No.	Agency	Recommended Budget	Climate Budget Tagging				
			Not Relevant (0%)	Low Relevance (25%)	Medium Relevance (50%)	High Relevance (75%)	Full Relevance (100%)
1	Ministry of Agriculture & Forest	927.989	519.012	34.844	60.577	137.000	176.556
2	Ministry of Work & Human Settlement	7,204.251	2,281.619	2,741.301	1,016.414	796.217	368.700
3	Ministry of Economic Affairs	2,063.006	1,025.193	143.902	9.229	5.984	878.698
4	National Environment Commission Secretariat	180.828	4.817	38.390	127.561	10.060	-
	<b>Total</b>	<b>10,376.074</b>	<b>3,830.641</b>	<b>2,958.437</b>	<b>1,213.781</b>	<b>949.261</b>	<b>1,423.954</b>

### Annexure 7: Fiscal Performance for FY 2020-21

*Nu in Millions*

Sl. No	Particulars	Nu.in million			% Variance		
		Original Budget	Revised Budget	Actual Outcomes	Original Vs Revised	Revised Vs Actual	Original Vs Actual
<b>A</b>	<b>RESOURCES</b>	<b>53,822.073</b>	<b>72,271.456</b>	<b>59,696.113</b>	<b>34.3</b>	<b>-17.4</b>	<b>10.9</b>
1	Domestic Revenue	33,189.392	33,281.000	35,855.455	0.3	7.7	8.0
2	Other Receipts (Net)	489.833	13,449.510	8,958.379	2645.7	-33.4	1728.9
3	Grants	20,142.848	25,540.946	14,882.289	26.8	-41.7	-26.1
<b>B</b>	<b>Total Expenditure</b>	<b>69,151.122</b>	<b>85,381.423</b>	<b>71,091.811</b>	<b>23.5</b>	<b>-16.7</b>	<b>2.8</b>
1	Recurrent	32,900.000	44,490.629	43,515.780	35.2	-2.2	32.3
	<i>Regular recurrent</i>	32,900.000	32,788.982	31,889.862	-0.3	-2.7	-3.1
	<i>DGRK</i>		11,701.647	11,625.918	0.0	-0.7	0.0
2	Capital	36,251.122	40,890.794	27,576.031	12.8	-32.6	-23.9
3	Advance/Suspense (Net)			-255.901	0.0	0.0	0.0
<b>C</b>	<b>FISCAL BALANCE</b>	<b>-15,329.049</b>	<b>-13,109.967</b>	<b>-11,139.797</b>	<b>-14.5</b>	<b>-15.0</b>	<b>-27.3</b>
<b>D</b>	<b>FINANCING</b>	<b>15,329.050</b>	<b>13,109.970</b>	<b>11,139.797</b>	<b>-14.5</b>	<b>-15.0</b>	<b>-27.3</b>
1	Net External Borrowing	422.154	2,789.277	1,486.933	560.7	-46.7	252.2
2	Net Internal Borrowing surplus/deficit	13,590.229	10,722.989	9,091.414	-21.1	-15.2	-33.1
3	Net Lending	1,316.666	-402.299	745.570	-130.6	-285.300	-43.400

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

Direct Shareholding			2020		2021	
Sl. No	Corporations/Sector	% Holding	No. of Shares	Value (Nu.m)	No. of Shares	Value (Nu. m)
I	Agriculture			564.079		606.667
1	Bhutan Livestock Development Corp. Ltd	100%	4,739,007	473.901	4,739,007	473.901
2	Farm Machinery Corporation Ltd	100%	483,220	48.322	683,220	68.322
3	Green Bhutan Corporation Ltd <sup>7</sup>	100%	418,560	41.856	644,440	64.444
II	Industry			25.500		25.500
1	Kuensel Corporation Ltd	51%	2,550,000	25.500	2,550,000	25.500
III	Services			5,948.734		6,142.145
1	Food Corporation of Bhutan	100%	15,000	15.000	15,000	15.000
2	Bhutan Lottery Ltd	100%	600,000	60.000	600,000	60.000
3	Bhutan Duty Free Ltd	100%	1,155,441	115.540	1,155,441	115.540
4	Bhutan Postal Corporation	100%	235,952	23.595	235,952	23.595
5	Bhutan Broadcasting Service Limited	100%	1,308,351	130.835	1,308,351	130.835
6	Royal Bhutan Helicopter Services Ltd	100%	6,070,474	607.050	6,070,474	607.000
7	National Housing Development Corp Ltd	100%	2,727,961	2,727.960	2,733,061	2,733.061
8	Bhutan Development Bank Ltd	97%	60,031,700	600.317	60,031,700	600.317
9	National CSI Development Bank	100%	16,684,371	1,668.437	18,567,973	1,856.797
IV	Holding Company			48,695.600		494.195
1	Druk Holding & Investments Ltd	100%	486,956,007	48,695.600	494,195,284	494.195
	<b>Total</b>			55,233.913		7,268.507

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

**Nu in Millions**

Direct Shareholdings	Total Revenue			Total Expenses			Profit Before Tax			Net Profit		
Corporations/Sector	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
<b>Agriculture</b>	304	494	620	368	501	647	-64	-7	-27	-68	-8	-27
Bhutan Livestock Development Corp. Ltd	45	234	309	115	228	323	-71	5	-13	-71	5	-13
Farm Machinery Corporation Ltd	184	204	285	190	216	292	-5	-12	-7	-4	-13	-8
Green Bhutan Corporation Ltd <sup>7</sup>	75	56	26	63	57	32	12	-1	-7	6	-1	-5
<b>Industry</b>	183	203	145	168	177	155	15	26	-10	17	18	-10
Kuensel Corporation Ltd	183	203	145	168	177	155	15	26	-10	17	18	-10
<b>Services</b>	3,957	4,545	5,059	3,710	4,080	6,111	217	-331	572	208	-411	293
Food Corporation of Bhutan	1,516	2,559	2,477	1,523	2,671	2,518	-6	-112	-41	-8	-112	-41
Bhutan Lottery Ltd	228	147	702	187	127	569	41	20	133	28	14	94
Bhutan Duty Free Ltd	209	133	190	141	103	129	69	31	61	49	22	42
Bhutan Postal Corporation	192	135	216	166	159	225	25	-24	-9	13	-24	-9
Bhutan Broadcasting Service Limited	269	296	290	285	327	312	-15	-31	-22	-10	-16	-31
Royal Bhutan Helicopter Services Ltd	161	80	101	126	127	131	36	-47	-30	22	-63	-47
National Housing Development Corp Ltd	181	200	187	164	236	217	17	-37	-30	10	-27	-39
Bhutan Development Bank Ltd	1,185	944	737	1,081	214	1,837	74	-67	523	127	-140	336
National CSI Development Bank	15	51	160	38	116	171	-23	-64	-12	-23	-64	-12

Holding Company	7,224	7,444	8,357	127	701	152	7,097	6,742	8,205	5,463	4,653	5,742
DHI	7,224	7,444	8,357	127	701	152	7,097	6,742	8,205	5,463	4,653	5,742
Total	11,668	12,685	14,181	4,372	5,459	7,065	7,266	6,429	8,740	5,620	4,252	5,998

## Share through DHI

*Nu.in million*

Corporations/ Sector	Gross Revenue			Total Expenses			Profit Before Tax			Net profit		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
<b>Agriculture</b>	793	630	106	708	601	99	85	30	7	61	19	1
Natural Resource Development Corp.	793	630	106	708	601	99	85	30	7	61	19	1
<b>Industry</b>	22,736	21,048	26,232	14,890	13,921	16,021	7,846	7,127	10,211	4,832	4,433	6,948
Penden Cement Authority Limited	1,533	754	889	1,438	975	1,005	95	(221)	(116)	81	(221)	(104)
Bhutan Board Products Limited	254	191	99	282	263	217	(28)	(72)	(118)	(27)	(68)	(117)
Bhutan Ferro Alloys Limited	2,144	1,720	3,941	1,793	1,793	2,776	351	(73)	1,166	(114)	(74)	911
Dungsam Cement Corporation Limited	3,389	2,694	2,864	3,440	3,008	3,132	(51)	(314)	(268)	(331)	(604)	(351)
Dungsam Polymers	178	155	179	172	147	185	6	8	(6)	8	5	(7)
Druk Green Power Corporation	11,919	13,341	12,552	4,866	6,031	5,223	7,053	7,310	7,329	4,947	5,058	5,097
Koufuku International Pvt. Ltd	22	25	56	39	51	54	(17)	(25)	3	(18)	(26)	2
Construction Development Corp. Ltd	1,864	937	1,346	1,908	942	1,399	(44)	(5)	(54)	(50)	11	(57)
Menjong Sorig Pharmaceuticals Corporation Ltd.		65	77		77	73		(12)	4		(10)	5
State Mining Corporation Ltd	1,433	1,166	4,229	952	634	1,958	481	532	2,271	336	363	1,568
<b>Services</b>	25,676	20,077	27,264	19,179	18,746	21,244	6,497	1,332	6,020	4,389	521	3,734
State Trading Corporation of Bhutan	-	1,689	3,162	-	1,697	3,056	-	(9)	106	-	(9)	75
Bhutan Telecom Ltd.	4,039	4,786	5,383	2,338	2,514	2,440	1,701	2,272	2,943	1,103	1,538	1,998
Drukair Corporation Ltd.	4,162	966	556	3,660	2,250	1,915	502	(1,284)	(1,359)	343	(1,151)	(1,490)



Corporations/Sector	Gross Revenue			Total Expenses			Profit Before Tax			Net profit		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Bhutan Power Corporation	9,533	9,040	10,876	7,881	8,041	9,302	1,652	1,000	1,574	1,184	569	1,114
Thimphu TechPark Ltd.	38	159	246	35	107	139	3	52	107	3	51	106
Bank of Bhutan Ltd.	4,016	1,711	1,654	2,605	1,587	964	1,411	124	690	1,257	88	466
Bhutan National Bank Ltd.	3,375	1,583	1,380	2,397	2,487	375	978	(904)	1,005	249	(647)	768
Royal Insurance Corporation of Bhutan Ltd.	513	145	4,007	263	63	3,054	250	82	953	250	82	696
<b>Total</b>	<b>49,205</b>	<b>41,755</b>	<b>53,603</b>	<b>34,777</b>	<b>33,267</b>	<b>37,364</b>	<b>14,428</b>	<b>8,488</b>	<b>16,238</b>	<b>9,282</b>	<b>4,974</b>	<b>10,682</b>

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

Direct Shareholdings	Total Assets			Total Liabilities			Net Asset Value		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
<b>Agriculture</b>	<b>710</b>	<b>1,141</b>	<b>1,061</b>	<b>126</b>	<b>413</b>	<b>369</b>	<b>584</b>	<b>727</b>	<b>692</b>
Bhutan Livestock Development Corp. Ltd	400	641	551	52	288	201	347	353	350
Farm Machinery Corporation Ltd	258	444	429	71	118	153	187	326	276
Green Bhutan Corporation Ltd <sup>7</sup>	52	56	81	3	7	15	50	49	66
<b>Industry</b>	<b>296</b>	<b>331</b>	<b>292</b>	<b>84</b>	<b>111</b>	<b>102</b>	<b>0</b>	<b>0</b>	<b>0</b>
Kuensel Corporation Ltd	296	331	292	84	111	102			
<b>Services</b>	<b>33,382</b>	<b>37,217</b>	<b>43,263</b>	<b>25,616</b>	<b>28,105</b>	<b>32,573</b>	<b>7,765</b>	<b>9,112</b>	<b>10,689</b>
Food Corporation of Bhutan	710	1,542	1,511	403	590	600	306	953	912
Bhutan Lottery Ltd	146	129	266	28	17	66	118	112	200
Bhutan Duty Free Ltd	215	191	228	20	14	22	196	177	206
Bhutan Postal Corporation	481	464	542	275	281	294	206	182	248
Bhutan Broadcasting Service Limited	598	554	543	570	542	557	27	12	-14
Royal Bhutan Helicopter Services Ltd	772	714	686	54	70	88	718	644	598
National Housing Development Corp Ltd	4,238	4,223	5,149	1,229	1,193	1,136	3,009	3,030	4,013

Bhutan Development Bank Ltd	25,759	27,893	31,591	23,026	25,348	28,725	2,734	2,545	2,866
National CSI Development Bank	463	1,507	2,747	12	51	1,085	451	1,456	1,661
<b>Total</b>	<b>34,387</b>	<b>38,689</b>	<b>44,616</b>	<b>25,826</b>	<b>28,629</b>	<b>33,044</b>	<b>8,349</b>	<b>9,839</b>	<b>11,381</b>

### **Shareholding through DHI**

***Nu.in million***

<i>Company</i>	<b>Total Assets</b>			<b>Total Liabilities</b>			<b>Net Asset Value</b>		
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
<b>Agriculture</b>	<b>817</b>	<b>999</b>	<b>885</b>	<b>220</b>	<b>304</b>	<b>239</b>	<b>597</b>	<b>695</b>	<b>646</b>
Natural Resource Development Corp.	817	999	885	220	304	239	597	695	646
<b>Industry</b>	<b>72,746</b>	<b>74,442</b>	<b>76,093</b>	<b>18,387</b>	<b>20,563</b>	<b>20,960</b>	<b>54,359</b>	<b>53,879</b>	<b>55,131</b>
Penden Cement Authority Ltd.	1,600	1,665	1,601	458	747	793	1,142	918	808
Bhutan Ferro Alloys Ltd.	1,757	2,185	2,405	682	1,011	493	1,075	1,174	1,912
Bhutan Board Products Ltd.	812	751	750	75	97	176	737	654	571
Dungsam Cement Corporation Limited	9,887	9,669	9,463	6,733	7,119	7,265	3,154	2,550	2,198
Dungsam Polymers Limited	172	162	157	119	111	113	53	50	44
Druk Green Power Corporation	55,215	56,028	56,273	8,610	9,306	9,699	46,605	46,722	46,574
Koufuku International Pvt. Ltd	89	81	84	53	32	33	36	48	51
Construction Development Corp. Ltd	2,181	2,376	2,328	1,306	1,497	1,445	875	879	883
Menjong Sorig Pharmaceuticals Corporation Ltd.		167	176		14	17		153	159
State Mining Corporation Ltd	1,033	1,358	2,856	351	628	925	682	730	1,931

Services	187,255	208,087	232,072	150,145	168,720	188,737	37,110	37,003	40,147
State Trading Corporation of Bhutan		1,324	1,114		879	595	-	445	518
Bhutan Telecom Ltd.	7,067	7,207	7,450	2,427	1,724	1,606	4,640	5,483	5,844
Drukair Corporation Ltd.	8,552	9,630	9,161	4,926	6,792	7,431	3,626	2,838	1,730
Bhutan Power Corporation	35,249	35,035	35,810	20,611	20,369	20,657	14,638	14,666	15,153
Thimphu TechPark Ltd.	415	654	754	155	345	347	260	309	407
Bank of Bhutan Ltd.	69,549	87,186	100,680	61,639	80,028	92,472	7,910	7,158	8,208
Bhutan National Bank Ltd.	46,083	46,067	52,980	42,133	39,753	45,841	3,950	3,950	3,950
Royal Insurance Corporation of Bhutan Ltd.	20,340	20,984	24,124	18,254	18,830	19,788	2,086	2,154	4,336
<b>Total</b>	<b>260,818</b>	<b>283,528</b>	<b>309,050</b>	<b>168,752</b>	<b>189,587</b>	<b>209,935</b>	<b>92,066</b>	<b>91,577</b>	<b>95,923</b>

