

Major Budget Highlights 2017/18 (2074/75) Nepal

NEPAL BUDGET 2074-75 (2017-18):

HIGHLIGHTS

Budget Allocated: NRs. 12,78,99,48,55,000/-

Current expenditure: NRs. 8,03,53,14,54,000/- (62.8%) **Capital Expenditure:** NRs. 3,35,17,59,70,000/- (26.2%)

Budget for Financial Management: NRs. 1,40,28,74,31,000/- (11.0%) **Economic Growth Rate Expected:** 6.9%

Inflation Rate Expected: Below 6%

COMPARISON of the Figures with the PREVIOUS FISCAL YEARS 2073/74

EXPENDITURES:

Expenditures (In Billion)

Particulars	Fiscal Year	
	2074/75	2073/74
Current expenditure	803.53	617.16
Capital Expenditure	335.17	311.94

Budget for Financial Management	140.29	119.81
Budget Allocated	1278.99	1048.92

SOURCES FOR EXPENDITURES:

The sources of the funds required to meet the budgeted expenditures are as under:

(In Billion)

Sources	Fiscal Year	
	2074/75	2073/74
Revenue	730.05	565.89
Repayment of Debt Principal	15	10
Foreign Grant	72.17	110.89
Foreign Loan	214.04	195.72
Internal Loan	145	111
Cash Reserve	102.73	55.42
TOTAL	1278.99	1048.92

PROVISION

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
Post-quake Reconstruction	Rs. 146.18 Billion budget allocated for expenditure via National Reconstruction Authority	Rs 140.66 billion is allocated for reconstruction. Interest free loan of Rs 300,000 for each households affected by the earthquake.
Commerce, Trade & Supply	Exportable Items to be promoted as per Commercial Policy, 2072 & Nepal Unified Trade Strategy 2073 Grab the opportunity of One Belt One Road Initiative Export Incentives to be effectively used Birgunj Unified Security Post to be operated & Under construction security posts of Biratnagar, Bhairawa, & Nepalgunj Rs. 10 Arab 96 Crores allocated	

Provisions	Fiscal Year 2074/75	Fiscal Years 2073/74
Communication	Rs. 4 Arab 98 Crores allocated for Information & Technology, Information Bank to be developed	
Electricity		Plans to end load shedding within 2 years; self reliant within 3 years and start export of electricity within 10 years.
		Plans to add more electricity to the national grid — Chamelia and Kulekhani within 1 year; Upper Tamakoshi and Trishuli 3A within 2 years; and Rasuwagadi within 3 years. Plans to produce 6,000 MW electricity from river flow and 4,000 MW from water reservoir within 10 years. Public private share program to invest in hydro- projects with 51% government and 49% general public. 1,000 MW Budhigandaki project to start; Rs 5.33 allocated; More than 7

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
		billion rupees to be collected from taxing Rs 5 per litre of petrol, diesel and aviation fuel which will go towards the project.
Road Construction	<p>Rs. 89 Arab 50 Crores allocated for roads constructed besides local authority</p> <p>Rs. 5 Arab 54 Crores for Thankot Naubise Tunnel way initiation</p> <p>Rs. 3 Arab for Roads at Terai Madhes to link up with the East</p> <p>West Highway</p>	<p>Rs 10 billion allocated for Budhune-Hetauda section construction part of the Kathmandu-Nijgad dual carriage Highway.</p> <p>Rs 4.20 billion allocated for Postal Highway; 518 km dedicated double lane within 3 years; 1152 km second phase to start coming fiscal year.</p> <p>Pushpalal Mid-hilly Highway: 5 year completion plan; Rs 2.88 billion allocated for express highway with tunnel; multi-year contract to be handed.</p>

Provisions	Fiscal Year 2074/75	Fiscal Years 2073/74
Rs. 3 Arab 15 Crores for Dharan-Gaighat-Sindhuli-Hetauda road Rs. 7 Arab 11 Crores for Narayanghat- Butwal road to extend to four lanes		Rs 3.02 billion allocated for 318km Dharan- Chautara-Gaighat-Katari-Sindhuli bazaar-Hetauda road; to be completed within 3 years.
Rs. 2 Arab 56 Crores for enhancement of Munglin-Narayanghat road Rs. 2 Arab 90 Crores for extension to 6 lanes at Rani-Itahari- Dharan, Jatahi-Janakpur, Birgunj-Pathlaiya, Belahiya-Butwal & Mohana-Attariya roads		Terai Madhes East-West Highway: Rs 2 billion allocated for 4 lane modern road connecting southern borders via district head quarters. Prithivi Highway: Rs 1.86 billion allocated for Nagdhunga Tunnel
50 Crores allocated for Upper Tamakoshi Hydro Power Projects		

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
Hydro- Power	<p>10 Arab 17 crores allocated for “Muaabja” distribution & operation expenses</p> <p>“17000MW in 7 years” campaign</p> <p>Rs. 62 Arab 47 Crores Allocated for Energy programs</p>	
Labor Manageme nt	<p>Rs. 1 Arab 14 Crore for Labor Management</p> <p>Compulsory Bank Account to be obtained before going for foreign employment & Remittance should flow into the country to same account</p> <p>Remittance encouraged in Hydro Projects investment</p>	
		<p>Introduction of high security embossed number plate</p> <p>and vehicle fitness test.</p>

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
Transportation	<p>Rs 10 Arab 14 Crores allocated for Kathmandu-Terai Fast Track</p> <p>Rs. 4 Arab 27 Crores for 518 Km road construction of Hulaki Raj Marga</p>	<p>Smart card driving license and registration</p> <p>Mandatory digital taxi meters</p>
	<p>Rs 2 Arab 3 Crores for North-South Lok Marga</p> <p>Rs. 30 Crores allocated for Humla District HQ & Dolpa District HQ</p> <p>Rs. 4 Arab 3 Crores allocated for Road Topped & Bridge Construction</p>	

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
	<p>Rs. 4 Arab 2 Crores for East-West Railway, Metro Rail, Mono</p> <p>Rail Projects</p>	
	<p>Rs 30 Arab 48 Crores allocated for urban infrastructure development</p> <p>Unified Residential Areas to be developed</p> <p>All Municipalities within Kathmandu Valley to be coordinated as Satellite City</p>	<p>Rs 9 billion allocated for city development (road, sewage system, drinking water, renewable energy, bus park, fun park, education, health). 500 million allocated for each cities which include Mahendranagar, Dhangadi, Gulariya, Nepalgunj, Taulihawa, Siddarthanagar, Parasi, Birgunj, Kalaiya, Gaur, Mahangawa, Jaleshwore, Janakpurdham, Siraha, Rajbiraj, Biratnagar, Inaruwa and Bhadrapur.</p> <p>Rs 1.72 billion allocated for building homes for backward community (Dalit, Muslim, Chepang, Rautay, Gandharba, Badi, Bankariya, Sural and Thami). 20,000 homes to be built.</p>

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
Urban Development	<p>One Mega City to be developed in each Province</p> <p>Rs 11 Arab 1 Crore allocated for developing Headquarters of 20 districts of Terai – Madhesh</p> <p>Rs. 2 Arab 44 Crores for Janata Aawash Program</p>	<p>Bhaktapur to be developed as cultural city.</p> <p>Rs 710 million allocated to develop 5 of the poorest VDCs in Bajura district.</p>
Building code		<p>Denial of basic services such as drinking water, electricity, sewage, telephone to those not following the building code.</p>
	<p>Study to initiate the Pension fund based on the contributions to classify the farmers according to Area & Ownership of land,</p> <p>Inclusion of Farmers in Social Security programs, Encouragement to Youths in Agriculture,</p>	<p>Rs 5.78 billion allocated for Prime Minister's agricultural modernization program.</p> <p>Agriculture sector to be divided into pocket area, zone and super zone</p>

Provisions	Fiscal Year 2014/15	Fiscal Years 2013/14
Agriculture	<p>Promotion of Agriculture Insurance</p> <p>Subsidy of 5% on Interest payable on Agriculture & Poultry</p> <p>Loan</p> <p>Rs 30 Arab 40 Crores allocated</p>	<p>Agricultural aid of up to 50%-85% of capital for various projects.</p> <p>Rs 5.47 billion allocated for bio/chemical fertilizer industry aid</p> <p>Rs 8.46 billion allocated for animal production and self reliance program</p>
Forest	<p>Rs. 1 Arab 92 Crores for President Chure Protection Program</p>	<p>Rs 1.88 billion allocated for President's Chure preservation program which spans 29 districts.</p> <p>Rs 630 million allocated for national forest management.</p> <p>Rs 380 million allocated for community forest management.</p> <p>Increase in wildlife protection budget.</p>

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
Irrigation and river managemen t	<p>Rs. 5 Arab 16 Crores allocated for 4 irrigation projects, Rani Jamara, Bheri Babai Diversion, Sikta Irrigation, Babai Irrigation (West)</p> <p>Rs 27 Arab 41 Crores for Irrigation programs</p>	<p>Rs 2.30 billion allocated for Terai Madhes Irrigation</p> <p>(11 district Terai-Madhes irrigation program).</p> <p>Rs 5.35 billion for ongoing irrigation projects at Sitta, Ranijamura, Kulariya, Babai, Bheri Babai diversion, Mahakali 3rd and Bagmati.</p> <p>Rs 3.98 billion allocated for 12 river management.</p>
Land & Forest Reform	<p>Rs. 15 Arab 34 Crores Allocated for Forest Conservtaion & Promotion programs</p>	<p>Specific land designated for specific use. Unused</p> <p>agricultural land to incur fine of up to 25% of possible crop production.</p>
Cooperative Promotion & Regulation	<p>Cooperative shall involve in Public-Cooperative Partnership</p> <p>program to reflect“One Cooperative Core Identity” principle. New Cooperative Act to be issued</p>	

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
Reinsurance e / Securities	<p>Reinsurance to be done compulsorily with Nepal Reinsurance Company</p> <p>Nepal to be a member of International Agency for Regulating Securities</p>	
Tourism	<p>Rs. 13 Arab 72 Crores allocated for 3 under construction</p> <p>International Airport Projects, Nijgadh, Gautam Buddha</p> <p>Regional, Pokhara Regional International Airports</p> <p>1 Arab 16 Crores for Pashupati Area & Lumbini Area Master plan formulation & implementation</p>	<p>Year 2073 BS to be declared domestic tourism year; preparation to declare year 2018 AD as Nepal Visit Year.</p>

Provisions	Fiscal Year 2074/75	Fiscal Years 2073/74
	Janakpur Area Development Program to be Continued	<p>Plan to bring Gautam Buddha Int'l Airport in operation by 2074 BS Magh month. Rs 7.22 billion budget allocated.</p> <p>Rs 5 billion allocated for Pokhara Regional International Airport construction. Rs 1.5 billion allocated for proposed Nijgadh Int'l Airport.</p>
Tax	<p>Revenue collection through e-payment mode.</p> <p>Separate Tax Identification No shall be generated as to include both Income Tax & Custom Duty</p>	<p>General tax remain the same.</p> <p>Individual tax exemption limit rises from Rs 250,000 to Rs 350,000. Tax exemption limit for couples also up from Rs 300,000 to Rs 400,000.</p> <p>Tax rise in beer, spirit and cigarette.</p> <p>Self audit allowed for businesses with revenue of up to Rs 10 million per year.</p> <p>Customs duty on import of machinery and equipment needed for Agriculture, Irrigation and Livestock reduced to 1%. Import tax also reduced for electric</p>

Provisions	Fiscal Years 2074/75	Fiscal Years 2073/74
	Tax submission through Banking system	<p>public and private transport vehicle; vehicles used for transport of milk, meat and fish transport, Gas bullet.</p> <p>Customs duty on import of certain medicines reduced.</p>
Benefit scheme		<p>Benefit for elderly, disabled, etc doubled.</p> <p>Journalists to get 50% discount at government hospitals.</p>
Education	<p>Rs. 66 Arab 12 Crores for Education related program</p> <p>Youth with Bachelor Cleared in Technical Disciplines & Masters in other disciplines shall be volunteered in Local level Technical & Social issues</p>	<p>Rs 26.50 billion allocated for School development. Loan facility with academic certificate as collateral.</p>

Provisions	Fiscal Year 2074/75	Fiscal Years 2073/74
Drinking water	<p>Rs. 6 Arab 57 Crores for Melamchi Project IIInd phase</p> <p>Rs. 22 Arab 70 Crores for drinking water & sanitation programs</p>	<p>Plan to start distributing drinking water from</p> <p>Melamchi by 2074 BS Asoj month. Budget of Rs</p> <p>5.98 billion allocated.</p> <p>Rs 8.03 billion allocated for other drinking water projects around the country.</p>
Health	<p>Rs. 31 Arab 78 Crores allocated for Health related programs</p> <p>National Health Insurance policy for all citizens</p> <p>Dialysis totally free of cost</p> <p>All government hospitals should have their own pharmaceuticals</p> <p>MD & MS passed under Government scholarships</p>	<p>Rs 2.50 billion allocated to implement National Health Insurance. Rs 1 billion allocated to provide free treatment (8 different illnesses) of impoverished citizens.</p> <p>Treatment of Heart, Kidney and Liver disease; and Cancer to be free for the impoverished at government hospitals. Dialysis facility free until Kidney transplant.</p>

Provisions	Fiscal Year s 207 4/75	Fiscal Years 2073/74
	must work in remote areas for specified period	
Industry	<p>Youth Entrepreneur Program to be continued</p> <p>Possibility study for Natural gas & Petroleum products</p> <p>SEZ to be operated</p> <p>Vagat Sarvajit Dalit Program shall be made more effective</p>	
	Eco Friendly Industry to be promoted	
Sport	Rs 2 Arab 24 crores for Youth & Sport Programs	Rs 200 million allocated for the 7th National Sport.

TAX AMENDMENTS

No such rates of tax have been changed by this budget announcement. The previous tax rates have been continued. However, the mechanism of collection of tax shall be systematized & maximum economic activities are aimed to be brought under the tax brackets. E-payment & Banking system shall be deployed for the collection of tax. The Tax administration shall be reformed & evasion shall be deterred.