Nepal Budget FY 2078/79 (2021/22) Cheat Sheet

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₹ Budget

Total Budget	NPR **1647.57B**
Comparision with previous FY	**11.73%** higher
Announcement By	Finance Minister Bishnu P. Paudel
Announcement On	*Jestha 15, 2078 (29 May 2021)*
Recurrent Expenditure	NPR 678.61B (41.2%)
Fiscal Transfer	NPR 386.71B (23.5%)
Capital Expenditure	NPR 347.26B (22.7%)
Financial Management	NPR 207.97B (12.6%)

₹ Source of Financing (in Billions)

Revenue	1024.90
Foreign Borrowing	309.29
Domestic Borrowing	250.00
Foreign Grant	63.37

₹ Budget under Sectors (in Billions)

General Public Service	484.05
Economic Affairs	442.09
Social Protection	189.90
Education	180.04
Health	141.55
Housing	80.47
Safety	58.08
Defence	52.11
Environment Protection	12.58
Recreation, culture and religion	6.70

COVID-19 Relief

Startups are poised to get a tax waiver for the next **5 years**

A refinancing stimulus of NPR 13 billion will be delivered by the government

Electricity customers, who consume **less than 20 units**, stand to get 100% waiver

100% waiver for water consumers who consume **only 20,000 liters per month**

The film, handicraft, aviation, media, advertising, health club, beauty parlor get **license and renewal waiver**

★ Key Takeaways

NPR 14B for the Ministry of Labor, Employment and Social Security

NPR 45.0B for the Ministry of Agriculture

NPR 180.04B for the Ministry of Education

NPR 1.20B for women, children, and senior citizens

NPR 7.60B for concessional loans to farmers

NPR 12B to establish chemical fertilizers

NPR 4B to procure health and medical supplies to combat COVID-19 pandemic

NPR 400 million for skill development training

NPR 2.5 million for the security of educational security certificate

NPR 4,000 for senior citizen allowance per month

33% rise in all types of social security allowances

50% subsidies in farm insurance premium

NPR 12,000 transport allowance to the health volunteers

Health

The total budget of the Ministry of Health and Population of NPR 122.77 billion

NPR 26.75 billion for COVID-19 vaccines

Health (cont)

NPR 37.53 billion for COVID-19 control and treatment

monthly allowance of **NPR 12,000** will be given to female community health volunteers

Education

NPR 180.04 billion has been dedicated to the education ministry

The monthly salary of early childhood development teacher is fixed at **NPR 15,000**

ICT sector

Mobile Device Management System will be brought into operation from Shrawan 1 to control the use of illegal mobile sets as well as the criminal activities

A **National Payment Switch** will be established to facilitate payment and clearance of transactions within Nepal

Broadbank internet facility to be expanded up to **60%** public schools

Physical Sector

NPR 33 arba 55 crore allocated for Earthquake Reconstruction

NPR 41 arba 20 crore allocated for Housing, Building And Urban Infrastructure, up from NPR 37 arba 80 crore

Loans

Up to NPR **2.5 million** of a loan at a interest rate of **max 5%** with academic credentials for bachelors as collateral

Loans Up to Rs 2.5 million, a 1% interest rate for startups, will be doled out to interested startups

A loan of **NPR 80,000** will be given to students to procure laptops

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Social Security

NPR 1 arba 20 crore allocated for Women, Children, and Senior Citizens, while it was NPR 1 arba 14 crore in the FY 2020/21

NPR 43 arba 54 crore allocated for Drinking Water and Sanitation, while it was NPR 43 arba 10 crore in the fiscal year 2020/21

Monthly salary of Govt. employees increased by **Rs. 2000**

Personnel's allowance up by 15% for Nepal Police and Armed Police Force

Industries

The Ministry of Industry, Commerce and Supplies has been allocated NPR 13.58 billion.

NPR 2 billion has been allotted for industrial infrastructure development.

Remedy to industries affected by Covid-19, including tourism, agriculture and small businesses by providing income tax exemptions from **50-90%**

Scrapping visa fees for foreigners.

The excise duty on Electric Vehicles (EV) has also been **abolished** and the customs duty has been reduced.

Tax benefits and **free land leasing** facility for the **top 10 EV manufacturers** to set up factories in the country.

₹ Salaries and Allowance

The monthly salary is poised to go up by **NPR 2,000** for Govt. Employees

Personnel's allowance up by **15%** for Nepal Police and APF

Infrastructure plans

NPR 15.34 billion is set to be spent on East-West Highway expansion

NPR 10.3 billion will be expended on Railway development

Kathmandu-Terai fast track will be the recipient of NPR 8.15 billion

The postal highway will be upgraded at the cost of NPR 6.39 billion

Airports are to be built and renovated with a budget of NPR 20.31 billion

NPR 43.54 billion has been dedicated to water supply network

The highway of Madan Bhandari will be revamped at the cost of NPR 3.20 billion

Agriculture

NPR 45.09 billion for the agriculture sector.

NPR 7.98 billion was allocated to the Prime Minister Agriculture Modernization Project.

NPR 12 billion has been allocated as a grant for the production of chemical fertilizers and made provisions to avail **up to 50% capital** grant for pesticide factories.

Subsidies on seeds

Establishing agricultural markets and E-Haat Bazaars in every province

Farming of cash crops around highways

Key projects and announcements

The central park from Narayanahiti to Tripureshwar in Kathmandu

Electric vehicles get a boost as road tax get waived for the next **5 years**

Plan to replace fossil fuels vehicles in the **10 years**

Verdict

The new budget focuses largely on addressing the control and treatment of COVID-19 with emphasis on procuring vaccines, building the necessary infrastructure, and ensuring the availability of medical supplies including oxygen. Similar plans were made in the previous budget as well, but the progress was very disappointing. Considering that, although a huge chunk of the budget has been allocated for vaccine procurement, it is not clear on how the government actually plans of procuring them. Thus, it may become challenging for the government if plans are not laid out from the start.. The budget seems quite ambitious and while there are a lot of positive aspects that the budget has addressed, the endorsement might be quite challenging. Another difficult challenge can be seen as achieving the government's economic growth rate target of 6.5 percent.

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