



# NATIONAL BUDGET FINANCIAL YEAR 2024-25

MINISTRY OF FINANCE  
JUNE 2024

# **BUDGET REPORT FOR FY 2024-25**



“Our responsibility is not just for the immediate future. Four hundred years ago, Zhabdrung Ngawang Namgyel built the nation-state of Bhutan, and his legacy, our inheritance, remains intact to this day. Let us build a legacy that will continue to benefit Bhutanese 500 years into the future. Are you ready to shoulder this responsibility with me?”

**His Majesty The King’s Royal Address on the 116<sup>th</sup> National Day**

# Budget FY 2024-25 Highlights

## **ECONOMIC PERFORMANCE & OUTLOOK**

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- In 2022, the economy grew by 5.2 percent driven by a swift recovery in the industry (manufacturing & construction) and service sectors (trade, hotel & restaurant, and communication).
- In 2023, economic growth is estimated at 4.5 percent. This growth is attributed to 1.8 percent increase in the agriculture sector and 10.7 percent increase in the service sector. However, the industry sector is expected to decline by 4.9 percent on account of lower hydropower generation and reduced government & hydropower investment in the construction sector.
- The economy is projected to grow at 6.3 percent in 2024 and 8.9 percent in 2025 due to anticipated commissioning of the Punatsangchu II hydropower project, expansion in the manufacturing sector, and stimulative effect of the Economic Stimulus Programme in the economy.
- The budget for FY 2024-25 is aimed at ensuring that the resources are strategically invested to achieve the key performance areas identified in the 13<sup>th</sup> FYP and efficiently utilize to achieve the development goal to lay the foundation of a healthy, prosperous and secure Bhutan.

## **EXPENDITURE**

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- Total expenditure is estimated at Nu.89,154.218 million, of which recurrent allocation is Nu.50,809.905 million and capital allocation is Nu.38,344.313 million which constitutes 57 percent and 43 percent of the total expenditure respectively.
- Of the total capital expenditure, about 43.1 percent is financed through grants, 41.6 percent through borrowings and 15.3 percent through surplus generated from internal resources.

## KEY SECTOR MILESTONES

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**Health Sector:** Aims to enhance the health and wellbeing of the Bhutanese people in the 13<sup>th</sup> FYP. Through the *Healthy Drukyl Program*, the sector strives to achieve Universal Health Coverage (UHC), ensuring that all individuals have access, equity, and quality health care services. Some of the major KPIs include:

- Sustain ambulance service turnaround time of less than or equal to 10 minutes.
- Increase the percentage of critical medical equipments that are safe and functional at all hospitals at any point of time from 90 percent to 91 percent.
- Increase health service coverage and behavior index from 63.9 percent to 65 percent.
- Improve Bhutan Healthcare Standard for Quality Assurance (BHSQA) index from 78.55 percent to 81.96 percent.
- Increase percentage of health facilities fulfilling human resources as per the HR standard from 80 percent to 82 percent.
- Improve the basket of safe and quality essential medicines and consumables available at any point of time from 95 percent to 98 percent.

**Education Sector:** The objective of the Education Sector in the 13<sup>th</sup> FYP is to enhance equitable access to quality, wholesome education, and lifelong learning through ensuring competent professionals, safe institutions with modern facilities and relevant curricula and assessments. Some of the major KPIs include:

- Enhance ECCD enrollment from 38.7 percent in 2022 to 51 percent.
- To create safe learning environments and institute modern facilities.
- Achieve 15 percent of teachers meeting proficient level as per Bhutan Professional Standards of Teachers (BPST).
- Alignment of school curriculum to international standards.
- Improve access to quality tertiary institutes.

**RNR Sector:** The investment is expected to increase the GDP contribution by the Agriculture and Livestock sector from Nu.27 billion in 2022 to Nu.50 billion by 2029. With the focus of the Ministry of Agriculture and Livestock (MoAL) on developing high-value agriculture and livestock production, strategic initiatives include promoting large-scale commercial farming and enhancing support for subsistence farming. Some of the major KPIs include:

- To achieve a rice self-sufficiency through enhancement in production of 54,040 MT of paddy over the next five years, with a target of 45,087 MT of paddy in FY 2024-25.
- To increase the production of high-value fruits and nuts from 37,997 MT to 73,862 MT in FY 2024-25.
- To increase potato production from 31,145.61 MT to 32,837.45 MT in FY 2024-25.
- Enhance chili self-sufficiency through increased production from 5,557.18 MT to 5,950.75 MT in FY 2024-25.

**Connectivity Sector:** Aims to enhance and expand transport infrastructure to support economic development and improve connectivity. Some of the major KPIs include:

- Contribute towards reducing travel time on national highways from 30 km per hour to 40 km per hour in 13<sup>th</sup> FYP.
- Ensure that Bhutan's airports and its facilities meet International Civil Aviation Organization standards for safety.
- Enhance both domestic and international air connectivity.

**Mining and Manufacturing Sector:** The mining sector will focus on increasing the GDP output targets from Nu.4.080 billion to Nu.9 billion while the improvement of the business ecosystem continues to remain the priority for the manufacturing sector. Some of the major KPIs include:

- To develop and operationalize one industrial park in the 13<sup>th</sup> FYP.
- Operationalize three dry ports in the 13<sup>th</sup> FYP.
- To initiate the development of one new dry port.
- Increase GDP contribution of tourism sector from Nu.2.2 billion to Nu.13 billion by 2029.
- Increase overall employment rate to 97.5 percent.

**Energy Sector:** The energy sector aims to enhance productivity, diversify markets and products, and drive sustainable economic growth. Some of the major KPIs include:

- To increase the renewable energy generation capacity to 500 MWp from 2.1 MWp in 13<sup>th</sup> FYP and to 17.38 MWp in FY 2024-25.
- Increase revenue from forest-based enterprise, ecotourism and nature based ventures from Nu.5.57 billion to Nu.7 billion by 2029.
- Increase private sector investment to 60 percent.

**Technology Sector:** The technology sector aims to strengthen the digital ecosystem of the country through some of the following major KPIs;

- To increase GDP output target of digital technology from Nu.10 billion to Nu.15 billion by 2029.
- To increase the percentage of rural areas connected to the network from 97 percent to 99.5 percent by 2029.
- To increase the citizen satisfaction rating for online services to 4.5 by 2029 from 4.1.

**Religion and Culture Sector:** To preserve Bhutan's identity, culture and values and enhancement in the international community, some of the major KPIs include:

- To increase the percentage of Bhutanese with a sense of belonging to the community to 69 percent by 2029.
- To maintain the percentage of people perceiving the importance of Bhutanese values, etiquette, and conduct at 92.2 percent by 2029.

## **PUBLIC DEBT SITUATION**

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- As of 31<sup>st</sup> March 2024, the public debt stock stood at Nu.293,089.459 million, accounting for 109.8 percent of the FY 2023-24 GDP estimate.
- The total public debt stock comprises the external debt of Nu.261,122.837 million (97.8 percent of GDP) and the domestic debt of Nu.31,966.622 million (12 percent of GDP).

- The major portion of the external debt disbursed were for the development of hydropower projects, as hydropower debt constitutes 64.1 percent (Nu.167,497.975 million) and non-hydropower debt constitutes 35.9 percent (Nu.93,624.862 million) of total external debt.
- As on 31<sup>st</sup> March 2024, the Central Government (CGO) debt stood at Nu. 107,310.390 million, constituting 36.6 percent of total public debt and 40.2 percent of estimated GDP. ***The Public Debt Management Policy 2023 requires the Central Government (CGO) debt stock to be within 55 percent of GDP annually and is, therefore, within the threshold.***



# Key Budget Statistic FY 2024-25

## Resource Estimate for FY 2024-25

*Nu. in million*

<b>Total Resources</b>	<b>73,182.049</b>
<b>Direct Tax</b>	<b>16,776.303</b>
CIT	11,990.681
BIT	1,930.732
PIT	2,854.890
<b>Other Direct Taxes</b>	<b>11,405.046</b>
<b>Indirect Tax</b>	<b>11,064.998</b>
Sales Tax	8,405.854
Domestic Excise Duty	765.005
Green Tax	908.260
Custom Duty	985.879
Other Indirect Taxes	-
<b>Non-Tax Revenue</b>	<b>15,503.597</b>
DHI Dividend	4,066.210
Surplus Transfer RMA	540.000
Profit Transfer MHP	-
Others	10,897.387
<b>External Grants</b>	<b>16,521.623</b>
<b>Other Receipts</b>	<b>1,910.482</b>

## Macroeconomic Performance and Outlook

*Nu. in million*

Percentage Change	2022	2023	2024	2025	2026	2027
	Actual	Estimates	Projection	Projection	Projection	Projection
Total Consumption	3.1	13	0.02	(5.7)	(3.1)	10.3
Total Investment	29.2	(8.8)	0.7	16.4	8.3	7.1
Exports	(8.1)	18.5	9.6	17.5	10.3	(10.7)
Imports	17.1	8.5	(6.1)	(0.7)	(2.6)	(2.1)
<b>GDP Growth</b>	<b>5.2</b>	<b>4.5</b>	<b>6.3</b>	<b>8.9</b>	<b>6.5</b>	<b>6.7</b>

## Summarized Fiscal Framework

*Nu. in million*

Particular	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Estimates	Estimates	Projection	Projection
Total Resources	60,468.840	61,333.084	73,182.049	92,905.615	96,303.231
Total Expenditure	71,690.978	76,378.199	89,154.218	101,510.959	105,947.434
<i>o/w Recurrent</i>	<i>35,428.018</i>	<i>45,706.144</i>	<i>50,809.905</i>	<i>51,142.958</i>	<i>53,112.747</i>
<i>o/w Capital</i>	<i>33,798.153</i>	<i>30,672.055</i>	<i>38,344.313</i>	<i>50,368.001</i>	<i>52,834.687</i>
<i>o/w Net Advance</i>	<i>(406.052)</i>	-	-	-	-
<i>o/w Net Other Payment</i>	<i>2,870.859</i>	-	-	-	-
Fiscal Deficit (FD)	(11,222.138)	(15,045.115)	(15,972.169)	(8,605.344)	(9,644.203)
<b>FD % of GDP</b>	<b>(4.6)</b>	<b>(5.6)</b>	<b>(5.2)</b>	<b>(2.5)</b>	<b>(2.5)</b>

## Debt Performance and Outlook

*Nu. in million*

Particulars	2022-23	2023-24	2024-25	2025-26	2026-27
	Actual	Estimates	Estimates	Projection	Projection
<b>Financing</b>	<b>11,222.138</b>	<b>15,045.115</b>	<b>15,972.169</b>	<b>8,605.344</b>	<b>9,644.203</b>
Net Lending	(4,255.298)	(2,237.942)	(1,861.301)	(4,922.811)	(7,646.607)
Net External Borrowing	3,077.008	5,749.337	2,931.538	(2,997.634)	(8,139.272)
Net Internal Borrowing	3,889.832	7,057.836	11,179.330	6,680.167	10,136.868
<b>Percent of GDP</b>					
<b>Total Public Debt</b>	<b>114.3</b>	<b>111.9</b>	<b>107</b>	<b>113</b>	<b>99.6</b>
<b>Total External Debt</b>	<b>100.8</b>	<b>99.8</b>	<b>92.9</b>	<b>98.9</b>	<b>85.4</b>



# Contents

- Introduction.....1**
  
- Chapter 1: Macroeconomic Situation and Outlook .....3**
  - 1.1 Global Outlook:.....3
  - 1.2 Regional Outlook:.....3
  - 1.3 Domestic Growth and Outlook: .....4
    - 1.3.1 Real Sector Performance and Outlook: .....8
    - 1.3.2 Monetary and Financial Sector:.....11
    - 1.3.3 External Sector:.....13
    - 1.3.4 Household and Labor: .....15
  
- Chapter 2: Fiscal Performance..... 17**
  - 2.1 Resource and Expenditure Performance in FY 2022-23:.....17
    - 2.1.1 Internal Resources:.....17
    - 2.1.2 Grants:.....19
    - 2.1.3 Expenditure:.....19
  - 2.2 Resource and Expenditure Performance in FY 2023-24:.....21
    - 2.2.1 Internal Resources:.....21
    - 2.2.2 Grants:.....22
    - 2.2.3 Expenditure:.....23
    - 2.2.4 Supplementary Budget Appropriation Bill for FY 2023-24:.....23
  
- Chapter 3: Fiscal Policy and Fiscal Framework ..... 24**
  - 3.1 Fiscal Policy:.....24
  - 3.2 Fiscal Policy Objective: .....24
  - 3.3 Fiscal Policy Statement: .....25
  - 3.4 Fiscal Outlook and Policy Targets FY 2024-25: .....24
  - 3.5 Medium-Term Fiscal Framework: .....26
  
- Chapter 4: Resource Outlook ..... 28**
  - 4.1 Medium-Term Resource Framework: .....28
  - 4.2 Resource Estimates for FY 2024-25: .....28
    - 4.2.1 Domestic Revenue:.....29
    - 4.2.2 Grants:.....31

**Chapter 5: Budget Appropriation FY 2024-25 ..... 33**

5.1	Medium Term Budget Framework:.....	33
5.2	Budget Estimates for FY 2024-25:.....	34
5.2.1	Recurrent Expenditure:.....	34
5.2.2	Capital Expenditure:.....	35
5.2.3	On-Lending:.....	36
5.2.4	Repayment:.....	36
5.3	Sector Allocation:.....	37
5.3.1	Social Services:.....	38
5.3.2	Economic and Public Services:.....	39
5.3.3	Religion and Cultural Services:.....	43
5.3.4	Law and Order Services:.....	43
5.3.5	General Public Services:.....	44
5.4	Transfers: Grant, Subsidy and Equity:.....	48
5.5	General Reserve:.....	50
5.6	Gender Responsive Budgeting:.....	51
5.7	Climate Co-Benefits:.....	51
5.8	Budget Appropriation Bill for FY 2024-25:.....	52

**Chapter 6 : Public Debt ..... 53**

6.1	Overview:.....	53
6.2	Total Public Debt and its Trajectory:.....	53
6.3	Financing for FY 2024-25:.....	54
6.3.1	Borrowings:.....	55
6.3.2	Debt Servicing:.....	57
6.3.3	Net Lending:.....	58

**Chapter 7: Financial Position of Public Sector Institutions and Investments .. 60**

7.1	State Owned Enterprises:.....	60
7.1.1	SOE under the Ministry of Finance:.....	60
7.1.2	Druk Holding & Investment (DHI) and Subsidiaries:.....	60
7.2	SOEs Performance:.....	61
7.2.1	Performance of SOEs under Ministry of Finance:.....	61
7.2.2	DHI- Standalone Performance:.....	62
7.2.3	Performance of Subsidiary Companies:.....	64
7.3	Subsidies to SOEs:.....	65
7.3.1	Subsidies to SOEs:.....	65
7.4	State-Owned Enterprises' Debt:.....	67
7.5	Sovereign Guarantee:.....	68
7.6	Medium-term Outlook of SOEs:.....	69

7.7	National Pension and Provident Fund:.....	70
7.7.1	Operational Highlights:.....	70
7.7.2	Financial Highlights: .....	70
7.7.3	Risks Associated with Underfunding and Contingent Liability: .....	71
7.8	Energy:.....	71
7.8.1	Financing Modality of Hydropower: .....	72
7.8.2	Financial Progress of Ongoing Projects: .....	73
7.8.3	Energy Projects in Pipeline:.....	75
7.9	Royal Monetary Authority: .....	77
7.9.1	Financial Highlights: .....	78
7.10	Foreign Direct Investment (FDI):.....	78
7.11	BT FEC and BHTF:.....	79

**Chapter 8: Risks and Challenges (Fiscal Reforms, Risk and Challenges)..... 80**

8.1	Fiscal Risk: .....	80
8.2	Macroeconomic Risks/General Fiscal Risk: .....	80
8.3	Specific Fiscal Risks/Contingent Liability:.....	84
8.4	Other Risks: .....	85

**Conclusion..... 87**

**Annexures..... 88**



# Introduction

The successful conclusion of fourth Parliamentary elections and formation of new government marks a significant milestone as it ushers in the implementation of the first year of the ambitious 13<sup>th</sup> Five Year Plan (13<sup>th</sup> FYP) and Economic Stimulus Programme (ESP) for a better Drukyul. The transition into the 13<sup>th</sup> FYP has provided opportunities to align the plan and policies of the government with the overall national priorities and aspirations of Bhutanese people.

The 13<sup>th</sup> FYP has been approved with an outlay of Nu.512 billion to pursue the overarching goal for a Developed Bhutan by 2034 with strong focus on **People, Progress and Prosperity**.

As we embark upon FY 2024-25, navigating through a complex global economic landscape influenced by geopolitical tensions, fluctuating commodity prices, and the lingering effects of the COVID-19 pandemic, our economy is projected to grow at 6.3 percent in 2024, showing an increase of 1.8 percentage point as compared to the 4.5 percent growth estimate in 2023.

The notable journey of post pandemic economic recovery with growth of 4.4 percent in 2021 and 5.2 percent in 2022 following a significant contraction of -10.2 percent in 2020 has been possible due to the visionary and exemplary leadership of His Majesty The King in steering the nation through the most challenging economic and health crisis in recent history. During the pandemic, personally guided by His Majesty, all efforts have been made to ensure that resources are available to see people through periods of distress, the ultimate objective being to maintain the hope and confidence of the people. Under the guidance of His Majesty the King, a full-blown economic crisis has been averted.

Going forward, with renewed hope, optimism and confidence placed on the newly elected government by the Bhutanese people, the Royal Government of Bhutan remains committed to consolidate the various interventions initiated in the past and continue the efforts towards stimulating growth and building a more resilient society.

In keeping with the PDP's pledge to immediately revive the economy, the government has constituted a 11 member Economic Development Board (EDB) under the leadership of His Excellency the Prime Minister. The focus



of the EDB will be to create a vibrant business ecosystem to unleash the growth potential of existing economic sectors and tap into new opportunities.

Similarly, following His Excellency the Prime Minister's first visit to New Delhi and the subsequent visit of His Excellency the Prime Minister of India to Bhutan in March 2024, the government of India generously committed a grant of Nu.85 billion to support the 13<sup>th</sup> FYP and Nu.15 billion for the ESP. In addition, given the ambitious 13<sup>th</sup> FYP with the urgency to ensure its successful implementation for fostering and sustaining the growth, the 16<sup>th</sup> Round Table Meeting (16 RTM) is being scheduled in November 2024 to enhance coordinated resource mobilization with our traditional and new development partners. The efforts will also be made to explore innovative financing mechanisms and enhance the domestic revenue through taxation reform initiatives including the implementation of the Medium-Term Revenue Strategy.

In addition, the government is also implementing measures and strategies to strengthen the State-Owned Enterprises (SOEs), so that these SOEs can play a pivotal role in achieving the strategic goal of the nation and contribute positively to the economy. Further, with the implementation of ESP targeted toward economic recovery, it is expected to boost domestic output in selected sectors, reduce youth unemployment and facilitate self-employment, spreading the benefit to the wider population.

To ensure that the scarce resources are optimally utilized, the government will continue to pursue expenditure rationalization and identify redundant programs to create fiscal space for emerging priorities. All these initiatives will facilitate the successful implementation of the 13<sup>th</sup> FYP geared towards delivering the promise of a "Better Drukyl".

The budget for FY 2024-25 has been diligently formulated in consultation with the budgetary agencies with the objective of ***"Accelerating Prosperity and Social Transformation"***. In accordance with the provisions of the Public Finance Act, the total budget appropriation is based on the Budget Policy and Fiscal Framework Statement (BPFSS) and resource envelope determined by the Macroeconomic Framework Coordination Committee (MFCC).

The Budget Report comprehensively presents the economic overview, broad fiscal policies, budget policy and fiscal framework statement, budget allocation for the FY 2024-25, public debt situation, updates on the financial position of the public sector institutions and investments, and outlines the risks and challenges facing the economy.

# Chapter 1: Macroeconomic Situation and Outlook

## 1.1 Global Outlook:

The global economy has displayed remarkable resilience despite challenges such as the COVID-19 pandemic, geopolitical tensions, and regional conflicts. Following initial setbacks, a robust recovery is underway, with key indicators like consumer spending, investment, and global trade exceeding pre-pandemic levels, driven by increased disposable income and savings.

However, this recovery faces challenges, notably sticky high global inflation due to heightened demand and supply-side disruptions. Despite initial expectations, inflation declined from its peak in 2022 without negatively impacting employment and economic activities, owing to favorable supply-side developments and central bank interventions.

Central banks worldwide have responded to sticky inflation by tightening monetary policy and raising interest rates. Combined with expected fiscal tightening in many economies due to high debt levels, this is projected to slow global growth in the near term. According to the IMF's April 2024 World Economic Outlook, global economic growth is forecasted to remain steady at 3.2 percent for both 2024 and 2025, a slight increase from the previous projections. This improvement is attributed to better-than-expected performances in the U.S. and several large emerging markets, along with fiscal support in China and strong domestic demand in India. Nevertheless, these growth rates are below the historical average of 3.8 percent from 2000 to 2019, due to tight monetary policies, reduced fiscal support, and low productivity growth.

## 1.2 Regional outlook:

In Asia, the economic outlook remains positive, driven by India's strong performance with resilient domestic demand, along with increased government spending in China, particularly for disaster response and infrastructure, ultimately supporting economic activities.

India's economy is projected to maintain strong growth at 6.8 percent in 2024 and 6.5 percent in 2025. This robust performance underpins the overall growth in emerging and developing Asia, which is expected to see higher average growth compared to other regions. However, the region's growth is projected to decelerate from 5.6 percent in 2023 to 5.2 percent in 2024, and further to 4.9 percent in 2025, reflecting the spillover effects of unexpectedly strong growth in 2023 and increased government spending in response to natural disasters in China, alongside India's resilient domestic demand.

However, the region faces challenges in terms of capital flight, geopolitical tensions, climate risks and brain drain, which could impact short-term and long-term growth. Careful management of these issues will be essential to sustain the optimistic growth trajectory in the region.

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

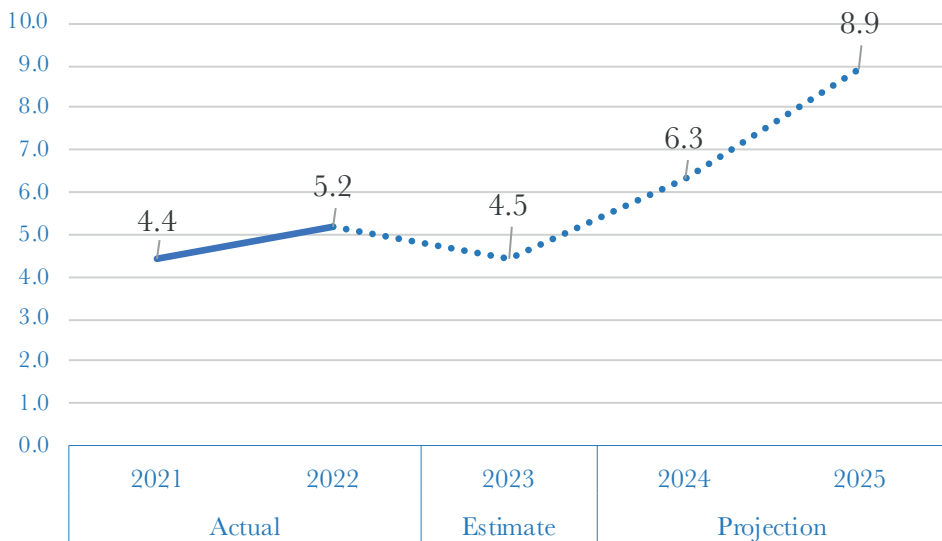
Bhutan's domestic economy is expected to experience strong growth in the medium-term, fueled by the commissioning of the much-anticipated mega hydropower projects, the government's Economic Stimulus package and the initiation of the 13<sup>th</sup> FYP. However, potential risks include global commodity market shocks on account of deterioration of geo-political situation, financial market volatility following the end of loan deferments, the exodus and the external sector imbalance challenges. Despite the positive outlook in the medium term, in the short term (2023 & 2024), the economic growth is sluggish on account of deteriorating external sector resulting in tightening of monetary policy and weak aggregate demand.

Post-pandemic, the gradual reopening of borders and the global economic recovery have positively impacted Bhutan's trade and investment landscape resulting in an economic growth rate of 5.2 percent in 2022. This was mainly contributed by the growth in the service sector which grew at 6.8 percent, followed by the recovery of the industry sector resulting in a growth rate of 5.6 percent with improved manufacturing production and construction activities. However, agriculture sector growth decelerated to -1.1 percent compared to 2.1 percent in 2021 attributable to weather shocks. Further the deterioration of the external account resulted in imposing moratoriums on various imports and credits.

Despite the gradual recovery of the economy post-pandemic, the inherent structural issues of the economy continue to persist. As shown in Chart 1.1, following a 5.2 percent expansion in 2022, the economy is anticipated to decelerate to 4.5 percent growth in 2023 primarily attributable to under performance in the electricity and construction sectors. Due to these factors, the industry sector is estimated to shrink by -4.9 percent in 2023, as shown in Table 1.1. However, the service sector is expected to grow at 10.7 percent mainly attributed to the recovery of the tourism sector post-pandemic albeit being a slow one. This is followed by a modest growth in the agriculture sector by 1.8 percent.

Economic projections show that the growth will expand by 6.3 percent in 2024 and 8.9 percent in 2025, mainly on account of anticipated commissioning of the Punatsangchhu II hydropower project, improvement in the manufacturing and construction sectors, tourism and allied sectors, and expected stimulative effect of the ESP.

**Chart 1.1 Growth Performance & Outlook**



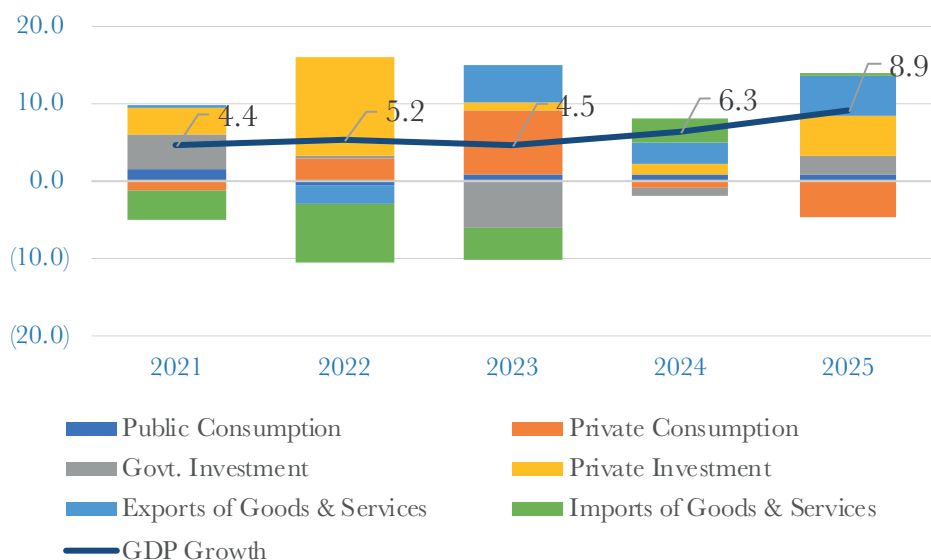
**Table 1.1 Sectoral Update**

Percent Change (%)	2022	2023	2024	2025
	Actual	Estimates	Projection	
<b>GDP Growth</b>	5.2	4.5	6.3	8.9
Agriculture	-1.1	1.8	5.0	5.0
Industry	5.6	-4.9	6.7	17.7
Services	6.8	10.7	6.5	4.8
Net Taxes	2.3	6.1	3.7	17.5

On the demand side, in 2022, the consumption demand was the main contributor to growth, which increased by 3.1 percent in 2022 compared to 0.2 percent in 2021, reflecting economic recovery and normalization of economic activities following the pandemic. Within overall consumption, the public consumption decreased by -2.3 percent while private consumption grew by 5.6 percent as shown in Table 1.2. The government investment and private investment recorded a growth of 2.7 percent and 39.8 percent respectively leading to an increase in the gross fixed capital formation. On the other hand, exports of goods and services decreased by -8.1 percent while the imports increased by 17.1 percent.

In 2023, it is estimated that the demand side GDP will be driven by increased consumption and improvement in the net exports. The consumption is expected to increase on account of both increase in public and private consumption, which is estimated to grow by 4.4 percent and 16.6 percent respectively. The net exports of goods and services is anticipated to improve by 18.5 percent, mainly on account of increase in exports. However, gross fixed capital formation (investment) is estimated to decrease, due to a lower government investment expenditure that is expected to decline by -45.9 percent. On the contrary, private investment is expected to increase by 2.5 percent as shown in Table 1.2.

**Chart 1.2 Contribution to Growth (in %)**



**Table 1.2 GDP Estimates by Expenditure Side**

Percentage Change (%)	2022	2023	2024	2025
	Actual	Estimates	Projection	
Public Consumption	-2.3	4.4	4.5	3.5
Private Consumption	5.6	16.6	-1.7	-9.4
Govt. Investment	2.7	-45.9	-12.6	43.7
Private Investment	39.8	2.5	2.9	12.7
Exports of Goods & Services	-8.1	18.5	9.6	17.5
Imports of Goods & Services	17.1	8.5	-6.1	-0.7
<b>GDP Growth</b>	<b>5.2</b>	<b>4.5</b>	<b>6.3</b>	<b>8.9</b>

In the medium-term, economic growth is poised to advance due to several structural shifts, including the commissioning of Punatsangchhu II Hydropower project in December 2024. As the tourism sector gradually rebounds, both international and regional arrivals are expected to increase resulting in increased exports of goods and services, contributing positively to the economic growth. Consequently, the economy is projected to grow at 6.3 percent in 2024, before surging to 8.9 percent in 2025 as shown in Chart 1.2. This growth is mainly driven by government investments, especially in 2025,

followed by modest increase in private investments on account of lifting of the loan moratorium.

However, there are downside risks to this outlook as our economy is influenced by both global and domestic factors. Particularly, the commodity market and exchange rate shocks could cause downside risk on Bhutanese economy resulting in deterioration of the economy.

### **1.3.1 Real Sector Performance and Outlook:**

#### **Agriculture Sector:**

The agriculture sector plays a crucial role in achieving long-term goals related to food self-sufficiency, nutritional security and income generation. However, various challenges such as climate related vulnerabilities and low productivity hinder its growth potential. To address these challenges and sustain growth in the agriculture sector, the government pursues market-related interventions and policies.

As illustrated in Table 1.3, the agricultural sector growth is estimated at 1.8 percent in 2023 compared to -1.1 percent in 2022. This growth is expected to be driven by crop and livestock production, with respective sectoral growth rates of 1.8 percent and 2.8 percent. In the medium term, the growth in the agriculture sector is projected to increase to 5 percent in both the years 2024 and 2025. The ESP is also expected to contribute to the growth in the agriculture sector.

#### **Industry Sector:**

The industry sector growth in 2022 was primarily driven by construction activities, which grew by 5.6 percent. The main contributor to the growth in the industrial sector was a growth in the construction and manufacturing sector which grew by 16.5 and 6.7 percent respectively, while mining and quarrying, and electricity output remained subdued. However, in 2023, the industry sector is projected to decline by -4.9 percent, due to contractions in electricity and construction sectors by -8.3 percent and -7.9 percent respectively. This downturn is attributed to reduced government and hydropower construction spending and unfavorable hydrological conditions. On the other hand, the mining and quarrying, and manufacturing sectors are expected to grow by 7.9 percent and 4.5 percent respectively.

In the medium-term, the industrial sector is expected to grow by 6.7 and 17.7 percent in 2024 and 2025, respectively. This is mainly expected to be fueled by the commissioning of Punatsangchu II, influencing the electricity sector growth to 5.6 percent and 28.9 percent in 2024 and 2025, respectively. In addition to the commissioning of the hydropower plant, the growth is also expected to be driven by increased growth in mining and quarrying, and construction sector as a result of lifting of the moratorium and increased government spending on constructions. Additionally, the increased electricity demand from domestic industries is anticipated to drive the manufacturing growth to 6.9 percent and 8.6 percent in 2024 and 2025 respectively.

### **Service Sector:**

In 2022, Bhutan's service sector grew by 6.8 percent, up from 5.8 percent in 2021, marking an increase of 1 percentage point. This growth was primarily driven by a rebound in the entertainment, recreation, and other services, which surged by 89.8 percent, reversing a 30.2 percent contraction in 2021. The service sector remained the largest contributor to economic growth, with substantial improvements in wholesale and retail trade (14.4 percent), hotels and restaurants (31.6 percent), and professional and support services (14 percent). In 2023, the service sector is projected to expand by 10.7 percent. This expansion is expected to be fueled by the mild recovery of the tourism sector creating a spillover impact on various sectors such as trade, transport, hotels and restaurants, and entertainment and recreational services.

In the medium-term, the economy is expected to witness a strong growth on account of revival in the tourism and allied sectors. With the government's target of increasing the tourists' number to 200,000 and 300,000 in 2024 and 2025 respectively, the tourism sector is expected to rebound sharply, which will have a stimulative effect on its allied sectors like transport, hotel and entertainment sectors. The transport and storage is anticipated to increase by 5.9 percent and 7.3 percent in 2024 and 2025 respectively. Furthermore, hotel and restaurant service is expected to increase by 16.2 percent in 2024 and 20.7 percent in 2025. Outlook for entertainment, recreation, and other services looks positive for both the years 2024 and 2025, which will drive the sector's growth.



**Table 1.3 Sectoral Growth**

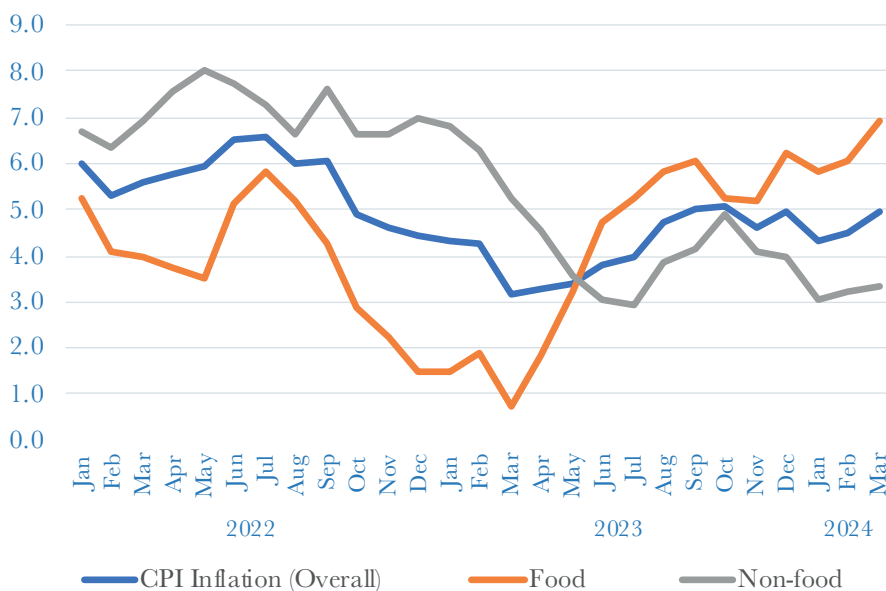
Percentage Change (%)	2021	2022	2023	2024	2025
	Actual		Estimates	Projection	
<b>Agriculture, livestock, and forestry</b>	<b>1.4</b>	<b>-1.1</b>	<b>1.8</b>	<b>5.0</b>	<b>5.0</b>
Crops	1.5	-4.0	1.8	5.0	5.0
Livestock production	1.3	0.3	2.8	5.0	5.0
Forestry and logging	1.6	4.1	-0.2	5.0	5.0
<b>Industry</b>	<b>3.9</b>	<b>5.6</b>	<b>-4.9</b>	<b>6.7</b>	<b>17.7</b>
Mining and quarrying	55.0	-3.0	7.9	8.4	10.1
Manufacturing	4.2	6.7	4.5	6.9	8.6
Electricity	-3.6	-1.1	-8.3	5.6	28.9
Water supply	11.4	6.0	8.7	8.2	8.2
Construction	7.1	16.5	-7.9	7.4	11.6
<b>Services</b>	<b>5.8</b>	<b>6.8</b>	<b>10.7</b>	<b>6.5</b>	<b>4.8</b>
Wholesale and retail trade	8.4	14.4	9.1	8.6	6.3
Transport & storage	0.6	4.7	16.9	5.9	7.3
Hotel and restaurant	2.9	31.6	14.3	16.2	20.7
Communications	29.6	14.4	8.6	8.0	9.2
Financing and insurance	10.7	1.1	4.4	3.8	2.6
Real estate and dwellings	3.7	2.6	4.3	4.0	3.9
Professional, administrative and support services	-1.3	14.0	5.9	9.3	9.7
Public administration and defense	3.8	1.5	16.2	6.0	-1.8
Education	-1.0	0.1	10.3	4.3	5.3
Human health and social work health	-2.4	2.6	8.3	4.7	6.6
Entertainment, recreation and other services	-30.2	89.8	13.3	4.4	3.7
<b>GDP Growth</b>	<b>4.4</b>	<b>5.2</b>	<b>4.5</b>	<b>6.3</b>	<b>8.9</b>

### 1.3.2 Monetary and Financial Sector:

#### Inflation:

Overall inflation in the year 2023 on average decreased by 1.4 percentage point compared to 2022 and stood at 4.2 percent. The decline in the rate of inflation was on account of a decrease in non-food prices. The food prices contributed 43 percent to the overall inflation, while non-food prices contributed 57 percent. Reduction in non-food prices as a result of lower global prices was the main driver of the decline in overall inflation.

**Chart 1.3 CPI Monthly Inflation Trend**



In terms of monthly inflation, it depicts an upward trend with rising commodity prices. As of March 2024, overall inflation stood at 5 percent, which increased by 1.9 percentage points when compared to the same month last year. In the medium-term, inflation is expected to decelerate as the prices of both food and non-food commodities moderate. However, any worsening of the geopolitical situation will weigh on inflationary pressure going forward.

## Monetary:

Monetary policy plays a crucial role in the economic development by stabilizing the price fluctuations. Accordingly, the economic recovery was supported by accommodative monetary and expansionary fiscal policies, ensuring that the monetary and credit situation remained favorable. As shown in Table 1.4, money supply (M2), measured by broad money, recorded a modest growth of 9.8 percent in FY 2022-23 compared to 9.4 percent growth in FY 2021-22. The growth in the money supply was on account of increase in aggregate deposits. According to the RMA Annual Report 2023, the growth in deposits is mainly driven by a gradual increase in business activities and mandatory requirement of current account for business transactions.

However, Net Foreign Assets (NFA) recorded a significant fall of 17.8 percent in FY 2022-23 with decline in the inflow of external grants and higher import payment obligations. The domestic credit witnessed a growth of 24.5 percent in FY 2022-23 primarily due to pick up in housing sector loans which was driven by pent-up demand in the construction sector. Furthermore, the credit to the private sector grew at 19.2 percent in FY 2022-23 as compared to 10.6 percent in FY 2021-22.

**Table 1.4 Monetary Aggregates**

% Change (YoY)	2021-22	2022-23	2023-24	2024-25	2025-26
	Actual		Estimates		Projection
Broad money (M2)	9.4	9.8	14.8	19.7	20.0
Net foreign asset	-2.2	-17.8	28.5	9.9	4.9
Domestic credit	15.7	24.5	7.1	16.5	21.4
Credit to private sector	10.6	19.2	22.6	21.4	22.3

The money supply is projected to increase by 14.8 percent and 19.7 percent in FY 2023-24 and FY 2024-25 respectively. Similarly, Net Foreign Assets are expected to rebound strongly with a growth rate of 28.5 and 9.9 percent in FY 2023-24 and FY 2024-25 respectively. Domestic credit growth is also projected to be positive, with an estimated increase of 7.1 and 16.5 percent in FY 2023-24 and 2024-25 respectively. The outlook for credit to the private sector remains optimistic with the growth projections of 22.6 and 21.4 percent in FY 2023-24 and 2024-25 respectively.

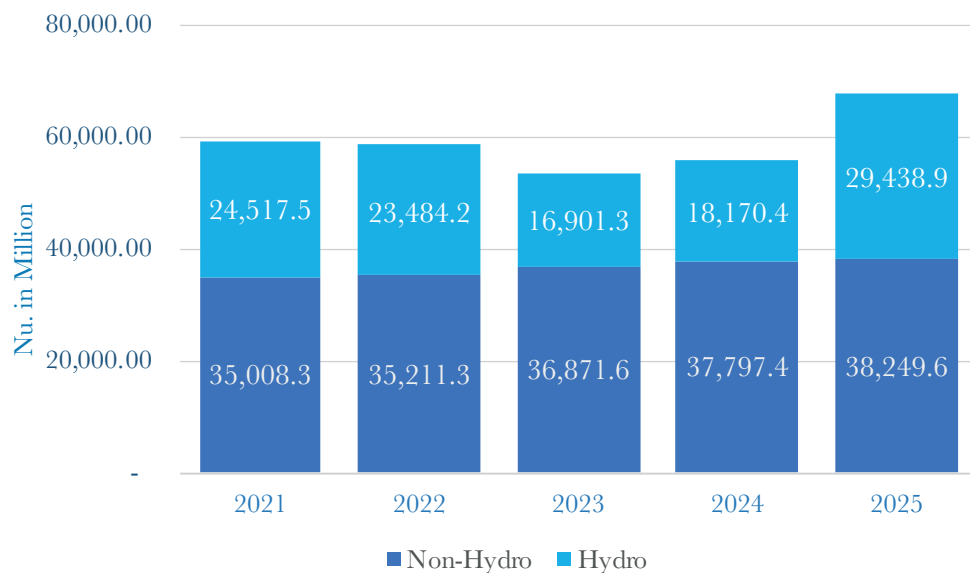
Towards the end of FY 2022-23, the banking sector liquidity stood at Nu.10,139.5 million, a decrease from Nu.24,445.5 million in the FY 2021-22. For FY 2023-24, the overall liquidity position is estimated to increase modestly to Nu.11,923.8 million. The steady decline of liquidity in banks is due to decline in foreign exchange inflows related to grants and aid, exacerbated by the moratorium and deferment. Further, the increasing demand for meeting short-term foreign exchange payment obligations have also put a huge stress on the commercial banks. The central bank’s upward revision of the regulatory reserve requirement (CRR) of financial institutions from 7 percent to 8 percent has also impacted the liquidity position.

### 1.3.3 External Sector:

#### Balance of Payment:

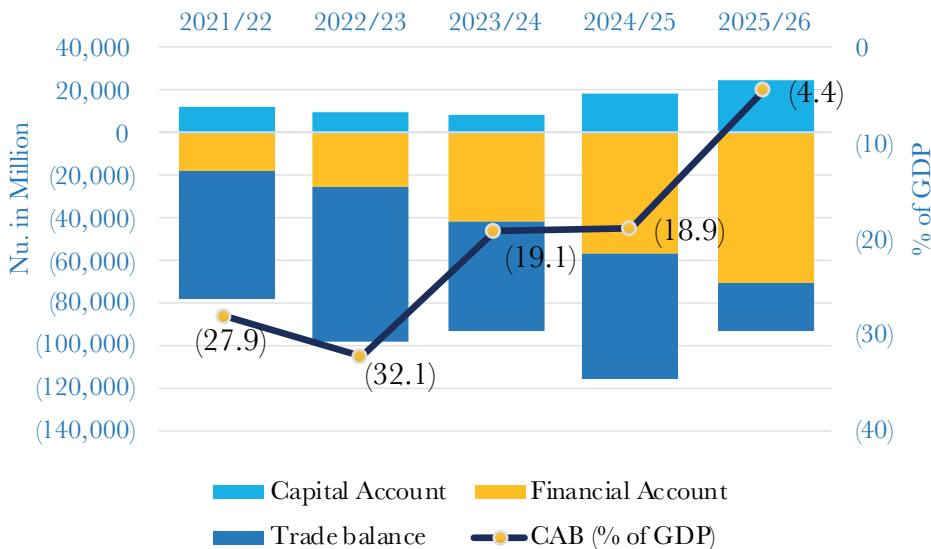
On the external sector, the trade deficit has been worsening as evident from the widening current account balance. The deterioration of the trade deficit from 21.1 percent of GDP in FY 2021-22 to 24.1 percent of GDP in FY 2022-23, has resulted in significant widening of the current account deficit to 32.1 percent of GDP in FY 2022-23. This deterioration is due to the economy’s heavy reliance on imports.

**Chart 1.4 Export (Hydro vs Non-Hydro)**



For FY 2023-24, the current account deficit is expected to contract to 19.1 percent of GDP mainly on account of improvement in the trade balance. Trade balance is estimated to reduce to Nu.-51,691.9 million in FY 2023-24 compared to Nu.-72,973.2 million in the previous FY due to the reduction in imports by 8.5 percent.

**Chart 1.5 Balance of Payments**



For FY 2024-25, current account balance is estimated to see an incremental improvement of 18.9 percent and is projected to witness a significant improvement by 4.4 percent in FY 2025-26. In the medium-term, the current account deficit is expected to moderate mainly on account of decline in imports, as hydro related imports will decline gradually after completion of projects.

Moreover, imports are estimated to grow at an average of 1.2 percent in the next five years while exports are expected to grow at an average of 6.9 percent. Overall, export is estimated to grow attributable to increase in the hydro power export revenue with the commissioning of Nikachhu hydro power in December 2023, and Punatsangchu II to be commissioned in December 2024.

## Reserve Position:

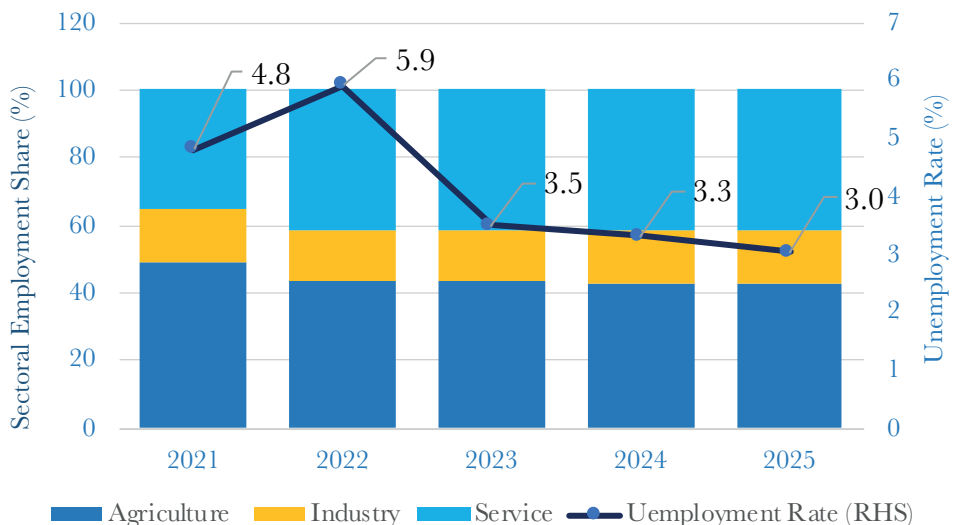
Gross international reserves at the end of FY 2022-23 stood at USD 573.6 million, sufficient to cover 14.8 months of essential imports. The reserve position for FY 2023-24 is projected at USD 574.3 million adequate to cover 14.8 months of essential imports. However, the latest reserve position as of 3<sup>rd</sup> June 2024 stands at USD 608.260 million. In the medium-term, with the moderation in imports and implementation of export promotion efforts, the reserve position is expected to improve.

## 1.3.4. Household and Labor:

### Per Capita Income:

The GDP per capita, which is a measure of living standard, prosperity and overall well-being of a country, increased from USD 3,661 in 2021 to USD 3,833 in 2022. It registered an increase of 4.7 percent reflecting a growth in the economic output resulting in higher levels of household consumption. Furthermore, with the expected increase in economic growth, the GDP per capita is projected to increase to USD 4,036 in 2023. Likewise, Gross National Income (GNI) per capita is estimated to increase from USD 3,634 in 2022 to USD 3,828 in 2023.

**Chart 1.6 Sectoral Employment Share and Unemployment Rate**



## **Employment:**

The economic disruptions triggered by the pandemic resulted in unprecedented levels of unemployment, which not only exceeded the rates observed during the pandemic, but also intensified the pre-existing unemployment situation in 2022. However, the third quarter Labor Force Survey Report of September 2023 indicates a decline in the unemployment rate to 3.5 percent in 2023, a significant drop of 2.4 percentage points from the 5.9 percent in 2022. This reduction is likely due to the resurgence of economic activities generating employment, the launch of various skill development programs, and possibly a decrease in the number of people entering the labor market. Additionally, the youth unemployment rate is estimated to reduce to 15.9 percent compared to 28.6 percent in 2022.

Over the medium term, the employment prospects are expected to brighten, particularly with the roll-out of several skill enhancement initiatives like the Desuung Skilling Program and the Gyalsung amongst others. Moreover, the ongoing trend of overseas migration in search of better opportunities may further alleviate the unemployment challenge, especially among the youth.

# Chapter 2

## Fiscal Performance

### 2.1 Resource and Expenditure Performance in FY 2022-23:

The total resources realized for FY 2022-23 amounted to Nu.60,468.8 million, representing an increase of 11.2 percent as compared to the previous FY. Domestic revenue comprised 74.2 percent while grants and other receipts accounted for 25.8 percent of the total resources.

#### 2.1.1 Internal Resources:

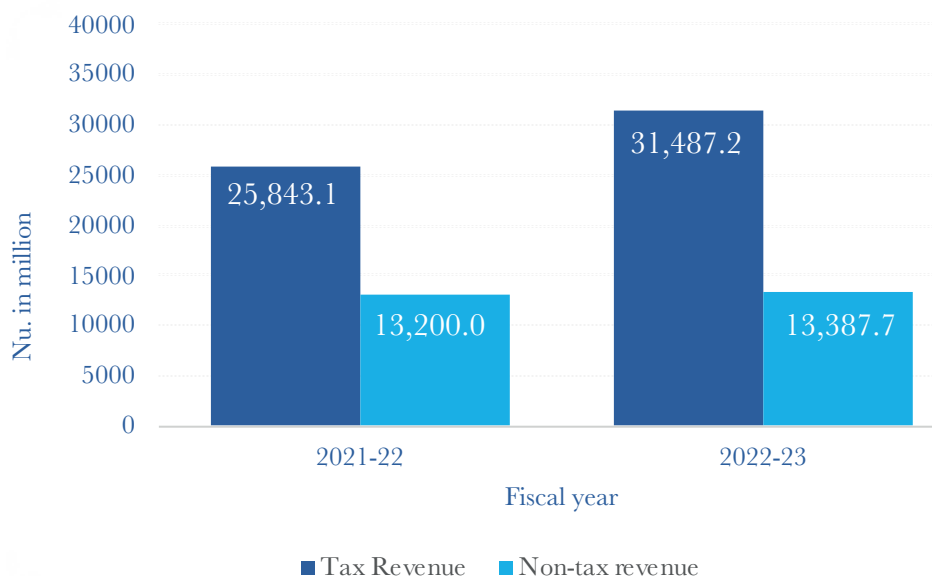
Internal resources constitute domestic revenue and other receipts.

The net domestic revenue realized was Nu.44,874.8 million, constituting 18.9 percent of the GDP. The domestic revenue increased by 14.9 percent as compared to FY 2021-22, with a 21.8 percent increase in tax revenue and a 1.4 percent increase in non-tax revenue. The substantial increase in tax revenue is attributable to the increases in other taxes, indirect taxes and direct taxes, which was Nu.2,298.7 million, Nu.1,710.3 million, and Nu.1,318.8 million respectively.

The other receipts realized was Nu.1,230.600 million, an increase of 135.5 percent compared to the previous FY. The increase was due to incorporation of funds from USE, BHTEF, BTFEC and channelizing of CD accounts through budgetary process.



**Graph 2.1: The Comparative Tax and Non-Tax Revenue**



**Tax-to-GDP Ratio:**

During FY 2022-23, tax to GDP ratio was 13.3 percent, a decrease of 0.4 percentage point as compared to the previous FY. Although there was an increase in tax revenue by Nu.5,649.2 million during FY 2022-23 as compared to the previous FY, it has not kept pace with the increase in the GDP.

**Fiscal Incentives:**

The government introduced the fiscal incentives as an expansionary fiscal policy to revive the economy post pandemic with a sunset clause till October 2026. The Fiscal Incentives Act of Bhutan 2021 (FIAB 2021) was introduced on 29<sup>th</sup> November, 2021 and provided entities with fiscal incentives amounting to Nu.4,555.2 million during the year 2022.

Despite the fiscal incentives given to revive the economy as experienced by the current economic circumstances, without the government’s investments in the economy, the fiscal incentives do not have an impact on the economic revival. This is evident from the deceleration of economic growth rate in 2023 and the expected acceleration of economic growth in 2024 (on account of the implementation of 13<sup>th</sup> FYP and commissioning of Punatsangchhu II).

**Table 2.1: Summary of Fiscal Incentives Provided***Nu. in million*

For the Year 2022	Revenue Foregone ( Amount)
CIT/BIT	239.179
Customs Duty	1,246.560
Sales Tax	3,050.391
Green Tax	15.540
Excise Duty	3.520
<b>Total</b>	<b>4,555.190</b>

**2.1.2 Grants:**

During FY 2022-23, the grants received amounted to Nu.14,363.319 million.

**Table 2.2: Summary of Grants for the FY 2022-23***Nu. in million*

Sl.No.	Particulars	Amount
A.	GoI	10,968.039
1.	Program Grant	2,550.000
2.	Project Grant	8,418.039
B.	Other Donors	3,395.280
1.	Program Grant	6.152
2.	Project Grant	3,389.128
i	Cash	3,118.913
ii	In-kind	270.214
<b>Total</b>		<b>14,363.319</b>

**2.1.3 Expenditure:**

The approved budget for FY 2022-23 was Nu.74,807.887 million and the resources were estimated at Nu.51,925.754 million. Accordingly, the fiscal deficit of Nu.22,882.133 million was projected with domestic borrowings of Nu.20,356.410 million. During the year, the budget was revised to Nu.79,360.850 million and the resources to Nu.60,935.132 million with projected fiscal deficit of Nu.18,425.718 million and domestic borrowing of Nu.15,803.236 million.

However, the total actual expenditure during the FY including advance/ suspense and other payment was Nu.71,690.978 million, which resulted in a fiscal deficit of Nu.11,222.138 million, representing 4.7 percent of GDP. The fiscal deficit was financed through net lending of Nu.4,255.298 million, net external borrowings of Nu.3,077.008 million and net domestic borrowings of Nu.3,889.832 million.

**Table 2.3: Fiscal Performance for the FY 2022-23**

*Nu. in million*

Sl. No.	Particulars	Approved Budget	Revised Budget	Actual Outcomes	% Variance		
					Approved Vs Revised	Revised Vs Actual	Approved Vs Actual
<b>A</b>	<b>Total Resources</b>	<b>51,925.754</b>	<b>60,935.132</b>	<b>60,468.840</b>	<b>17.4%</b>	<b>-0.8%</b>	<b>16.5%</b>
1	Domestic Revenue	36,368.270	36,368.270	44,874.885	-	23.4%	23.4%
2	Other Receipts (Net)	685.363	1,943.379	1,230.635	183.6%	-36.7%	79.6%
3	Grants	14,872.121	22,623.483	14,363.320	52.1%	-36.5%	-3.4%
<b>B</b>	<b>Total Expenditure</b>	<b>74,807.887</b>	<b>79,360.850</b>	<b>71,690.978</b>	<b>6.1%</b>	<b>-13.3%</b>	<b>-8.0%</b>
1	Current	36,340.942	36,003.576	35,428.018	-0.9%	-1.6%	-2.5%
2	Capital	38,466.945	43,360.274	33,798.153	12.7%	-22.0%	-12.1%
3	Advance/ Suspense (Net)	-	-	(406.052)	-	-	-
4	<b>Net Other Payment</b>	<b>-</b>	<b>-</b>	<b>2,870.859</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C</b>	<b>OVERALL BALANCE</b>	<b>(22,882.133)</b>	<b>(18,425.718)</b>	<b>(11,222.138)</b>	<b>-19.5%</b>	<b>-39.1%</b>	<b>-51.0%</b>
<b>D</b>	<b>FINANCING</b>	<b>22,882.133</b>	<b>18,425.718</b>	<b>11,222.138</b>	<b>-19.5%</b>	<b>-39.1%</b>	<b>-51.0%</b>
1	Net Lending	2,795.729	2,520.729	4,255.298	-9.8%	68.8%	52.2%
2	Net External Borrowings	(270.006)	101.753	3,077.008	-137.7%	2,924.0%	-1,239.6%
3	Net Internal borrowings Surplus/Deficit	20,356.410	15,803.236	3,889.832	-22.4%	-75.4%	-80.9%

## 2.2 Resource and Expenditure Performance in FY 2023-24:

The total resources for the FY has increased by 14.6 percent and correspondingly expenditure increased by 2 percent from the approved budget.

### 2.2.1 Internal Resources:

Internal resources constitute domestic revenue and other receipts.

The upward revision from the approved estimates of Nu.46,245.776 million to Nu.52,132.561 million in the domestic revenue is mainly on account of the increased profit transfers from Royal Monetary Authority (RMA) and improved tax revenue.

The other receipts during the FY have been revised to Nu.1,536.317 million, an increase of 70.7 percent as on April 30, 2024. The increase was due to incorporation of funds from USE, BHTE, BT FEC and channelizing of CD accounts funds through budgetary process.

**Table 2.4 Revised Budget Summary for FY 2023-24 as of 30<sup>th</sup> April 2024**

*Nu. in million*

Particulars	Approved	Revised
<b>Total Resources</b>	<b>53,513.242</b>	<b>61,333.084</b>
<b>I. Internal Resource</b>	<b>47,145.840</b>	<b>53,668.878</b>
i. Domestic Revenue	46,245.776	52,132.561
ii. Other Receipts	900.064	1,536.317
<b>II. Grants</b>	<b>6,367.402</b>	<b>7,664.206</b>
<b>Total Expenditure</b>	<b>74,861.615</b>	<b>76,378.199</b>
i. Current Expenditure	45,545.947	45,706.144
ii. Capital Expenditure	29,315.668	30,672.055
<b>Fiscal Balance</b>	<b>-21,348.373</b>	<b>-15,045.115</b>
<b>Fiscal Balance % of GDP</b>	<b>-9.7%</b>	<b>-5.6%</b>

The revised fiscal deficit of 5.6 percent of GDP is attributable to additional receipt from RMA.

### 2.2.2 Grants:

The external grants have been revised by Nu.1,296.804 million due to the incorporation of external funded projects/activities based on the commitment and signing of the projects with the development partners during the FY.

**Table 2.5 Summary of External Grants Incorporation as of 30<sup>th</sup> April, 2024**

*Nu. in million*

Sl. No.	Funding Agency	Amount
1	Bhutan Foundation (BF)	14.504
2	Global Fund to Fight Aids, Tuberculosis & Malaria (GFATM)	9.018
3	Government of Austria (GoA)	72.529
4	Government of India (GOI)	795.525
5	Green Climate Fund (GCF)	283.545
6	International Fund for Agricultural Development (IFAD)	14.887
7	SAARC Development Fund (SDF)	6.094
8	Save the Children Fund, USA (SCF)	15.510
9	Swiss Development Organization (HELVETAS)	18.996
10	UN Environmental Program (UNEP)	23.071
11	UN Population Fund (UNFPA)	8.529
12	United Nations Children's Fund (UNICEF)	54.766
13	United Nations Development Program (UNDP)	107.698
14	World Bank (WB)	41.763
15	World Food Program (WFP)	1.770
16	World Health Organization (WHO)	30.387
17	World Wildlife Fund (WWF)	3.114
18	Program Grant and TSF	1.941
19	Other Development Partners	160.674
	<b>Grand Total</b>	<b>1,664.321</b>
	Less Rationalization	367.517
	<b>Net Total</b>	<b>1,296.804</b>

### 2.2.3 Expenditure:

The total budget (excluding lending and repayments) has been revised by Nu.1,516.584 million. The increase in the current expenditure of 0.4 percent was owing to the incorporation of funds from CD accounts amounting to Nu.160.197 million and increase in capital expenditure of 4.6 percent due to incorporations of project-tied loans and grants of Nu.1,356.387 million.

### 2.2.4 Supplementary Budget Appropriation Bill for FY 2023-24:

The details of the supplementary budget incorporated during the FY is presented below.

**Table 2.6 Summary of Supplementary Incorporations**

*Nu. in million*

<b>Particulars</b>	<b>Amount</b>
Incorporations of External Grants	1,296.804
Incorporations of Internal Grants	636.253
Incorporation of Loans	1,291.867
<b>Total Supplementary Incorporation</b>	<b>3,224.924</b>

The Supplementary Budget Appropriation Bill for FY 2023-24 amounting to Nu.3,224.924 million is submitted to the House for consideration. The total budget appropriation for FY 2023-24 is revised from Nu.85,522.536 million to Nu.88,747.460 million.

# Chapter 3 : Fiscal Policy and Fiscal Framework

## 3.1 Fiscal Policy:

Fiscal policy of the government is to maintain a sustainable fiscal path for economic growth with a stable macroeconomic environment. In response to the economic upheaval caused by the global pandemic, the government implemented expansionary fiscal measures to reinvigorate economic activities and generate employment opportunities. While these fiscal measures successfully boosted consumption and investments, there are concerns regarding the potential escalation of public debt, which could undermine the country's fiscal resilience.

As the nation embarks on the implementation of the 13<sup>th</sup> FYP commencing from FY 2024-25, the budgetary bodies are entrusted with the task of aligning their budget allocations with the strategic objectives and Key Performance Indicators (KPIs) delineated in the 13<sup>th</sup> FYP. This alignment is crucial not only for maximizing the efficiency of public expenditure but also for preventing wasteful spending and containing debt within the absorptive capacity of the economy.

Amidst this backdrop of constrained public resources, it becomes imperative to exercise prudence in fiscal management to ensure the sustainability of the country's fiscal trajectory. Striking a delicate balance between promoting economic development and maintaining fiscal discipline is paramount to steer the nation towards the path of becoming a developed economy.

## 3.2 Fiscal Policy Objective:

Keeping fiscal sustainability as a top priority, the government aims to maintain a sustainable fiscal course to achieve the following fiscal policy objectives:

1. Promoting sustainable and stable economic growth;
2. Reducing poverty and inequality; and
3. Improving public service delivery.

### **3.3 Fiscal Policy Statement:**

The fiscal policy statement for the 13<sup>th</sup> FYP is to maintain the fiscal deficit of 3 percent of GDP on average. This shall be achieved by adopting prudent spending practices, increasing revenue, and effective debt management strategies.

The fiscal policy statement for FY 2024-25 aims to achieve sustainable economic development by exercising necessary fiscal consolidation to maintain the fiscal deficit level at 5.2 percent. FY 2024-25, being the first year of the plan, the fiscal deficit is at an elevated level since resource mobilization and confirmation from development partners are at the initial stage, as expected during the start of any plan period.

### **3.4 Fiscal Outlook and Policy Targets FY 2024-25:**

Bhutan faces the challenge of navigating between sustaining economic recovery and ensuring fiscal sustainability. Building on the measures implemented during the pandemic, the fiscal policy will continue to play a crucial role in stabilizing the macroeconomic environment and supporting households and businesses. Hence, the fiscal policy outlook for FY 2024-25 will emphasize on optimal revenue mobilization and expenditure rationalization to ensure efficient allocation of limited resources to achieve the KPIs and results outlined in the 13<sup>th</sup> FYP.

To ensure prudent fiscal management and macroeconomic stability, the formulation of fiscal policy targets for the FY 2024-25 is a crucial aspect of achieving the fiscal policy objectives outlined above. These targets play a pivotal role in ensuring fiscal discipline, debt sustainability, and the stabilization of output fluctuations. The fiscal objectives outlined for the upcoming budget underscore the government's commitment to responsible financial management and sustainable economic development. The key fiscal policy targets for the FY 2024-25 are as follows:

- a) Contain fiscal deficit within 5 percent of GDP;
- b) Tax to GDP ratio of at least 13 percent;
- c) Contain recurrent expenditure within 90 percent of the internal resources; and
- d) Central Government debt maintained below 45 percent of GDP.



### 3.5 Medium-Term Fiscal Framework:

The Medium-Term Fiscal Framework (MTFF) provides a comprehensive overview of the government’s fiscal policy objectives. As such the MTFF mobilizes resources and smoothen expenditure with a goal to induce economic growth with stable macroeconomic fundamentals while maintaining a sustainable debt path. In particular, the fiscal framework for FY 2024-25 gives retrospective analysis of the macro-fiscal outcomes of the past one FY, revised estimates for the current FY and the next FY, and the projections for the next two FYs. This information enables stakeholders to assess the effectiveness of previous fiscal policies and future government plans.

**Table 3.1: Medium-Term Fiscal Framework**

*Nu. in million*

Particular	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
	Actual	Estimates		Projection	
<b>Total Resources</b>	<b>60,468.840</b>	<b>61,333.084</b>	<b>73,182.049</b>	<b>92,905.615</b>	<b>96,303.231</b>
1. Domestic Revenue	44,874.885	52,132.561	54,749.944	63,116.447	64,292.307
2. Other Receipts	1,230.635	1,536.317	1,910.482	534.902	611.316
3. Grants	14,363.320	7,664.206	16,521.623	29,254.267	31,399.608
<b>Total Outlay</b>	<b>71,690.978</b>	<b>76,378.199</b>	<b>89,154.218</b>	<b>101,510.959</b>	<b>105,947.434</b>
1. Recurrent Expenditure	35,428.018	45,706.144	50,809.905	51,142.958	53,112.747
2. Capital	33,798.153	30,672.055	38,344.313	50,368.001	52,834.687
Advance/Suspense (Net)	-406.052	-	-	-	-
Net Other Payment	2,870.859	-	-	-	-
<b>Overall Balance</b>	<b>-11,222.137</b>	<b>-15,045.115</b>	<b>-15,972.169</b>	<b>-8,605.344</b>	<b>-9,644.203</b>
<b>Financing</b>	<b>11,222.137</b>	<b>15,045.115</b>	<b>15,972.169</b>	<b>8,605.344</b>	<b>9,644.203</b>
Net Lending	-4,255.297	-2,237.942	-1,861.301	-4,922.811	-7,646.607
Net External borrowings	3,077.008	5,749.337	2,931.538	-2,997.634	-8,139.272
Net Internal borrowings	3,889.832	7,057.836	11,179.330	6,680.167	10,136.868
<b>Fiscal Balance % of GDP</b>	<b>-4.6</b>	<b>-5.6</b>	<b>-5.2</b>	<b>-2.5</b>	<b>-2.5</b>

The fiscal framework for FY 2024-25 holds significant importance as it is the first year of the 13<sup>th</sup> FYP. It will serve as a road map for fiscal policy, guiding government decision making to achieve macroeconomic stability, sustainable growth, and sound fiscal management for the next five years. While the MTFF only covers the first three of the five years, it gives a view on the fiscal space and debt path, which should provide valuable insight to all stakeholders.

The FY 2024-25 also plays a significant role in recovering the sluggish economy. Bhutan being a small economy with limited market, government investment plays a critical role in keeping the economy afloat. FY 2024-25 will be a challenging year as the broad-based policies and pandemic era relaxation like loan deferment and other moratoriums will come to an end. Therefore, both the fiscal and monetary policy should be accommodative to absorb any shock and downside risks.

With the anticipation of increased tax revenue and external grants, the fiscal outlook for the subsequent years remains positive.

# Chapter 4 : Resource Outlook

## 4.1 Medium-Term Resource Framework:

The Medium-Term Resource Outlook is presented in Table 4.1. The total resource for FY 2024-25 is estimated at Nu.73,182.049 million, which comprises domestic revenue and grants. The resource projections show that it will increase to Nu.92,905.615 million in FY 2025-26 and Nu.96,303.231 million in FY 2026-27. The increase in domestic revenue collections in both the FY 2025-26 and FY 2026-27 will be driven by the increased collections from direct taxes (CIT, BIT and PIT), indirect taxes with the introduction of new tax (GST) and increase in collection of customs duty, and royalties from tourism and hydro power. Under non-tax, the significant contribution will be from the transfer of DHI dividend and profit transfer from Punatsangchhu II.

**Table 4.1: Medium-Term Resources Outlook**

*Nu. in million*

Particulars	FY 2024-25	FY 2025-26	FY 2026-27
	Estimates	Projection	
<b>Total Resources</b>	<b>73,182.049</b>	<b>92,905.615</b>	<b>96,303.231</b>
<b>1. Domestic Revenue</b>	<b>54,749.944</b>	<b>63,116.447</b>	<b>64,292.307</b>
a. Tax	39,246.347	44,075.663	46,162.3118
b. Non-tax	15,503.597	19,040.784	18,129.9951
<b>2. Other Receipts</b>	<b>1,910.482</b>	<b>534.902</b>	<b>611.316</b>
<b>3. Grants</b>	<b>16,521.623</b>	<b>29,254.267</b>	<b>31,399.608</b>

## 4.2 Resource Estimates for FY 2024-25:

Total resource estimate for FY 2024-25 is Nu.73,182.049 million, of which domestic revenue comprises 74.8 percent, 2.6 percent from other receipts and 22.6 percent from the grants. The total resource estimates increased by 19.3 percent from the revised resource estimates of Nu.61,333.084 million for FY 2023-24. The increase is mainly from grants and improved tax performance.

**Table 4.2: Summary of Resources for the FY 2024-25***Nu. in million*

Source of Finance	Estimates
<b>Total Resources</b>	73,182.049
<b>I. Internal Resource</b>	<b>56,660.426</b>
<b>i. Domestic Revenue</b>	<b>54,749.944</b>
a. Tax	39,246.347
b. Non- Tax	15,503.597
<b>ii. Other Receipts</b>	<b>1,910.482</b>
<b>II. Grants</b>	<b>16,521.623</b>
<b>i. Program Grants</b>	<b>1,666.667</b>
<b>ii. Project-tied Grants</b>	<b>14,854.956</b>
a. GoI	10,539.536
b. Others	4,315.420

#### 4.2.1 Domestic Revenue:

The total estimated domestic revenue for FY 2024-25 is Nu.54,749.944 million. The projected growth is expected from higher tax revenue mainly from corporate income tax, sales tax and royalties from hydropower and tourism.

**Table 4.3: Summary of Domestic Revenue***Nu. in million*

Sl. No	Particulars	Estimates
	<b>Revenue</b>	<b>54,749.944</b>
<b>A</b>	<b>Taxes</b>	<b>39,246.347</b>
<b>1</b>	<b>Taxes on income, profits and capital gains</b>	<b>16,776.303</b>
	i. Corporate Tax	11,990.681
	ii. Business Income Tax	1,930.732
	iii. Personal Income Tax	2,854.890
<b>2</b>	<b>Taxes on property</b>	<b>708.389</b>

Sl. No	Particulars	Estimates
	i. Recurrent taxes on immovable property (Dzongkhag Municipality)	610.375
	ii. Taxes on capital transactions	98.014
<b>3</b>	<b>Taxes on goods and services</b>	<b>10,079.119</b>
	i. Sales Tax	8,405.854
	ii. Excise Duty	765.005
	iii. Green Tax	908.260
<b>4</b>	<b>Taxes on permission to use goods or perform activities</b>	<b>663.944</b>
<b>5</b>	<b>Taxes on international trade and transactions</b>	<b>985.879</b>
<b>6</b>	<b>Other Taxes</b>	<b>10,032.713</b>
	i. Royalty	9,881.185
	ii. Miscellaneous collection	151.528
<b>B</b>	<b>Other Revenue</b>	<b>13,381.420</b>
1	Property Income	13,381.420
	i. Interest receipt from corporation	3,136.763
	ii. Dividend	4,282.963
	iii. Withdrawals from income of quasi-corporations	5,840.000
	iv. Miscellaneous rent	121.694
<b>2</b>	<b>Social Contributions</b>	<b>-</b>
<b>C</b>	<b>Current Revenue from Government Agencies</b>	<b>1,465.860</b>
1	Administrative fees & charges	1,022.464
2	Sale of goods and commodities	443.396
<b>D</b>	<b>Capital Revenue from Government Agencies</b>	<b>656.317</b>

#### 4.2.1.1 Tax Buoyancy:

Tax buoyancy refers to the relationship between changes in a country's tax revenue and the changes in its GDP. It measures the degree to which tax revenue increases/decreases in response to increase/decrease in the GDP. A tax is said to be buoyant if the tax revenues increase more than proportionately in response to a rise in national income or output.

If buoyancy is greater than 1, it indicates growth in tax revenue is more than the growth in income or GDP, which could also imply better compliance, strengthened administration and the growing ability to pay.

**Table 4.4: Tax Revenue and Buoyancy**

*Nu. in million*

Particulars	FY 2023-24 (Estimates)	FY 2024-25 (Estimates)	FY 2025-26 (Projection)
Domestic Revenue (DR)	52,132.561	54,749.944	63,116.447
DR Growth	16.2	5.0	15.3
DR_ Buoyancy	1.4	0.4	1.1
Tax Revenue (TR)	33,731.126	39,246.347	44,075.663
TR_ Buoyancy	0.6	1.3	0.9

As shown in table 4.4, the domestic revenue buoyancy for FY 2023-24 is 1.4 indicating that domestic revenue growth rate is higher than the GDP growth rate. For FY 2024-25, the domestic revenue buoyancy is estimated at 0.4 showing domestic revenue growth rate is slower than the GDP growth rate. However, the domestic revenue buoyancy is projected at 1.1 in FY 2025-26 suggesting that domestic revenue will grow at a higher rate than the GDP growth rate, reflecting market confidence to generate positive economic activities.

Tax revenue buoyancy is projected to be 0.6 in FY 2023-24, and is expected to improve to 1.3 in FY 2024-25, and then drop to 0.9 in FY 2025-26. Therefore, overall domestic revenue performance is expected to improve driven by improvements in tax revenue. The decline in domestic revenue buoyancy in FY 2024-25 is attributed to a decrease in the non-tax revenue growth.

#### **4.2.2 Grants:**

For FY 2024-25, the external grant is estimated at Nu.16,521.623 million which comprises of project-tied and program grants from the development partners. The major portion of the external grant is from the GoI consisting of Project-tied Assistance and Small Development Project (SDP) followed by ADB, EU, World Bank and others.

**Table 4.5: Summary of Grants for FY 2024-25***Nu. in million*

<b>Sl. No.</b>	<b>Funding Agency</b>	<b>Amount</b>
1	Asian Development Bank (ADB)	818.651
2	Bhutan Foundation (BF)	85.980
3	European Union (EU)	636.919
4	Food And Agriculture Organization (FAO)	54.570
5	Global Fund to Fight Aids, Tuberculosis & Malaria (GFATM)	90.116
6	Government of India (GOI) - Program Grant	1,666.667
7	Government of India (GOI) - Project-tied Grant	10,539.536
8	Green Climate Fund (GCF)	295.794
9	International Fund for Agricultural Development (IFAD)	229.943
10	SAARC Development Fund (SDF)	1.200
11	Save the Children (SCF/USA)	11.589
12	Swiss Development Organization (HELVETAS)	27.700
13	The Netherlands	14.000
14	UN Environmental Program (UNEP)	11.243
15	UN Population Fund (UNFPA)	29.803
16	United Nations Children's Fund (UNICEF)	213.695
17	United Nations Development Program (UNDP)	3.110
18	World Bank (WB)	508.902
19	World Food Program (WFP)	20.000
20	World Health Organization (WHO)	409.926
21	World Wildlife Fund (WWF)	2.724
22	Other Development Partners	849.555
	<b>Total</b>	<b>16,521.623</b>

# Chapter 5 : Budget

## Appropriation FY 2024-25

### 5.1 Medium Term Budget Framework:

The commitment to improve public financial management for sustainable development continues to be a priority. As such, the formulation of the Medium-Term Budget Framework (MTBF) is initiated from FY 2024-25 to promote proper planning of resources and expenditure. A MTBF also enables the government to demonstrate the impact of current and proposed policies over a multi-year timeframe, signal or set future budget priorities, and ultimately achieve better control of public expenditure, including smoothing the fiscal path for macroeconomic stability.

The projection of the medium-term capital budget for FY 2025-26 and FY 2026-27 is estimated to be 20.6 percent and 21.6 percent of 13<sup>th</sup> FYP capital outlay. Similarly, the current budget projection is estimated for the two outer FYs and is expected to grow by about 2 percent annually on an average. The MTBF by broad functional category is presented in Table 5.1 below:

**Table 5.1 Medium-Term Budget Estimates**

*Nu. in million*

Sl. No	Agency Category	FY 2024-25 Estimates		FY 2025-26 Projection		FY 2026-27 Projection	
		Current	Capital	Current	Capital	Current	Capital
1	Judiciary	358.864	14.517	361.216	30.221	375.129	32.167
2	Constitutional Bodies	453.795	744.043	456.770	526.954	474.362	560.904
3	Ministries	18,848.383	22,770.782	18,971.994	25,046.949	19,702.618	26,660.664
4	Autonomous Agencies	16,772.461	7,332.350	16,882.340	14,085.861	17,532.658	14,214.976
5	Local Government	14,376.402	7,482.621	14,470.638	10,678.016	15,027.979	11,365.975
	<b>Total</b>	<b>50,809.905</b>	<b>38,344.313</b>	<b>51,142.958</b>	<b>50,368.001</b>	<b>53,112.747</b>	<b>52,834.687</b>



## 5.2 Budget Estimates for FY 2024-25:

The total estimated budget is Nu.97,654.829 million, comprising 52 percent for current expenditure, 39.3 percent for capital expenditure, 2.4 percent for lending and 6.3 percent for repayment. The fiscal deficit as a percentage of GDP is 5.2 percent.

**Table 5.2: Summary of Budget Appropriation for FY 2024-25**

*Nu. in million*

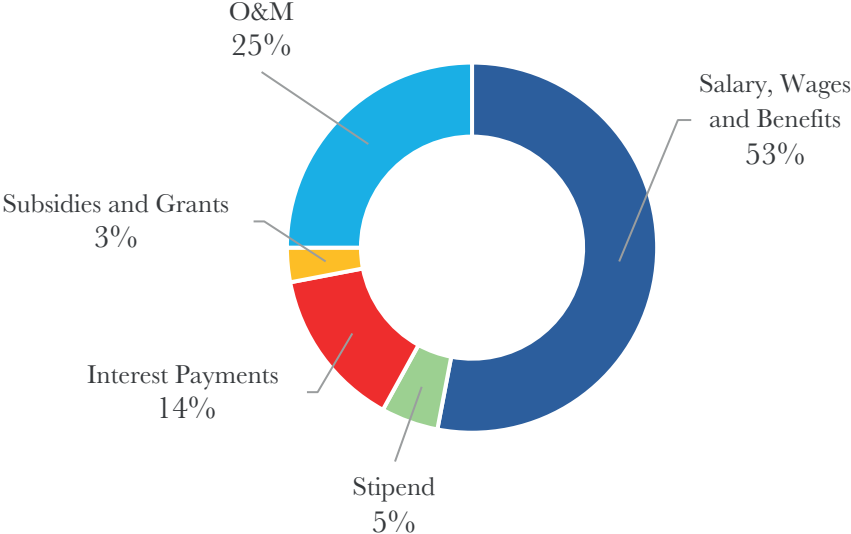
<b>Particulars</b>	<b>Amount</b>
<b>Expenditure</b>	<b>89,154.218</b>
Current Expenditure	50,809.905
Capital Expenditure	38,344.313
<b>Repayment</b>	<b>6,182.040</b>
External	6,182.040
<b>On Lending</b>	<b>2,318.571</b>
<b>Grand Total</b>	<b>97,654.829</b>

### 5.2.1 Recurrent Expenditure:

The estimated recurrent expenditure for FY 2024-25 is Nu.50,809.905 million, which is an increase of Nu.5,263.958 million from the approved recurrent budget of FY 2023-24. The increase is mainly from onboarding operational budget for Gyalsung, interest payments and recategorization of proposed capital activities of recurring nature under recurrent expenditure. The total recurrent allocation also includes interest payment of Nu.7,147.351 million consisting of Nu.2,655.860 million for internal payment and Nu.4,491.491 million for external payment.

The recurrent expenditure will continue to be allocated as block grants under mandatory and controllable budget heads to ensure prioritization, optimal utilization of resources and drive fiscal prudence.

**Chart 5.1: Composition of Recurrent Expenditure**

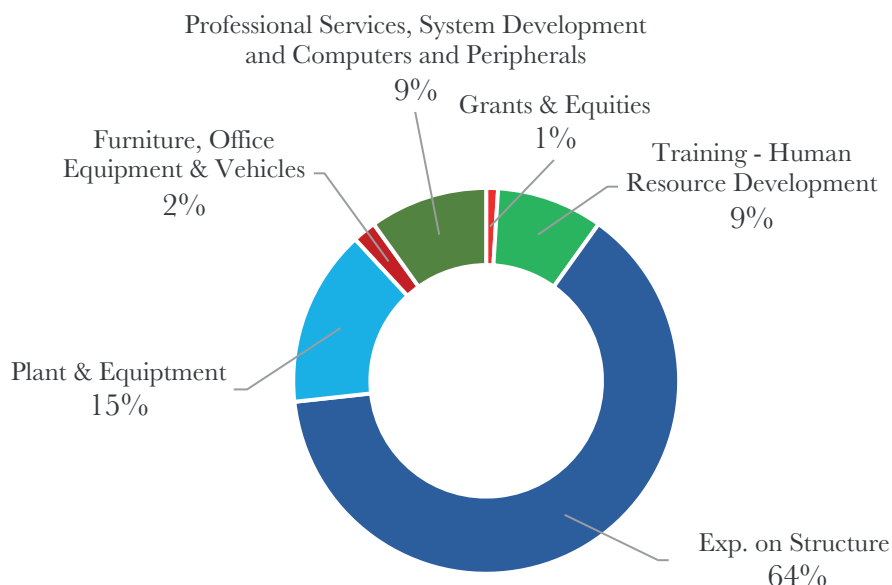


**5.2.2 Capital Expenditure:**

The estimated capital expenditure for FY 2024-25 is Nu.38,344.313 million, which is an increase of Nu.9,028.645 million from the approved capital budget of FY 2023-24. Of the total capital expenditure, 43.1 percent is financed through grants, 41.6 percent through borrowings and 15.3 percent through surplus generated from internal resources.

In order to promote effective prioritization, capital block grants for operational capital expenditure such as office furniture, computer and peripherals, office equipment and critical renovations of office infrastructure have been provisioned under respective agencies.

### Chart 5.2 Components of Capital Expenditure



#### 5.2.3 On-Lending:

The total on-lending estimated for FY 2024-25 is Nu.2,318.571 million, comprising Nu.774.279 million for Phuentsholing Township Development Project, Nu.920.592 million for Green and Resilient Affordable Housing Sector Project, Nu.267.3 million for Rural Finance Sector Development Project and Nu.356.4 million for Green Power Readiness Enhancement Project.

#### 5.2.4 Repayment:

In the FY 2024-25, the total repayment for external borrowings amounts to Nu.6,182.040 million. This repayment encompasses loans obtained by the government in previous years to finance various socio-economic development projects, including hydropower projects. A significant portion of this total comprises corporate debt services, which the government will recover from corporate clients, and service on their behalf, effectively acting as an intermediary. Specifically, only Nu. 1,739.002 million, constituting 28 percent of the total repayment, pertains to central government debt servicing, representing the direct liability of the government for external repayment.

### 5.3 Sector Allocation:

Of the total budget allocation of Nu.97,654.829 million for the FY 2024-25, the Social Services Sector has been allocated the highest share with Nu.32,753.026 million, corresponding to 34 percent of the total allocation, followed by Economic and Public Services Sector with Nu.26,210.740 million, corresponding to 27 percent of the total budget.

**Table 5.3 Summary of Sector Allocation for FY 2024-25**

*Nu. in million*

Sector	Current	Capital	Total	% Share
<b>Social Services</b>	<b>20,125.568</b>	<b>12,627.458</b>	<b>32,753.026</b>	<b>34%</b>
Health	7,703.804	3,353.656	11,057.460	11%
Education	12,421.764	9,273.802	21,695.566	22%
<b>Economic &amp; Public Services</b>	<b>9,744.735</b>	<b>16,466.005</b>	<b>26,210.740</b>	<b>27%</b>
Renewable Natural Resources	4,538.480	5,689.706	10,228.186	10%
Mining & Manufacturing Industries	637.376	1,322.382	1,959.758	2%
Transport	1,687.139	4,159.077	5,846.216	6%
Housing & Community	921.598	2,950.247	3,871.845	4%
Communications & Technology	1,200.142	1,361.717	2,561.859	3%
Energy	760.000	982.876	1,742.876	2%
<b>Religion &amp; Cultural Services</b>	<b>1,039.282</b>	<b>1,186.824</b>	<b>2,226.106</b>	<b>2%</b>
<b>Law &amp; Order Services</b>	<b>3,832.382</b>	<b>262.681</b>	<b>4,095.063</b>	<b>4%</b>
<b>General Public Services</b>	<b>8,920.587</b>	<b>7,801.345</b>	<b>16,721.932</b>	<b>17%</b>
<b>National Debt Services</b>	<b>7,147.351</b>	<b>8,500.611</b>	<b>15,647.962</b>	<b>16%</b>
Debt Servicing	7,147.351	6,182.040	13,329.391	14%
Lending		2,318.571	2,318.571	2%
<b>Total</b>	<b>50,809.905</b>	<b>46,844.924</b>	<b>97,654.829</b>	<b>100%</b>

The list of major capital activities under each sector are provided in Annexure 6.

### **5.3.1 Social Services:**

#### **5.3.1.1 Health Sector:**

In the 13<sup>th</sup> FYP, the Health Sector aims to enhance the health and wellbeing of the Bhutanese people. Through the Healthy Drukyul Program, the sector strives to achieve Universal Health Coverage (UHC), ensuring that all individuals have access, equity, and quality health care services. Accordingly, Nu.11,057.460 million has been allocated in FY 2024-25 for the health sector, constituting 11 percent of the total budget.

The major health sector initiatives included in the budget FY 2024-25 is expected to strengthen health service delivery through investments in infrastructure and equipment and building a competent health workforce resulting in an increase in accessibility to improved quality health from 90 percent to 91 percent. In addition, the accelerating Mother and Child Health Program will be initiated targeted towards improving the health and wellbeing of mothers and children across the country.

Further to ensure regulatory, monitoring, and health security systems are strengthened, efforts to sustain the proportion of laboratory and certification services for food and agricultural products meeting international standards (ISO/IEC standards) at 100 percent will be continued.

#### **5.3.1.2 Education Sector:**

The objective of the Education Sector in the 13<sup>th</sup> FYP is to enhance equitable access to quality, wholesome education, and lifelong learning through ensuring competent professionals, safe institutions with modern facilities and relevant curricula and assessments. Accordingly, a total budget of Nu.21,695.566 million has been allocated for the Sector, corresponding to 22 percent to the total budget.

In FY 2024-25, the Education Sector will focus on seven key outputs to improve the education system in Bhutan. This includes enhancing teacher professional development, upgrading infrastructure for safe and inclusive learning environments, revising curricula, promoting health and wellbeing, exploring sustainable financing, intensifying research, and providing lifelong learning opportunities.

Further, recognizing the importance of Early Childhood Care and Development (ECCD) for fostering healthy development and enhancing learning outcomes, the FY 2024-25 budget allocation will ensure completion of 44 new ECCD centres so that access to early childhood education is enhanced from 38.7 percent to 51 percent.

Bhutan has achieved desirable access to basic education but it is faced with challenges of equitable access to quality education coupled with high variability across district and rural-urban centers, limited services for children with disability and those at risk of disabilities. As such, the sector will upgrade facilities in 20 central schools and increase the number of inclusive schools from 39 to 44.

The sector also prioritizes improving access to quality tertiary education through investment in expansion of facilities for a safe and inclusive learning environment and technologically-enabled learning environment (laboratory and ICT equipment). In addition, RUB will also focus on development of a more globally-competitive higher education system through recruitment of international faculty in RUB colleges. However, the implementation of this initiative shall be subject to fulfillment of approval process from the competent authority.

### **5.3.2 Economic and Public Services:**

#### **5.3.2.1 Renewable Natural Resources (RNR) Sector:**

In the 13<sup>th</sup> FYP, the Economic Sector has the overall objective to pursue enhancement of productivity, diversification of markets and products to drive sustainable economic growth by 2029. Accordingly, the RNR sector is allocated a budget of Nu.10,228.186 million, corresponding to 10 percent of the total budget. This investment is expected to increase the GDP by the Agriculture and Livestock sector from Nu.27 billion in 2022 to Nu.50 billion by 2029.

The key projects include promoting large-scale commercial farming to boost farmers' income and agri-economic development, enhancing support for subsistence farming to improve livelihoods and food security, promoting high-value products for export, enhancing ecosystem services through sustainable biodiversity initiatives, and improving governance mechanisms to strengthen the business ecosystem.

Further, the continued implementation of the Million Fruit Tree and high value fruit seedlings project will increase the production of high-value fruits and nuts from 37,997 MT to 73,862 MT, in FY 2024-25 towards fulfilling the 13<sup>th</sup> FYP target of 104,024 MT.

Similarly, the allocation for construction of various irrigation canals and installing chain link fencing is expected to achieve rice self-sufficiency through enhancement in production of 54,040 MT of paddy over the next five years, with an annual target of 45,087 MT of paddy for FY 2024-25.

The FY 2024-25 allocation also includes the support for forest-based enterprise, eco-tourism and nature-based ventures, plantation and maintenance of valuable timber species, research and students exchange program for knowledge and technology transfer, and enhancement of facilities at Jomo Panda trail.

### **5.3.2.2 Mining and Manufacturing Industries:**

Considering the importance of the Mining and Manufacturing Sector and its contribution to the GDP, the sector is allocated with a total budget of Nu.1,959.758 million corresponding to 2 percent of the total budget in FY 2024-25.

In order to achieve the 13<sup>th</sup> FYP outcome of enhancing productivity and diversifying markets and products, the mining sector will focus on increasing the GDP output targets from Nu.4.080 billion to Nu.9 billion while the improvement of the business ecosystem continues to remain the priority for the manufacturing sector. Under these outputs, a budget provision has been earmarked to develop and operationalize one industrial park in Norboogang, Samtse, fulfill the operationalization of three dry ports in Pasakha, Gelegphu and Nganglam, initiate the development of one new dry port in Samtse and ensure a fully functional POL Depot at Garmani, Monggar for the eastern region.

The capital budget allocation of Nu.79.102 million for the tourism sector will support events, product development, roadside amenities, community-based tourism, and ecotourism. Additionally, to promote Bhutan as a high-end destination and achieve the 13<sup>th</sup> FYP target of increasing GDP from Nu.2.2 billion to Nu.13 billion by 2029, major tourism development initiatives will be implemented through the ESP.

Another key component includes ensuring the availability of a skilled domestic labor force in the market, strengthening vocational training institutes and enhancing employability of job seekers to achieve the overall employment rate of 97.5 percent. The ESP will also support youth employment, education and training through youth engagement programs and loan support. The Department of Workforce Planning and Skills Development (DWPSD) under the Ministry of Education and Skill Development (MoESD) and Department of Employment & Entrepreneurship (DoEE) under the Ministry of Industry, Commerce and Employment (MoICE) will continue to implement programs towards strengthening vocational training institutes and enhancing the employability of job seekers. The major activities that will be implemented during the FY 2024-25 includes startup entrepreneurship development training, enhancement of access to Technical and Vocational Education (TVET) and Training and Tertiary Education Institutes programs post National Gyalsung Program (NGP), enrollment of youths/job seekers in TVET institutions and develop skills of youths and job seekers through critical skills training.

### **5.3.2.3 Transport Sector:**

Towards the goal of enhancing productivity, diversifying markets and products, and driving sustainable economic growth in Bhutan by 2029, improving transportation infrastructure, connectivity, and promoting sustainable and low-emission transport options are the priority for the sector. As such, the Ministry of Infrastructure and Transport (MoIT) will continue to focus on the improvement and expansion of road networks and air transport with a budget allocation of Nu.5,846.216 million.

Surface Transport: The allocation of Nu.3,114.469 million for Surface Transport will support the improvement and maintenance of National highways and Dzongkhag roads, ensuring overall reliability of the road networks. The implementation broadly includes the following activities:

- Construction and restrengthening of bridges: Nu.203.659 million
- Improvement of Primary National Highways: Nu.386.602 million
- Improvement of Secondary National Highways: Nu.564.950 million
- Improvement of Dzongkhag Roads: Nu.1,069.023 million
- Construction of bypass roads: Nu.204.106 million
- Promote sustainable and low emission transport: Nu.8.1 million
- Preparation of detailed project reports including Lunana GC road: Nu.62 million



Air Transport: The budget allocation of Nu.292.630 million will support enhancing airport infrastructure, including security and surveillance systems, and facilitate partnerships with international organizations to meet International Civil Aviation Organization (ICAO) standards.

#### **5.3.2.4 Housing and Community Sector:**

Given the increasing density of population in urban centers, improving the livability index of urban centers and towns is a priority for the sector. In FY 2024-25, a sum of Nu.3,871.845 million allocated for the sector will focus on promoting energy-efficient and disaster-resilient buildings and settlements, strengthening transport and mobility and developing green open spaces. These initiatives aim to ensure that Thimphu- Paro National Capital Region and other Dzongkhags achieve the livability index targets.

#### **5.3.2.5 Communications and Technology Sector:**

The Communication and Technology sector strives to strengthen the digital ecosystem towards increasing the citizen satisfaction rating for online services to 4.5 by 2029 from 4.1, GDP output from Nu.10 billion to Nu.15 billion (by 2029) and reduce the cost of internet by 50%. To achieve this, a total budget of Nu.2,561.859 million has been allocated in FY 2024-25 corresponding to 3 percent of the total budget.

The GovTech Agency will continue to implement the ongoing development of Bhutan Integrated Taxation System (BITS), electronic Patient Information System (ePIS) and National Digital Identity (NDI).

Towards enhancing the percentage of rural areas connected to the network from 97 percent to 99.5 percent by 2029, Rural Communication Project Phase VII will be implemented under Universal Service Fund.

#### **5.3.2.6 Energy Sector:**

In alignment with the national goal of realizing energy security, the sector has specific targets to increase renewable energy-generating capacity from 2.1 MWp to 500 MWp, GDP contribution from Nu.29.307 billion to Nu.71.400 billion by 2029, and enhancing electricity accessibility and reliability.

For the FY 2024-25, Nu.1,742.876 million has been allocated for implementation of major projects such as construction and installation of 17.38 MW Sephu photovoltaic solar project, the Alternative Renewable Energy Pilot Project (AREP), the feasibility study for the development of an Integrated Multipurpose Hydropower Project (IMPH) in the Paro Chhu Basin, and the Detailed Project Report (DPR) for the 1800 MW Integrated Gongri and Jerichhu Pumped Storage Hydropower Project.

### **5.3.3 Religion and Cultural Services:**

Preservation, conservation and nurturing of cultural values and identity will continue to remain an important objective for ensuring that future generations inherit and cherish the cultural legacy. Accordingly, Nu.2,226.106 million has been allocated to sustain efforts in the following three key areas:

- Restoration and preservation of structures and sites with deep traditional and cultural importance;
- Creation of an enabling environment to empower youth in promoting Bhutanese identity, values, and culture; and
- Creation of an enabling environment for Bhutanese to take up economic opportunities to preserve and promote culture.

### **5.3.4 Law and Order Services:**

The total budget provision of Nu.4,095.063 million under the Law and Order Services include allocations for Royal Bhutan Police, Department of Law and Order, Judiciary and Office of the Attorney General towards upholding National Security and Rule of Law, maintaining law and order, and border management.

The justice sector's target to increase public satisfaction from 76 percent to 90 percent and the Rule of Law score from 71.7 percent to 80 percent is aimed to be accomplished through initiating harmonization of national laws, development of a case management and e-litigation system.

Similarly, some of the initiatives geared towards reducing the crime rate to less than 30 crimes per 10,000 population include infrastructure development (division office and lock-up) for the Royal Bhutan Police in Trashigangte.

### 5.3.5 General Public Services:

To establish a well-functioning society that provides essential support, safety, and well-being for all citizens, Nu.16,721.932 million is allocated to the General Public Service Sector for FY 2024-25, corresponding to 17 percent of the total budget.

The allocation is aimed to enhance the efficiency and effectiveness of public service delivery. Some of the key initiatives include development and implementation of land lease information system, geographic information system (GIS), enhancement of hydromet networks and forecasting services and rolling out GST, etc.

**Human Resource Development:** In support of cultivating a highly skilled, agile and motivated public sector, a total of Nu.824.730 million is allocated for critical Human Resource Development (HRD) needs. Of the total, Nu.319.955 million is provisioned under RCSC, Nu.200 million is for professionalizing civil service, Nu.67 million for cost sharing programs and Nu.20 million for training of executives on domain related administration.

In addition, based on the RCSC endorsement for competency based HRD programs, Nu.504.775 million is allocated under the relevant budgetary agencies.

**Sports:** Development of sports infrastructure and facilities are in alignment with the education and health sector priorities contributing to a healthy populace and strengthening sports culture in the country. Accordingly, the Bhutan Olympic Committee has been allocated a capital budget of Nu.110.418 million for the development of infrastructure and participation in various international sports competitions.

**Local Government (LG):** The total budget allocated to LGs (Dzongkhags, Gewogs and Thromdes) in FY 2024-25 is Nu.29,714.149 million including centrally executed activities and programs as tabulated below:

**Table 5.4 Summary of Budget Allocation for the LGs***Nu. in million*

Sl. No.	Name of LG	Current			Capital				Total Allocation (H)= (C)+(G)
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGOB (D)	Project -Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
1	D/khags	11,101.440		11,101.440	1,240.966	2,206.655	4,455.629	7,903.250	19,004.690
2	Gewogs	885.550	168.895	1,054.445	1,560.000	1,050.000	2,162.586	4,772.586	5,827.031
3	Thromdes	2,389.412		2,389.412	1,032.795	392.205	1,068.016	2,493.016	4,882.428
	<b>Total</b>	<b>14,376.402</b>	<b>168.895</b>	<b>14,545.297</b>	<b>3,833.761</b>	<b>3,648.860</b>	<b>7,686.231</b>	<b>15,168.852</b>	<b>29,714.149</b>

*Note: Project-tied external includes GoI SDP/PTA and other donors*

Of the total, Nu.14,376.402 million is allocated as current block grant to the respective LGs to meet the mandatory and controllable expenses and Nu.168.895 million is centrally executed activity for routine maintenance of Dzongkhag Roads (GC roads), the allocation of which is made under the Department of Surface Transport.

Similarly, Nu.3,833.761 million is allocated as RGoB capital block grant for implementing activities towards the achievement of the seven key deliverables identified for the LG in the 13<sup>th</sup> FYP. The approach of allocating capital block grants continues to empower LGs with greater flexibility and autonomy to prioritize and address the unique needs of the grass root level. However, the implementation shall be strictly based on the revised annual grant guidelines issued by the MoF. Further, the block grant allocation for the FY 2025-26 shall be subject to performance of FY 2024-25 budget, the criteria of which will be announced and sensitized during the FY.

In addition, Nu.3,648.860 million under Project-Tied External includes Nu.1,500 million earmarked under GoI SDP to enable the LGs to initiate impactful projects and activities focusing on Chiwog roads, irrigation, drinking water supply, waste management and sanitation facilities, bridges, tourism development, land management, flood protection and chain link fencing. Accordingly, the lump sum budget of Nu.11.25 million per Dzongkhag, Nu.5.122 million per Gewog and Nu.56.25 million per Thromde has been allocated to be apportioned during the FY upon approval of the projects and

activities by the government. Based on the focus areas, the LGs shall formulate the projects/activities within the minimum/maximum funding limit of Nu.5 million to Nu.50 million per activity.

Further, the allocation for Project-Tied External also includes Nu.637.500 million under Dzongkhags for Chain Link fencing for Chiwogs (GoI/PTA). Similarly, Nu.1,511.36 million has been allocated for Dzongkhags and Thromdes based on the approved Annual Workplan and Budget (AWPB) of the respective donor funded projects.

The overall LG allocation also includes Nu.7,686.231 million to central agencies for the major initiatives planned to be implemented for the LGs. This mechanism of allocation to central agencies is to ensure that major programs are implemented in a timely manner to benefit the LGs at an early date.

As such, the total budget allocation to LGs corresponds to 35.6 percent of the total expenditure excluding the General Reserve provision and the share of capital allocation is about 44 percent of the total capital allocation.

### **Legislative, Constitutional Bodies and Gyalsung:**

**National Assembly:** The total budget allocation to the National Assembly of Bhutan is Nu.154.077 million comprising Nu.150.570 million for recurrent expenses and Nu.3.507 million for capital. The capital budget provision is block allocation for the purchase of office furniture, computers, equipment and critical renovation of office infrastructures.

**National Council:** The National Council of Bhutan is allocated a budget of Nu.101.295 million. Of the total, Nu.98.911 million is for recurrent and Nu.2.384 million is for capital. The capital budget provision is block allocation for the purchase of office furniture, computers, equipment and critical renovation of office infrastructures.

**Anti-Corruption Commission:** Towards building a happy, harmonious and corruption free society, the Anti-Corruption Commission strives to eliminate corruption through mainstreaming anti-corruption strategies and measures in public organizations.

Accordingly, the Anti-Corruption Commission is allocated a budget of Nu.152.603 million, of which Nu.125.184 million is recurrent and Nu.27.419

million is capital. The capital allocation includes Nu.7.256 million for short term specialized training on anti-corruption studies and prevention.

**Election Commission of Bhutan:** To ensure free, fair and democratic elections and referendums in Bhutan, the Election Commission of Bhutan has been allocated a budget of Nu.48.328 million.

Of the total, Nu.41.941 million is allocated for recurrent expenses and Nu.6.387 million for capital expenditures including Nu.5 million for exploring online voting systems using ICT technologies in collaboration with the GovTech Agency. Additionally, a budget of Nu.20 million has been earmarked under the General Reserve to cover expenses related to the Bye Election.

**Royal Audit Authority:** To support endeavors aimed at achieving transparent rule of law and enhancing public oversight, the Royal Audit Authority (RAA) has been allocated a budget of Nu.214.633 million, of which Nu.206.147 million is for recurrent and Nu.8.486 million for capital. The major capital activities include provision of Nu.3 million for outsourcing of audit services and Nu.3.358 million for capacity development of Auditors in the Association of Chartered Certified Accountants. By the end of the plan period, the RAA anticipates an improvement of Corruption Perception Index Score from 68 to 73 or more.

**Royal Civil Service Commission:** In pursuit of fostering a more agile public sector characterized by results-driven outcomes, effectiveness, accountability, and robust management of the economy, the Royal Civil Service Commission has been allocated a total budget of Nu.782.274 million, of which Nu.80.523 million is for recurrent and Nu.701.751 million is for capital.

In the 13<sup>th</sup> FYP, RCSC aims to achieve an annual performance target of 95 percent and above for all public sector agencies, for which Nu.200 million is allocated for strategic HRD programs for civil servants and Nu.357.5 million for various undergraduate scholarship programs in Bangladesh, Bhutan, Canada, Cuba, India, Malaysia, Sri Lanka, Thailand, UK and USA.

**Gyalsung:** With the aim of instilling a sense of duty, responsibility, and national pride in the youth of Bhutan, and to prepare young individuals to become capable, skilled, and conscientious citizens, a sum of Nu.4,970.606 million has been allocated to Gyalsung.

Of the total, Nu.2,262.973 million is for recurrent expenses and Nu.2,707.633 million is capital budget. In order to equip youths with skills, the capital budget includes Nu.617.051 million for Basic Military Training, Nu.77.1 million for Community Security Skilling, Nu.219 million for Home Security Skilling, Nu.1,676.128 million for Food Security Skilling, and Nu.100.734 million for ICT Skilling.

## 5.4 Transfers: Grant, Subsidy and Equity:

**Transfers:** Transfers in the form of grant and subsidy to the non-budgetary agencies constitute 1.2 percent (Nu.1,136.415 million) of the total budget for FY 2024-25, of which Nu.960.770 million is current and Nu.175.645 million is capital.

**Grant:** The provision for Grants includes annual support of Nu.10.500 million to Bhutan Chamber of Commerce and Industry to facilitate private sector development, Nu.3.183 million for the Bar Council of Bhutan, Nu.7.472 million for Bhutan Red Cross Society and Nu.5.112 million for Bhutan Alternative Dispute Resolution Center to help these agencies meet their operational requirements in their delivery of key public services.

**Subsidy:** The State-Owned Enterprises (SOEs) are commercial entities with the expectations that they run financially sustainable operations. However, occasionally the government mandates SOEs with social obligations that require funding support from the government categorized as operational, interest or capital support. As such, a sum of Nu.247.676 million is provisioned to support the operational cost and procurement of equipment for Bhutan Broadcasting Service Corporation Limited, Nu.71.883 million is earmarked to support the operation of the Community Centers and Nu.64.037 million for city bus service in Thimphu and Phuentsholing Thromde, providing critical public service delivery.

For FY, the major subsidy allocation includes Nu.384 million for Domestic Power Tariff, Nu.69.083 million for Rural Life Insurance Scheme, Nu.16.100 million for Rural House Insurance Scheme. Further, the interest subsidy of Nu.47.903 million and Nu.16.434 million to Drukair Corporation Ltd is for the purchase of ATR 42 600 and the 3<sup>rd</sup> Aircraft. Similarly, Nu.50.979 million is allocated as subsidy to the National Housing Development Corporation for the affordable housing project implemented by the company.

**Equity:** As a support mechanism to help Green Bhutan Corporation Limited achieve self-sufficiency in the long run, Nu.25.990 million is earmarked for equity injection in the company to help them pursue a sustainable business model.

**Table 5.5 Details of the Grant, Subsidy and Equity for FY 2024-25**

*Nu. in million*

Sl. No	Particulars	Recurrent	Capital	Total
	<b>A: Grant</b>			
1	Druk Gyalpo Relief Fund	-	100.000	100.000
2	Bhutan Chamber of Commerce and Industry (BCCI)	10.500	-	10.500
3	Support to Bar Council of Bhutan	2.683	0.500	3.183
4	Support to Bhutan Alternative Dispute Resolution Center (ADRC)	5.112	-	5.112
5	Support to Bhutan Red Cross Society	7.472	-	7.472
	<b>Total Grant (A)</b>	<b>25.767</b>	<b>100.500</b>	<b>126.267</b>
	<b>B: Subsidy</b>			
1	Bhutan Broadcasting Services Corporation Limited	198.521	49.155	247.676
2	Price support to Bhutan Agro Industries Limited (BAIL)	4.932	-	4.932
3	Operational subsidy to Community Centers	71.883	-	71.883
4	Subsidy to City Bus Services	64.037	-	64.037
5	Subsidy for DSP Solar Initiative	1.140	-	1.140
	<b>Sub-total Operational Subsidy</b>	<b>340.513</b>	<b>49.155</b>	<b>389.668</b>
1	Interest subsidy for purchase of third aircraft	16.434	-	16.434
2	Interest subsidy for purchase of ATR 42 600	47.903	-	47.903
3	Interest subsidy for the establishment of Integrated Agro Processing Plant (Lingmithang Monggar)	9.991	-	9.991
4	Subsidy to NHDCL for debt servicing for Phuentsholing Housing Complex	50.979	-	50.979



Sl. No	Particulars	Recurrent	Capital	Total
	<b>Sub-total Interest Subsidy</b>	<b>125.307</b>	<b>0.000</b>	<b>125.307</b>
1	Rural House Insurance Scheme	16.100	-	16.100
2	Rural Life Insurance Scheme	69.083	-	69.083
3	Subsidy for Domestic Power Tariff	384.000	-	384.000
	<b>Subtotal Other Subsidy</b>	<b>469.183</b>	<b>0.000</b>	<b>469.183</b>
	<b>Total Subsidy (B)</b>	<b>935.003</b>	<b>49.155</b>	<b>984.158</b>
	<b>C. Equity Injection</b>			
1	Green Bhutan Corporation Limited	-	25.990	25.990
	<b>Total Equity Injection (C)</b>		<b>25.990</b>	<b>25.990</b>
	<b>Grand Total (A+B+C)</b>	<b>960.770</b>	<b>175.645</b>	<b>1,136.415</b>

## 5.5 General Reserve:

As a part of the annual budget, certain budget provision is maintained as General Reserve to meet the funding needs for specific unforeseen, unavoidable and ad-hoc priorities which cannot be evaluated at the time of budget formulation.

In FY 2024-25, a total budget of Nu.5,590 million is provisioned under the General Reserve as detailed in Table 5.6. The transfer from specific provision shall be made for implementation upon fulfillment of established criteria and formalities including the conditions laid out in the Guidelines for General Reserve 2022.

**Table 5.6: Details of General Reserve**

*Nu. in million*

Sl. No.	Particulars	Current	Capital	Total
1	Remuneration for Critical Unforeseen Recruitment/ Establishment and Leave Encashment	685.000	30.000	715.000
2	Retirement Benefits	150.000	-	150.000
3	Hospitality and Entertainment	15.000	-	15.000

Sl. No.	Particulars	Current	Capital	Total
4	Third Country Travel	35.000	-	35.000
5	National Events	200.000	100.000	300.000
6	Ad-hoc works	500.000	1,000.000	1,500.000
7	National Contingency	-	2,200.000	2,200.000
8	Rehabilitation Programme	-	70.000	70.000
9	Disaster Contingency	200.000	385.000	585.000
10	Bye Election	20.000	-	20.000
	<b>Total</b>	<b>1,805.000</b>	<b>3,785.000</b>	<b>5,590.000</b>

## 5.6 Gender Responsive Budgeting:

In the Global Gender Gap Index, Bhutan has progressed from 126<sup>th</sup> position in 2022 to 103<sup>rd</sup> out of 146 countries in 2023. This is attributed to the government's commitment to implementing various gender-focused activities and policies in fostering an inclusive and equitable society. Furthermore, Gender Responsive Planning and Budgeting (GRPB) has been one of the key strategies to achieve the larger goal of gender mainstreaming by ensuring that the collection and allocation of public resources are conducted in ways that effectively advance gender equality and women's empowerment in Bhutan.

To continue the government's support in further narrowing the gender disparity, a total budget of Nu.553.129 million is allocated under various agencies to implement gender related activities in FY 2024-25. The details of activities are provided as an Annexure 6 (XIII).

## 5.7 Climate Co-Benefits:

Acknowledging the growing vulnerability to climate change and Bhutan's steadfast commitment to maintaining carbon neutrality, ongoing endeavors have been undertaken to address climate change through prevention, mitigation, and adaptation measures. Consequently, the mainstreaming of environmental considerations, climate change initiatives, and disaster risk reduction has been actively promoted across all domains of development planning since the 11<sup>th</sup> Five-Year Plan (FYP).

In the FY 2024-25, total budget of Nu.21,623.891 million is provisioned under various agencies to implement activities for adaptation of climate change impacts as well as mitigation of adverse effects of climate change.

**Table 5.7 Climate Co-Benefits Related Allocation for FY 2024-25**

*Nu. in million*

Sl. No.	Agency	Recommended Budget	Climate Budget Tagging			
			Mitigation	Adaptation	Enabling Environment	No Relevance
1	MoAL	2,053.854	1,042.800	7.224	672.820	331.010
2	MoICE	1,271.699	0.000	60.657	552.460	658.582
3	MoIT	5,070.400	195.700	3,598.100	0.000	1,276.600
4	MoENR	1,520.026	985.050	201.150	148.910	184.916
5	MoESD	4,680.400	0.000	103.700	0.000	4,576.700
6	NCHM	182.391	12.000	103.710	57.937	8.744
7	LGs	6,845.121	25.607	794.480	244.000	5,781.034
	<b>Total</b>	<b>21,623.891</b>	<b>2,261.157</b>	<b>4,869.021</b>	<b>1,676.127</b>	<b>12,817.586</b>
<b>As a Percent of Total Allocation</b>			<b>10.5%</b>	<b>22.5%</b>	<b>7.8%</b>	<b>59.3%</b>

## 5.8 Budget Appropriation Bill for FY 2024-25:

Based on the resources and priorities of the budgetary agencies, a total of Nu.97,654.829 million is submitted to the House as the ***Budget Appropriation Bill for FY 2024-25*** for consideration.

The total budget appropriation of Nu.97,654.829 million includes recurrent budget of Nu.50,809.905 million, capital budget of Nu.38,344.313 million, principal repayment of Nu.6,182.040 million and on-lending of Nu.2,318.571 million.

# Chapter 6 : Public Debt

## 6.1 Overview:

Bhutan began borrowing externally in the early 1980s from multilateral financial institutions like ADB, IDA, and IFAD, and later from bilateral sources like India, Austria, Japan, Kuwait, and Denmark. Most borrowing went into hydropower projects, driving economic growth. Prudent borrowing for critical infrastructure can boost socio-economic growth, but reckless borrowing can lead to unsustainable debt levels. The government's sovereignty status allows access to concessional and commercial loans, both domestically and internationally. Managed well, public borrowing can stimulate economic growth. At the same time, institutional setup for debt management is crucial for transparency, sustainability, and efficient financing. This chapter covers Bhutan's public debt situation, trajectory, debt servicing, and financing requirements.

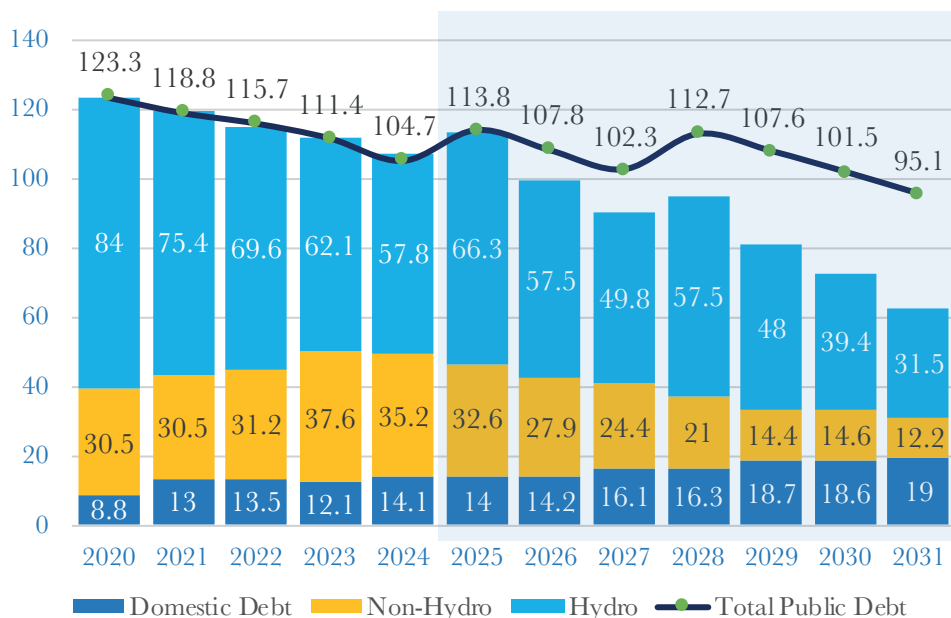
The total public debt stood at Nu.293,089.459 million at the end-March 2024, accounting for 109.8 percent of FY 2023-24 GDP estimate. The total public debt comprised Nu.261,122.837 million of the external debt stock and Nu.31,966.622 million of domestic debt stock.

At the end-March 2024, the hydropower debt was Nu.167,497.975 million, constituting 64.1 percent of total external debt and 62.8 percent of the FY 2023-24 GDP estimates. Similarly, the total non-hydro external debt stands at Nu.93,624.862 million constituting 35.9 percent of total external debt and accounted for 35.1 percent of GDP. Furthermore, the central government debt stood at Nu.107,310.390 million (external Nu.75,343.768 million and domestic Nu.31,966.622 million), constituting 36.6 percent of total public debt and 40.2 percent of estimated GDP. The Public Debt Management Policy 2023 requires the central government debt stock to be within 55 percent of GDP at any given point in time and is, therefore, within the threshold.

## 6.2 Total Public Debt and its Trajectory:

Graph 6.1 illustrates the historical trend of total public debt as a percentage of GDP and the projected trajectory for the medium term.

**Graph 6.1: Total Public Debt:**



In general, a major portion of public debt is driven by the hydropower debts. In previous years, the external non-hydro debt has shown a consistent upward trajectory, and this trend is expected to persist in the medium term. Conversely, domestic debt constitutes a relatively small portion of the public debt but is anticipated to expand in the foreseeable future, aligning with the government’s objective of fostering the development of the domestic capital market.

### 6.3 Financing for FY 2024-25:

The Gross Financing Need (GFN) encompasses the fiscal deficit, on-lending, and principal repayments. For FY 2024-25, the GFN is projected to amount to Nu.24,472.780 million, which will be met through principal recoveries and borrowings from external concessional sources as well as the domestic market. In alignment with the objectives of public debt management, the government intends to prioritize maximizing external concessional borrowings to minimize financing costs. This strategy not only supports bolstering international reserves but also complements the external balance of payments. Concurrently, meeting GFN from domestic sources is aimed at fostering the development of the domestic capital market. The breakdown of the gross financing requirement and funding sources for FY 2024-25 is detailed in Table 6.1.

**Table 6.1: Financing Statement***Nu. in million*

<b>Financing (Fiscal Deficit)</b>	<b>15,972.169</b>
<b>A. Net Acquisition of Financial Assets (Net Lending)</b>	<b>-1,861.301</b>
On-lending	2,318.571
Principal Recoveries	4,179.872
<b>B. Net Incurrence of Liabilities (Net Borrowing)</b>	<b>14,110.868</b>
<b>B1. Net External Borrowing</b>	<b>2,931.538</b>
Borrowing	9,113.578
Repayment	6,182.040
<b>B2. Net Domestic Borrowing</b>	<b>11,179.330</b>
Borrowing	11,179.330
Repayment	0.00

For FY 2024-25, the fiscal deficit is anticipated to reach Nu.15,972.169 million, equivalent to 5.2 percent of GDP. After factoring in total repayments of Nu.6,182.040 million and on-lending of Nu.2,318.571 million, the GFN for FY 2024-25 is estimated at Nu.24,472.780 million.

To finance the GFN, the government plans to utilize Nu.4,179.872 million from principal recoveries and the total borrowings of Nu.20,292.908 million, of which Nu.9,113.578 million is from external sources and Nu.11,179.330 million from domestic sources.

The government intends to raise a portion of the GFN from the domestic market through issuance of government bonds. Beyond meeting the GFN, the issuance of government bonds aims to foster capital market development within the country.

### **6.3.1 Borrowings:**

#### **External Borrowings:**

The external borrowings exclusively comprise concessional loans sourced from multilateral development banks like the ADB, World Bank, and IFAD. These loans are obtained under highly favorable terms to finance the budget deficit, featuring interest rates ranging from 0.75 percent to 1.5 percent,

extended grace periods ranging from 8 to 10 years, and repayment periods spanning 24 to 30 years.

**Table 6.2 Summary of Planned External Borrowings for FY 2024-25**

*Nu. in million*

Sl. No.	Project and Programs	Funding Agency	Amount
	<b>A. Project-tied Borrowings</b>		
1	SASEC transport, trade facilitation and logistics project	ADB	127.500
2	Secondary towns urban development project	ADB	75.550
3	Asia Pacific Vaccine Access Facility (APVAF)	ADB	525.840
4	Renewable energy for climate resilience project	ADB	476.210
5	Water flagship program support project	ADB	256.691
6	Pathways for emerging skills and jobs project- loan	ADB	882.150
7	Phuentsholing township development project	ADB	565.785
8	Phuentsholing township development Project - AF	ADB	208.494
9	Green resilience affordable housing sector project	ADB	920.592
10	Rural finance sector development project	ADB	267.300
11	Green power readiness enhancement project	ADB	356.400
12	P for R Bhutan human capital recovery and resilience project	IDA	580.930
13	Covid-19 emergency response & health systems preparedness project-additional financing	IDA	41.300
14	Accelerating Transport and Trade Connectivity in eastern South Asia (ACCESS) Phase 2 Project	IDA	152.396
15	Commercial Agriculture & Resilient Livelihoods Enhancement Programme (CARLEP-LOAN)	IFAD	220.125
16	Building Resilient Commercial Smallholder Agriculture Loan (BRECSEA)	IFAD	136.315
	<b>Total Project-tied Borrowings</b>		<b>5,793.578</b>
	<b>B. Program Borrowings</b>		

Sl. No.	Project and Programs	Funding Agency	Amount
1	Catastrophic Deferred Drawdown Option (CAT-DDO)	IDA	3,320.000
	<b>Total Program Borrowings</b>		<b>3,320.000</b>
	<b>Total External Borrowings</b>		<b>9,113.578</b>

In FY 2024-25, the estimated external borrowing amounts to Nu.9,113.578 million which includes Nu.3,320 million for program borrowings that is earmarked for financing governmental budgetary activities. The remaining Nu.5,793.578 million is designated for project-tied borrowings. Of this sum, Nu.2,318.571 million will be allocated for on-lending to SOEs.

### **Domestic Borrowings:**

The government has to pursue domestic borrowing as a last resort, tapping into it when principal recoveries and external concessional financing fall short of covering GFN. In FY 2024-25, principal recoveries are projected to cover 17.1 percent of GFN, while external concessional borrowings are estimated to cover only 37.2 percent. Consequently, 45.7 percent (Nu.11,179.330 million) of GFN will need to be financed from the domestic market through issuance of long-term financial instruments (government bonds).

### **6.3.2 Debt Servicing:**

The total debt servicing (interest and principal repayments) in FY 2024-25 is projected at Nu.13,329.391 million, of which interest payment is Nu.7,147.351 million and principal repayment Nu.6,182.040 million. The details of debt servicing are presented in Table 6.3:



**Table 6.3: Projected Debt Servicing in FY 2024-25***Nu. in million*

Category	Interest	Principal	Debt Servicing
<b>1. External</b>			
ADB	908.640	1,538.605	2,447.245
World Bank	462.431	884.571	1,347.002
IFAD	40.817	149.980	190.797
EIB	194.847	-	194.847
Government of Austria	19.193	696.432	715.625
GoI	2,763.546	2,785.006	5,548.552
JICA	84.197	127.446	211.643
OPEC	17.820	-	17.820
<b>Total External Debt Servicing</b>	<b>4,491.491</b>	<b>6,182.040</b>	<b>10,673.531</b>
<b>2. Domestic</b>			
Government bond for financing	2,055.860	-	2,055.860
T-Bills for cash management	600.000	-	600.000
<b>Total Domestic Debt Servicing</b>	<b>2,655.860</b>	<b>-</b>	<b>2,655.860</b>
<b>Total Debt Servicing (External &amp; Domestic)</b>	<b>7,147.351</b>	<b>6,182.040</b>	<b>13,329.391</b>

### 6.3.3 Net Lending:

In FY 2024-25, the net lending calculated as the variance between on-lending and principal recoveries from corporations is projected to be at Nu.1,861.301 million. This comprises on-lending amounting to Nu.2,318.571 million and principal recoveries totaling Nu.4,179.872 million. This means, the principal recoveries from prior year on-lending is more than the on-lending during the FY.

**Table 6.4 Details of Net Lending***Nu. in million*

<b>On-Lending &amp; Recoveries</b>	<b>Amount</b>
<b>A. On-lending to:</b>	
DHI - Phuntsholing Township Development Project	565.785
DHI- Phuntsholing Township Development Project - Additional Financing	208.494
NHDCL - Green Resilience Affordable Housing Sector Project	920.592
BDBL - Rural Finance Sector Development Project	267.300
DGPC - Green Power Readiness Enhancement Project	356.400
<b>Total On-Lending</b>	<b>2,318.571</b>
<b>B. Principal Recoveries from:</b>	
Bhutan Development Bank Limited	87.511
Bhutan Power Corporation Limited	239.949
Basochu Hydropower Plant	90.362
Dagachhu Hydropower Corporation	632.035
Tangsibji Hydro Energy Limited	311.199
Mangdechhu Hydropower Plant	2,785.005
Drukair	33.811
<b>Total Principal Recoveries</b>	<b>4,179.872</b>
<b>Net Lending</b>	<b>-1,861.301</b>

# Chapter 7 : Financial Position of Public Sector Institutions and Investments

## 7.1 State Owned Enterprises:

State Owned Enterprises (SOEs) are companies with government shareholding that are established to play important roles in supporting socio-economic development and redistributing publicly owned resources. Currently, the Government portfolio of SOEs consist of 34 companies, of which 13 are held by the MoF including Druk Holding Investments (DHI) and the other 21 are DHI subsidiaries.

### 7.1.1. SOEs under the Ministry of Finance:

Of 13 SOEs under the MoF, 9 are wholly-owned, 2 are majority-owned and 2 are minor shareholding. In 2023, the National Cottage of Small Industries Development Bank Limited had been merged with the Bhutan Development Bank Limited (BDBL). The reform was aimed at enhancing efficiency, reduce duplication, and strengthening the financing capacity of the Bank.

### 7.1.2 Druk Holding & Investment (DHI) and Subsidiaries:

DHI is a fully-owned government holding company. It is the commercial arm of the government with a mandate “to hold and manage the existing and future investments of the government for long-term benefit of the people of Bhutan”.

DHI currently holds shares in 21 companies operating in various sectors of manufacturing, energy, natural resources, financial, communication, aviation, trading and real estates. Of the 21 portfolio companies, 10 are fully owned, 4 are controlled with more than 51 percent shareholdings and 7 are linked companies with less than 51 percent shareholdings.

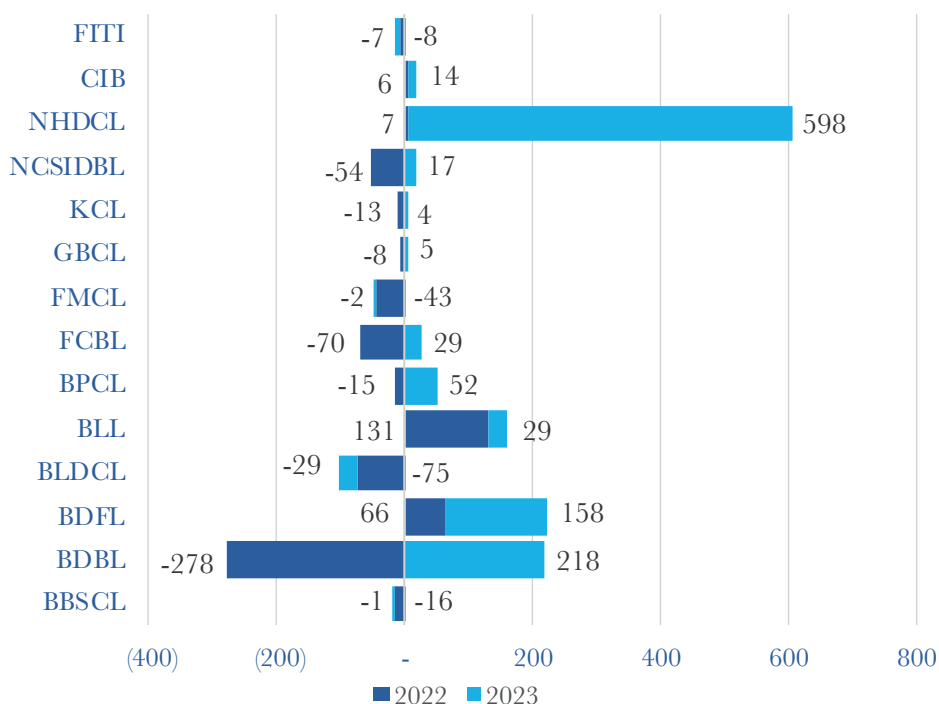
## 7.2 SOEs Performance:

SOEs posted gross revenue of Nu.85,049.616 million, 22.7 percent higher compared to Nu.69,321.514 million in 2022 and the expenditure incurred was Nu.60,908.127 million. The profit after tax is Nu.15,728.370 million, an increase of about 47.2 percent from Nu.10,685.036 million in prior year. Accordingly, the SOEs contributed Nu.9,063.979 million and Nu.3,574.155 million in the form of tax and dividend respectively.

### 7.2.1 Performance of SOEs under Ministry of Finance:

In 2023, SOEs under MoF (excluding DHI), posted a net profit of Nu.1,093.418 million and contributed Nu.387.185 million in the form of tax and dividends. The dividend contribution increased from Nu.153 million in 2022 to Nu.213.155 million in 2023 mainly due to dividend contribution by BDBL (Nu.151.88 million). The Corporate Income Tax (CIT) increased from Nu.95.667 million to Nu.174.03 million during the same period. As of December 2023, the combined net asset of SOEs stands at Nu.9,184.855 million, an increase of 5.9 percent as compared to the previous year.

**Graph 7.1: Profit/Loss After Tax**



## 7.2.2 DHI- Standalone Performance:

In the year 2023, DHI's revenue decreased from Nu.10,557.026 million in the year 2022 to Nu.10,477.176 million, a decrease of 0.8 percent. The decrease was mainly due to the decrease in dividends from subsidiary companies by 1.8 percent (from Nu.10,171.031 million in 2022 to Nu.9,986.022 million in 2023) as shown in Table 7.1 below. However, the expenditure increased by 40.6 percent (from Nu.201.2 million in 2022 to Nu.282.917 million in 2023). The increase was mainly caused by an increase in the pay revision of employees.

During the year, DHI contributed Nu.6,425.180 million to the domestic revenue in the form of taxes (Nu.3,064.180 million) and dividend (Nu.3,361 million), which is a decrease of 9.4 percent as compared to the previous year mainly on account of decrease in dividend from DGPCCL and BPCL. The total revenue (taxes and dividend combined) contribution from DHI amounted to 12 percent of the total domestic revenue.

**Table 7.1: Dividend Income from Subsidiaries**

*Nu. in million*

Particulars	2021	2022	2023
<b>Dividend Income from Subsidiaries</b>			
State Trading Corporation of Bhutan Ltd.	-	22.940	22.940
Bank of Bhutan Ltd.	-	-	58.310
Bhutan Telecom Ltd.	1,550.000	2,022.000	2,560.000
Druk Green Power Corporation Ltd.	5,600.000	5,110.000	4,395.770
Druk Air Corporation Ltd.	-	-	-
State Mining Corporation Limited	364.548	1,793.339	1,919.754
Natural Resources Development Corp. Ltd	9.000	-	-
Bhutan Power Corporation Ltd.	460.589	1,012.271	806.687
Penden Cement Authority Ltd.	-	-	-
Thimphu Tech Park Ltd.	22.309	57.602	-
Wood Craft Centre Ltd.	1.500	-	-
Menjong Sorig Pharmaceuticals Corporation Ltd.	-	3.800	-
<b>Total</b>	<b>8,007.945</b>	<b>10,021.952</b>	<b>9,763.457</b>

Particulars	2021	2022	2023
<b>Dividend Income from Associates and Portfolios</b>			
Bhutan Ferro Alloys Ltd.	19.297	115.78	135.081
Bhutan National Bank Ltd.	3.380	-	67.597
Royal Insurance Corporation of Bhutan Ltd.	-	-	-
Bhutan Carbide and Chemicals Ltd	-	-	-
Druk Ferro Alloy Ltd	-	-	-
Dividend income from KKR	-	17.870	-
Dividend income from investment abroad	-	15.427	19.890
<b>Total</b>	<b>22.677</b>	<b>149.078</b>	<b>222.565</b>
<b>Total Dividend</b>	<b>8,030.622</b>	<b>10,171.031</b>	<b>9,986.022</b>

**Table 7.2: Tax and Dividend Pay-Out of DHI**

*Nu. in million*

Particulars	2021	2022	2023
Corporate Income Tax (CIT)	2,463.040	3,112.810	3,064.180
Dividend Payout (DP)	3,021.000	3,977.000	3,361.000
% Change in DP	-33.3%	31.6%	-15.5%
Total Revenue from DHI	5,484.040	7,089.810	6,425.180
% Share to Domestic Revenue	15.9%	15.8%	12%

In 2023, the total assets of DHI grew by 2.4 percent to Nu.79,002.5 million from Nu.77,184.1 million in 2022. It was mainly attributed to an increase in investment (Nu.2,257.1 million) and capital work in progress (by Nu.759.1 million).

**Table 7.3: Financial Position of DHI Standalone**

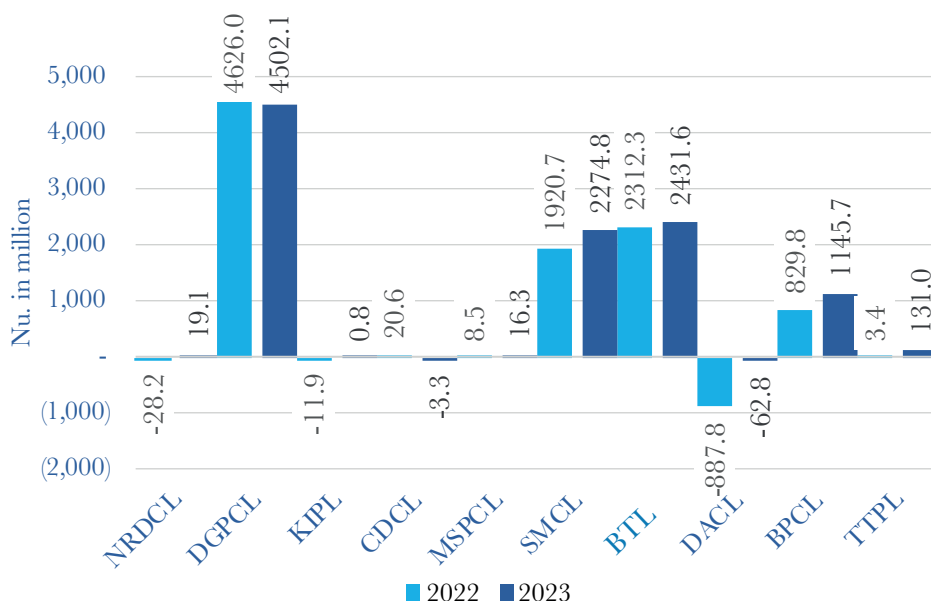
*Nu. in million*

Particulars	2021	2022	2023
Non-current Assets	63,377.668	70,703.190	73,750.364
Current Assets	5,934.839	6,480.950	5,252.135
<b>Total Assets</b>	<b>69,312.507</b>	<b>77,184.140</b>	<b>79,002.499</b>
Equity	65,872.532	70,468.040	72,125.500
Non-current Liabilities	1,689.821	4,531.870	5,261.250
Current Liabilities	1,750.153	2,184.230	1,615.748
<b>Total Equities and Liabilities</b>	<b>69,312.507</b>	<b>77,184.140</b>	<b>79,002.498</b>

**7.2.3 Performance of Subsidiary Companies:**

As a group (where subsidiary companies’ revenues and expenditures are consolidated), DHI generated a gross revenue of Nu.77,139.947 million, an increase of 24 percent from Nu.62,206.829 million in 2022. The profit after tax increased by 32.2 percent to Nu.14,634.951 million from Nu.11,073.499 million reported in 2022. The tax contribution increased to Nu.5,825.764 million as compared to Nu.5,254.018 million in 2022.

**Graph 7.2: Profit/Loss After Tax for DHI Owned Companies**



## 7.3 Subsidies to SOEs:

Currently, the government provides subsidies to SOEs for:

**Meeting Revenue Deficit:** Bhutan Broadcasting Service Corporation Limited (BBSCL) and Community Centers (CC) receive subsidies for meeting the revenue deficit.

**Interest Subsidy:** National Housing Development Corporation Limited (NHDCL), Bhutan Agro Industries Limited (BAIL) and Druk Air Corporation Limited (DACL) are the SOEs that receive the interest subsidy from the government.

**Energy Subsidy:** The Bhutan Power Corporation Limited (BPCL) receives subsidy for domestic power tariff and the Druk Solar-Initiative Project (DSIP) receives the subsidy for solar tariff.

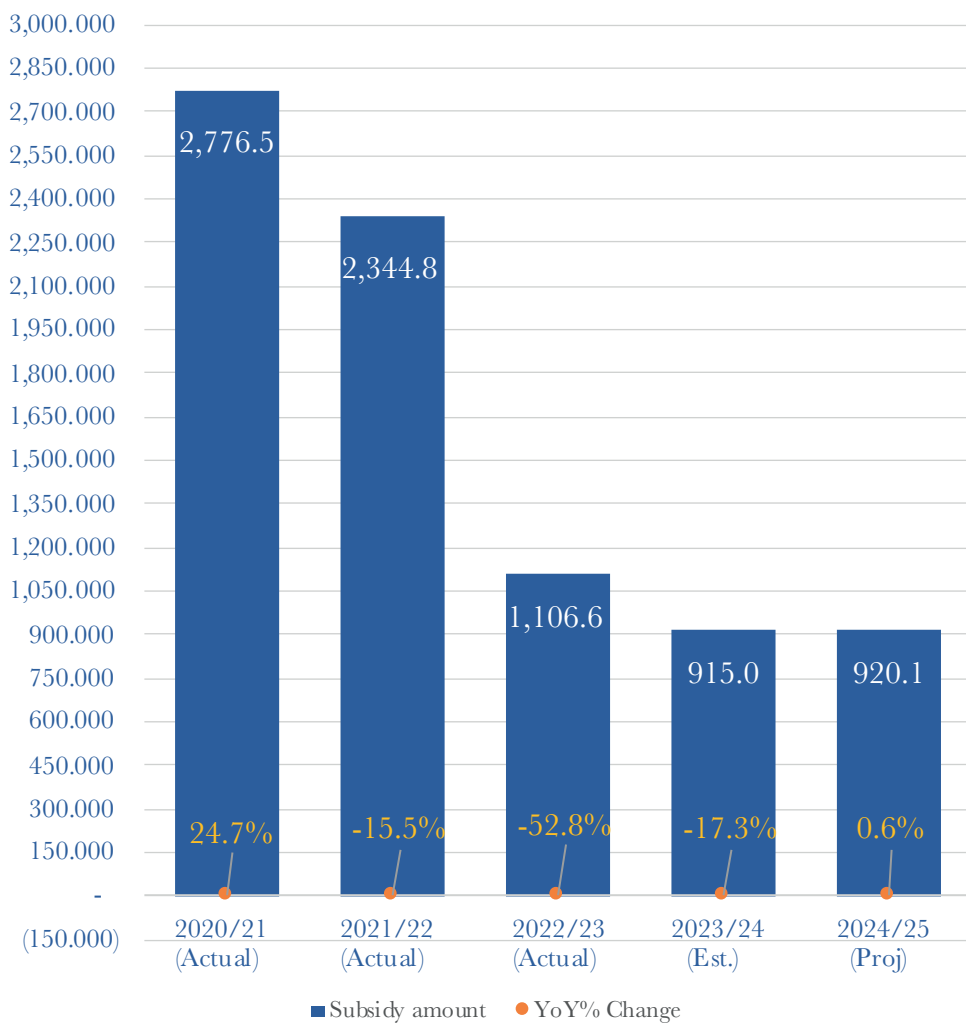
**Operational Subsidy:** With the recent pay revision of SOEs, the BBSCL, Bhutan Livestock Development Corporation Limited (BLDCL) and the Farm Machinery Corporation Limited (FMCL) receive operational subsidy for pay increment as these companies were not able to absorb the additional impact of the pay revisions.

### 7.3.1 Subsidies to SOEs:

In the FY 2022-23, Nu.1,106.639 million was transferred as subsidies to SOEs, which is a decrease of 52.8 percent as compared to the previous year. The decrease was mainly on account of the decrease in operational subsidy to BPCL, FCBL, BBSCL, NCSIDBL, and FMCL. In FY 2022-23, total subsidies transferred to the DHI companies amounted to Nu.863.842 million.



**Graph 7.3: Summary of Subsidy**



**Table 7.4: Summary of Subsidies to SOEs**

*Nu. in million*

SOEs	FY 2020-21 (Actual)	FY 2021-22 (Actual)	FY 2022-23 (Actual)	FY 2023-24 (Estimates)	FY 2024-25 (Estimates)
BAIL	7.103	5.579	2.640	10.480	14.923
BBS	200.333	235.707	127.485	212.839	247.680
Bhutan Post	56.163	-	-	-	-
FCBL	6.399	177.499	4.147	-	-

SOEs	FY 2020-21 (Actual)	FY 2021-22 (Actual)	FY 2022-23 (Actual)	FY 2023-24 (Estimates)	FY 2024-25 (Estimates)
FMCL	62.205	75.713	4.902	19.806	-
NHDCL	62.881	59.613	53.173	52.760	50.979
BLDCL	2.170	-	-	8.432	-
GBCL	5.470	22.588	-	-	-
NCSIDBL	680.125	124.125	50.450	54.148	-
CC	-	-	-	-	71.880
DSP-SI	-	-	-	1.150	1.140
BPC	1,496.282	1,469.540	702.569	396.302	384.000
Druk air	116.622	92.193	93.985	75.110	64.337
RICBL	80.731	82.222	67.288	83.930	85.183
Subsidy amount	2,776.484	2,344.779	1,106.639	914.957	920.122
YoY % Change	24.7%	-15.5%	-52.8%	-17.3%	0.6%

## 7.4 State-Owned Enterprises' Debt:

The overall SOEs debt increased from Nu.44,387.63 million to Nu.49,511.899 million in 2023. The increase was due to an increase in borrowing by BPC by 22.1 percent for transmission lines and rural electrification projects.

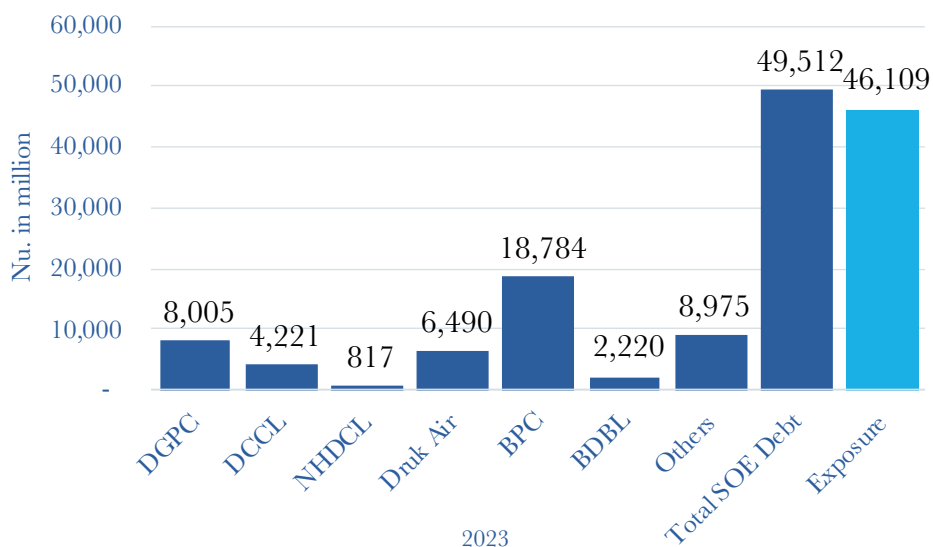
**Table 7.5: Summary of SOEs Debt**

*Nu. in million*

Particulars	2021	2022	2023
Short-term	3,652.647	5,909.515	7,779.199
Long-term	36,219.233	38,478.111	41,732.800
<b>Total SOEs Debt</b>	<b>39,871.880</b>	<b>44,387.626</b>	<b>49,511.899</b>

In terms of exposure, based on the shareholding pattern, the government's share of SOEs debt was 94.2 percent of the total SOEs debt amounting to Nu.46,108.787 million.

**Graph 7.4: SOEs Debt and Government Exposure**



## 7.5 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 31<sup>st</sup> December 2023, the government guaranteed the borrowing of Nu.1,521.895 million to the SOEs.

**Table 7.6: Summary of Sovereign Guarantee as of 31st December 2023**

*Nu. in million*

Name of the Beneficiary	Issue Date	Issued by	Guaranteed		Years	Outstanding
			USD	Nu.		
Guaranteed by Government						Nu.
NHDCL	11-Sep-17	NPPF		890.000	20	641.933
BAIL	5-Jun-17	BOBL		166.000	20	132.204
DACL	11-Feb-19	NPPF	36.600		11	2,597.791
DACL	13-Aug-19	SDF	13.000		10	724.273
NCGS-Multiple Beneficiaries	Multiple dates	BOBL, NCSIDBL, BDBL		465.895	03	465.895
<b>Total</b>			<b>49.598</b>	<b>1,521.895</b>		<b>4,562.096</b>

**Table 7.7: Summary of Implicit Sovereign Guarantee (as per data available on 30<sup>th</sup> June, 2022)**

*Nu. in billion*

Name of Beneficiary	Deficit Amount
<b>Guaranteed by Government</b>	
Civil Service Pension Scheme	22.111
Armed Forces Pension Scheme	10.891
<b>Total</b>	<b>33.002</b>

As of the valuation date, June 30, 2022, the accrued service liability for the Civil Service Pension Scheme stood at Nu.48.953 billion, with plan assets totaling Nu.26.842 billion, resulting in a deficit of Nu.22.11 billion. For the Armed Forces Pension Scheme, the accrued service liability amounted to Nu.18.745 billion, with plan assets at Nu.7.854 billion, leading to a deficit of Nu.10.891 billion. Since these are implicit guarantees by the government, the unfunded status of contingent liabilities amounts to Nu.33.002 billion.

## 7.6 Medium-term Outlook of SOEs:

Considering the on-going transformative initiatives undertaken to reform SOEs, the contribution from CIT and dividend transfer from state enterprises is likely to increase over the medium term.

**Table 7.8: Medium-Term Outlook**

*Nu. in million*

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Actual	Actual	Estimates	Estimates	Projection
<b>Dividend Transfer</b>					
MoF-SOE	120.000	168.000	213.155	216.75	217.040
DHI	3,977.000	3,361.000	4,358.678	5,119.463	5,677.009
<b>Sub total</b>	<b>4,097.000</b>	<b>3,529.000</b>	<b>4,571.833</b>	<b>5,336.213</b>	<b>5,894.049</b>
<b>CIT Contribution</b>					
MoF-SOE	201.447	95.667	117.762	142.975	156.380
DHI	2,463.050	3,112.810	2,909.340	3,267.087	3,683.200
DGPC	2,159.110	2,139.120	2,209.208	2,458.410	2,661.881
BPC	378.670	330.262	465.527	478.599	548.298
<b>Sub total</b>	<b>5,202.277</b>	<b>5,677.859</b>	<b>5,701.838</b>	<b>6,347.072</b>	<b>7,049.759</b>
<b>Grand Total</b>	<b>9,299.277</b>	<b>9,203.859</b>	<b>10,273.671</b>	<b>11,683.285</b>	<b>12,943.808</b>

## 7.7 National Pension and Provident Fund:

### 7.7.1 Operational Highlights:

As of 31<sup>st</sup> December 2023, NPPF's active members (still in service) stood at 68,242 (8.9 percent of total population of the country) registering a growth of 0.4 percent. On the other hand, the number of pensioners grew from 8,821 in 2022 to 9,920 in 2023, registering a growth of 12.5 percent.

The total fund size as of 31<sup>st</sup> December 2023 stood at Nu.64,518.6 million registering a growth of 15.3 percent against Nu.55,950.9 million in 2022.

### 7.7.2 Financial Highlights:

The actual revenue for the year ended 31<sup>st</sup> December 2023 was Nu.3,873.93 million excluding fair value gains compared to Nu.1,708.72 million in the year 2022. The revenue with fair value gains stood at Nu.10,065.2 million for the year ended 31<sup>st</sup> December 2023 (fair value gains Nu.6,191.3 million).

The NPPF asset size grew from Nu.56,646.99 million to Nu.65,091.5 million (impact of fair value Nu.6,305.9 million in the year 2023), which is an increase of 14.7 percent from the previous year. Given the lack of a vibrant financial market and limited investment avenues in Bhutan, improving a sustainable rate of return has been the biggest challenge for NPPF despite consistent growth in NPPF's investment portfolio. In 2023 the investment portfolio grew by 19.2 percent to Nu.64,564.8 million as compared to the previous year.

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

*Nu. in million*

Income statement				
Particulars/Year	30-06-21 (Actual)	30-06-22 (Actual)	31-12-22 (Actual) Restated	31-12-23 (Estimates)
Revenue	3,001.96	2,331.14	1,708.72	3,873.93
Operating Expense	179.85	200.54	68.63	482.36
Net profit	2,822.11	2,130.60	1,640.09	3,391.57
Balance Sheet				
Total Assets	46,488.92	51,356.26	56,699.24	55,119.39
Total Liabilities	238.56	992.72	748.31	572.86
Members Fund	46,250.37	50,363.54	55,950.94	54,546.52

Income statement				
Particulars/Year	30-06-21 (Actual)	30-06-22 (Actual)	31-12-22 (Actual) Restated	31-12-23 (Estimates)
<b>Key Indicators</b>				
Operating Margin (%)	94.01%	91.40%	95.98%	87.55%
Rate of Return to Member	8.00%	6.77%	6.12%	6.50%
Comparatives for 2022 have been restated on account of implementing Expected Credit Loss (ECL) model for loan impairments, BAS 26, BFRS 16 and change in accounting policy for investment properties to FV from cost model.				

### 7.7.3 Risks Associated with Underfunding and Contingent Liability:

The unfunded status of pension fund indicates that the fund's liabilities (the promised benefits to members) exceed its assets (the funds available to pay those benefits).

### 7.8 Energy:

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 118 MW Nikachhu Power Plant in 2024, the total installed capacity of the country stands at 2,452.7 MW, which is 6.7 percent of the total estimated hydro-power potential of the country, as shown in Table 7.10

**Table 7.10: List of Power Plants Under Operation in the Country**

Sl. No.	Power Plant	Installed Capacity (MW)	Design Energy	Year of Commissioning
1	Chhukha	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

Sl. No.	Power Plant	Installed Capacity (MW)	Design Energy	Year of Commissioning
7	Mangdechhu	720.000	3,008.320	2019
8	Nikachhu	118.000	491.52	2024
9	Mini and Micro Hydel	8.098	19.64	-
10	Rubesa, Wind farm	0.600	-	2016
<b>Total</b>		<b>2,452.700</b>	<b>11,235.480</b>	

Apart from the existing hydropower projects, a total of seven projects are in various stages of construction and upon fully commissioning, these hydropower and solar plants would add another capacity of 2,947 MW in the country as shown in table 7.11.

**Table 7.11: Hydropower & Solar Plants Under Construction**

Sl. No.	Power Plant	Installed Capacity	Design Energy	Expected Year of Commissioning
		(MW)	(GWh)	
1	Punatsangchhu I	1,200	5,429	2028
2	Punatsangchhu II	1020	4,357	2024
3	Kholongchhu	600	2,568.88	2029
4	Suchhu	18	77	2024
5	Burgangchhu	54	261	2025
6	Yungichhu	32	158	2025
7	Sephu	23	36	2025
<b>Total</b>		<b>2,947</b>	<b>12,887</b>	

### 7.8.1 Financing Modality of Hydropower:

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 model 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 and others are given in the table 7.12.

**Table 7.12: Financing Modality of Ongoing Hydro-Power Projects**

Sl. No	Projects	Installed Capacity (MW)	Financial Modality
1	Punatsangchu I	1,200	40% grant and 60% loan from GoI
2	Punatsangchu II	1,020	30% grant and 70% loan from GoI
3	Kholongchhu	600	Project implementation modality under discussion

### 7.8.2 Financial Progress of Ongoing Projects:

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

#### **Punatsangchhu - I Hydroelectric Project**

The initial timeline for the 1,200 MW Punatsangchhu-I hydroelectric project was from November 2008 to November 2015 at the initial project cost of Nu.35,148.10 million as of December 2006 Price Level (PL).

The dam excavation started in June 2009, and considerable physical progress was made up until the massive slide on the right bank hillslope at the dam site that occurred on 19<sup>th</sup> July 2013, which proved to be a major set-back for the project. To stabilize this, a number of major stabilization measures were implemented in phases between 2014 to 2019. However, a secondary slide in August 2016 within the July 2013 slide area further disrupted the dam foundation excavation works and got further reactivated in January 2019 leading to a complete stoppage of the works in the dam pit area till date.



Thereafter, the RGoB and GoI have been engaged in exploring other options based on the third-party review of the hillslope stability including undertaking feasibility of a barrage option. Currently, two governments have decided to first establish the geological profile of the hillslope based on which consensus would have to be reached on the appropriate stabilization measures to be implemented to take construction of the dam option forward. First phase of additional geo-technical studies was completed in March 2024 and the two governments will be discussing the findings of the geo-technical investigations in May 2024 and the way forward and recommendations to the Authority.

The first Revised Estimated Cost (REC) sanctioned by the Government of India in 2015 has estimated the project cost to be Nu.93,755.75 million at December 2013 price level. As of April end 2024, Nu.86.183 billion has been disbursed and 87.7 percent of the works stand completed.

### **Punatsangchhu - II Hydroelectric Project**

Punatsangchhu - II hydroelectric project (1,020 MW) is expected to be commissioned from August through December 2024. The initial project cost as per the DPR/bilateral agreement, of Nu.37,778 million (March 2009 PL) has been revised to Nu.72,906.200 million (March 2015 PL). The cost to completion is estimated at Nu.94,456 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 and collapse of Down Stream Surge Gallery (DSSG).

As of March 2024, total of Nu.85,286.62 million has been disbursed and 97.1 percent of the works of the project has been completed.

### **Kholongchhu Hydro Energy Limited (KHEL)**

KHEL was incorporated as a Joint Venture Company between the DGPC of Bhutan and the Satluj Jal Vidyut Nigam (SJVN) of India on a 50-50 partnership on June 12, 2015 to implement the 600 MW project. The inter-governmental agreement was signed between the RGoB and the GoI for JV hydro projects on April 22, 2014. The project faced huge delays with the award of the main civil work packages since the signing of the Concession Agreement between the RGoB and KHEL. The stand-off at the shareholders level led to a state of total deadlock as a result of which DGPC decided to withdraw from the JV. DGPC took over the assets and liabilities on an “as-

is-where-is basis” and equity contribution of SJVN was returned with fair interest in January 2023.

DGPC through the intervention of the two governments is continuing to have discussions with PFC and REC for closure of debt financing for the project. In view of the growing domestic demand and necessity of upfront PPA by the financiers for project financing, as advised by RGoB, DGPC has started discussion with a strategic partner in India for taking the project implementation forward. DGPC aims to conclude concession and shareholding agreements and start construction of the main civil works by the last quarter of 2024. The contracts for three civil works packages have been kept on hold and need to be re-activated to start construction.

### 7.8.3 Energy Projects in Pipeline:

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

**Table 7.13: Hydropower Project Phase II (195 MW)**

Projects	Capacity (MW)	Start Date	Expected COD	Status
Druk Bindu I	18	May-24	Dec-26	Road works under construction since October 2023
Druk Bindu II	8	May-24	Dec-26	Road works under construction since October 2024
Gamri-I	54	May-24	Aug-27	DPR completed and construction to start soon
Jomori	90	Apr-24	Nov-27	Road works under construction since October 2024
Begana	25	Oct-24	May-27	DPR completed in 2023

**Table 7.14: Hydropower Project Phase III (259 MW)**

Plant Name	Capacity (MW)	Start Date	Expected COD	Status
Gamri II	85	Oct-25	Oct-29	Under feasibility study
Yurmochhu	24	Apr-27	Apr-30	Recce study completed
Paro chhu	33	Jul-27	Jul-30	Under feasibility study
Sherichhu	53	Aug-28	Aug-31	Recce study completed
Jigmechhu	64	Nov-28	Nov-31	Recce study completed

**Table 7.15: Hydropower Project Phase IV (770 MW)**

Plant Name	Capacity (MW)	Start Date	Expected COD	Status
Dangchhu	170	Apr-28	Oct-32	Under feasibility study
Komachhu	363	Nov-28	May-33	Under feasibility study
Jongthang	237	Dec-28	Jun-33	Recce study completed

**Table 7.16: Planned Large Hydropower Project (10,579 MW)**

Plant Name	Capacity (MW)	Start Date	Expected COD	Status
Kholongchhu	600	Sep-24	Mar-29	Project implementation modality under discussion
Dorjilung	1,125	Oct-25	Oct-31	DPR being updated/ World Bank requested to lead financing consortium
Bunakha (Storage Scheme)	180	Feb-26	Feb-32	DPR being updated/ ADB requested to lead financing consortium
Nyera Amari-I &II	404	Oct-26	Oct-31	DPR being updated/ ADB requested to lead financing consortium
Chamkharchhu-I	770	Oct-26	Oct-32	DPR to be reviewed (costs + ESIA)
Wangchhu (Storage Scheme)	900	Apr-27	Apr-34	DPR to be reviewed with preference for 900 MW reservoir option
Gongri	740	Aug-27	Sep-34	DPR being updated
Gongri-Jerichhu PSP	1,800	Nov-27	Dec-34	DPR being updated
Sunkosh	4,060	Dec-26	Dec-34	Social impact being updated

**Table 7.17: Solar Projects (1226 MW)**

Plant Name	Capacity (MW)	Start Date	Expected COD	Status
Solar Rooftop Sub Project -I	8	Jun-24	Dec-25	Bidding process initiated
Solar Rooftop Sub Project -II	20	Jun-25	Dec-26	Under feasibility study
Solar Rooftop Sub project-III	22	Jun-26	Dec-27	Under feasibility study
Sephu	23	Jan-23	Jul-25	Under construction
Jamjee	120	Jun-24	Dec-25	Under tender process
Wobthang	108	Jun-24	Dec-25	Feasibility report by May'24
Apai Amai Pang, Dagana	150	Jun-26	Dec-27	Feasibility report by Oct'24
Gogana	75	Jun-26	Dec-27	Tsamdro issues being taken up with NLCS/Dz-ongkhag
Gelegphu	200	Jun-29	Dec-30	Study being initiated
Merak Sakteng	200	Sep-27	Mar-29	Desktop study completed
Trongsa	140	Dec-27	Jun-29	Under desktop study
Bjacho	50	Nov-26	May-28	Under desktop study
Tharpaling	40	Feb-26	Aug-27	Under desktop study
Lhuntse	30	Jan-26	Jul-27	Under desktop study
Paro	20	Mar-26	Sep-27	Under desktop study
Thimphu	20	Jun-26	Dec-27	Under desktop study

## 7.9 Royal Monetary Authority:

The primary objective of the RMA, as stipulated in the RMA Act 2010, is to formulate and implement monetary policy, achieve and maintain price and financial stability (Chapter II, Section 7). The RMA in pursuance of its objectives undertakes various functions; one in particular is to act as banker, adviser, and financial agent to the RGoB.

### **7.9.1 Financial Highlights:**

During FY 2022-23, the overall financial position experienced a decrease of Nu.12.53 billion, declining from Nu.117.72 billion as of June 30, 2022, to Nu.105.19 billion as of June 30, 2023. The disposal of USD for INR to facilitate import payments has resulted in an overall reduction in the financial position.

During the same FY, the year's net profit surged by Nu.763.49 million from Nu.4.43 billion on June 30, 2022, to Nu.5.19 billion on June 30, 2023. This growth was mainly attributed to increased realized gains from the sale of foreign currency assets and an increased interest income earned from foreign currency investments. Moreover, a decrease in the overall operating expenses by Nu.27.13 million primarily driven by a decrease in employee costs amounting to Nu.19.52 million, attributed to a high attrition rate. All these factors contributed to a significant increase in the distributable profit for the FY 2022-23.

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

A total of 12 FDI projects worth Nu.7,606.9 million were approved in the year 2023. Compared to previous year, there is an increase in both the number of approved projects and the project size. Seven of the projects approved in 2023 are in the service sector and five are in the manufacturing sector. The FDI inflows for the year 2022 as per the Annual FDI Survey Report 2023 were recorded at INR 262.78 million and USD 1.39 million. FDI inflows in the country have decreased to Nu.577 million in the year 2022, down from Nu.680 million in 2021. The total capital inflows received during the year 2022 have decreased by 15 percent as compared to the year 2021.

As of December 2023, there were a total of 108 approved FDI projects worth Nu.46.617 billion in the country. The hospitality sector constitutes 34.9 percent of these FDI projects, followed by Information Technology/ Information Technology Enabled Services at 21.7 percent. Investments from Asia remain at the top with 65 percent followed by 17 percent from Europe. Within Asia, 57 percent of the projects in the country are from India followed by Singapore at 13 percent and Thailand at 10 percent.

As per the FDI Annual Report 2023, the operating FDI companies in Bhutan employed a total number of 4,327 Bhutanese as of December 2023. Considering the employees in the projects that have not started commercial operation and the expatriate employees in the operating FDI companies, the employment figure increases to 4,577 employees. For every expatriate employed, there are 26 Bhutanese employed by the FDI companies. The service sector employed 74.4 percent of the employees while the manufacturing sector employed 24.6 percent only. Tax contributions by the reported FDI companies are recorded at Nu.1,512 million in the income year 2022, an increase by 16 percent from the contribution recorded for the income year 2021 which was recorded at Nu.1,304 million.

### 7.11 BTFEC and BHTF:

The RGoB has two major Trust Funds established under the Royal Charter. A brief status of the these two funds is provided below:

**Table 7.18 Government Non-Budgetary Fund**

*Nu. in million*

Sl. No.	Fund	Operation	Fund Balance as on 31/3/24
1	Bhutan Trust Fund for Environment Conservation	BTFEC	6,673.930
2	Bhutan Health Trust Fund	BHTF	4,361.138

The BTFEC sources include interest and dividends from investment, and realization of capital gains, while operational, management, program and non-US resident tax forms major expenses of the fund.

The BHTF sources include grants from donors, health contributions and interest from investments while operational and fund support are the major expenses. Currently, BHTF supports the government finance the supply of essential drugs and primary health care.

# Chapter 8

## Fiscal Risks and Challenges

Bhutan's macroeconomic outlook faces several risks and challenges that require attention and intervention of the policy-makers, researchers, and public in general. This chapter will examine some of the fiscal risks that could arise from the macroeconomic shocks, contingent liabilities, and any other risks that will impact the macroeconomic stability and fiscal sustainability.

The fiscal risk from the macroeconomic shocks has been evaluated based on the impact of deviation in economic growth, exports, exchange rates, and contingent liabilities from the estimates/projections on the public debt.

### 8.1 Fiscal Risk:

Fiscal risk generally refers to the likelihood of actual results deviating from initial expectations during budget planning or other forecasting periods. In Bhutan, this risk stems from both macroeconomic shocks (referred to as General Fiscal Risk) and the realization of contingent liabilities (known as Specific Fiscal Risks). Without sufficient reserves or surplus, such unexpected downsides can lead to unanticipated spending pressures or revenue losses, often necessitating immediate and improvised adjustments, resulting in disruptive macro-fiscal outcomes. Failing to identify, assess, disclose, and prepare for such fiscal risks can result in increased government obligations, higher public debts, occasional challenges in refinancing, and ultimately economic crises.

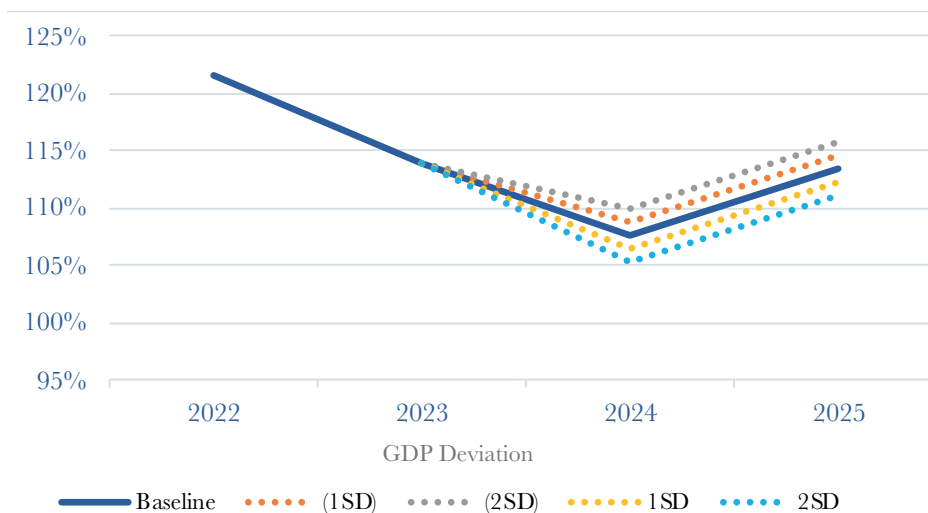
### 8.2. Macroeconomic Risks/General Fiscal Risk:

The fiscal risk from the macroeconomic shocks can arise from the unforeseen changes in the macroeconomic variables such as economic growth, commodity prices, exchange rate, interest rate, and inflation.

The following macroeconomic risk for Bhutan has been evaluated in the present value (PV) of debt to GDP ratio as per the Debt Sustainability Analysis (DSA).

**GDP growth shock** - Bhutan's economic expansion is vulnerable to both internal and external factors as highlighted above. As shown in Chart 8.1, a negative GDP growth shock equivalent to 1 and 2 Standard Deviations (SD) raises the PV of debt to GDP to 109 percent and 110 percent respectively as compared to the baseline ratio of 108 percent in 2024. Similarly, in 2025, this ratio worsens to 115 percent and 116 percent in comparison to a baseline of 113 percent.

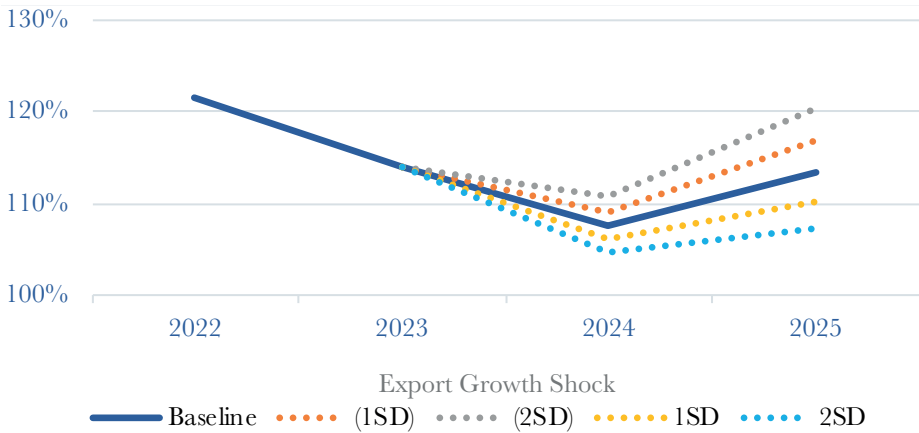
**Chart 8.1 GDP Growth Shock on Debt**



**Export Shock** – Amidst increasing import expenditures and diminishing reserves, the export growth holds significant importance. Bhutan's exports primarily consist of hydro-electricity followed by metal and chemical products, food, wood and rubber. However, export growth rates have remained sluggish which mirrors the slow pace of private sector expansion. A negative export shock of 1 and 2 SD in 2024 escalates the PV of debt to GDP ratio to 109 percent and 111 percent respectively compared to the baseline ratio of 108 percent. Similarly, for 2025, the ratio deteriorates to 117 percent and 120 percent respectively in comparison to the baseline ratio of 113 percent as depicted in Chart 8.2 below.

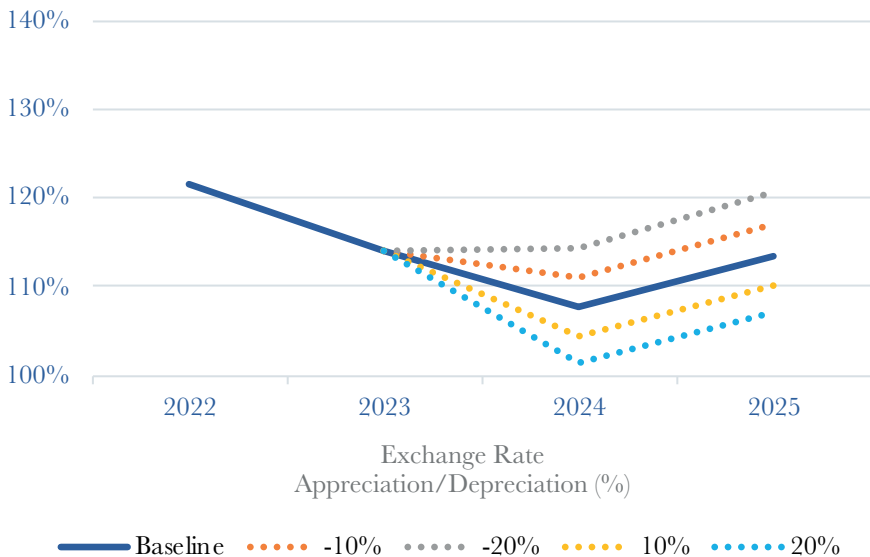


**Chart 8.2 Export Growth Shock on Debt**



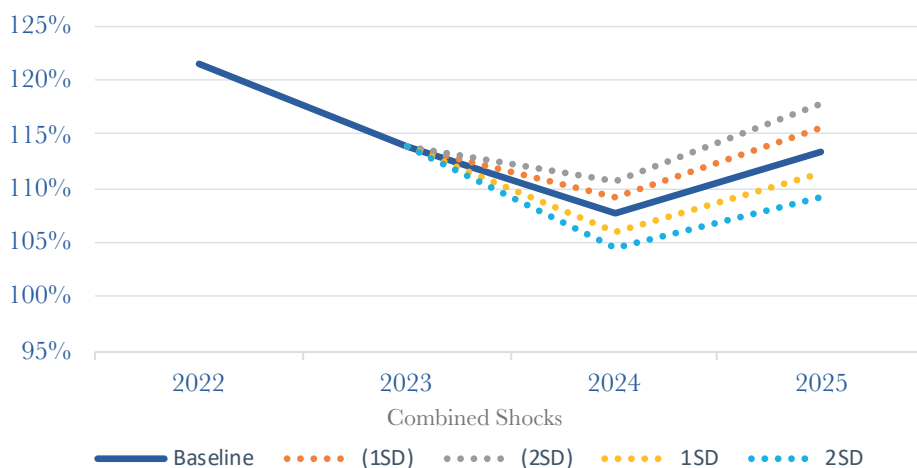
**Exchange Rate Shock** – Depreciation of exchange rate can exert stress on government debt that is denominated in foreign currencies. As illustrated in chart 8.3 below, an exchange rate depreciation of 10 percent and 20 percent can elevate the PV of debt to GDP ratio to 111 percent and 114 percent respectively, relative to a baseline of 108 percent during 2024. Similarly, for 2025, the ratio worsens to 117 percent and 121 percent respectively.

**Chart 8.3 Exchange Rate Shock on Debt**



**Combination of all GDP, Export and Exchange Rate Shock** – The cumulative impact of all macroeconomic shocks explained above including GDP growth shock, export shock, and exchange rate shock on debt, has been examined and shown below in Chart 8.4. A negative 1 SD on GDP growth and export combined with a 10 percent depreciation on exchange rate worsens the PV of debt to GDP ratio to 109 percent in 2024 and 116 percent in 2025, when compared to its baseline ratio of 108 percent and 113 percent respectively. Further, a negative 2 SD combined with 20 percent exchange rate depreciation deteriorates the debt to GDP ratio to 111 percent in 2024 and 118 percent in 2025.

**Chart 8.4 Combination of GDP, Export, and Exchange Rate on Debt**



**Table 8.1 Fiscal Risk Assessment Matrix for FY 2024-25**

Fiscal Risks	Base Value	Shock Magnitude/Realization	Shock Value	Occurrence Likelihood
<b>1. Macroeconomic Risks</b>				
1.1 GDP Growth	6.30%	-1SD	-1.11%	Moderate
1.2 Export Growth	3.60%	-1SD	-1.47%	Moderate
1.3 Exchange Rate	1USD=82.6Nu	-10%	1USD=91Nu	Moderate
1.4 Combination of All (1.1 to 1.3)	All as above	-1SD, -10%, & -30%	All as above	Low
<b>2. Specific Fiscal Risks</b>				
2.1 Contingent Liabilities		[1]		
2.1.1 External Explicit	Nu.652.238 M	<10% of Total		Moderate
2.1.2 Domestic Explicit	Nu.3,795.518 M	<10% of Total		Moderate
2.1.3 Domestic Implicit	Nu. 4,562.096 M	<10% of Total		Moderate
2.2 Other risks				High

**Moderate Risk** - GDP growth shock is categorized as moderate risk because of the better current macroeconomic situation with the anticipated revival of tourism and hospitality industries. Moreover, the economy is expected to illustrate a positive growth trajectory propelled by the anticipated commissioning of the Punatsangchu II by December 2024. Primary Balance is also categorized as moderate risk owing to the fiscal consolidation path and concerted resource mobilization measures. Export growth is categorized as moderate as the export itself is susceptible to other GDP shocks and exchange rate shocks. Exchange rate depreciation is categorized as moderate especially against the backdrop of rate hikes by the Fed and the likely capital flight from developing countries into the USA leading to appreciation of USD against other currencies including Indian Rupee and Ngultrum.

**Low Risk** - The occurrence of a combination of all GDP growth shock, export growth shock and exchange rate depreciation is considered low for Bhutan.

### **8.3. Specific Fiscal Risks/Contingent Liability:**

Specific Fiscal Risks are the financial obligations that the government may be required to honor in contingent on the occurrence of the uncertain events. The contingent liabilities could arise from:

**Explicit:** arising from the formal contract obliging the government to cover the financial expenses resulting from the materialization of certain events (call on a guarantee issued to a public enterprise or a public-private partnership (PPP)).

**Implicit:** Even in the absence of formal contracts, the government may have been forced, as a result of moral or political pressure, to assume financial costs following a natural disaster (flooding, drought), or the financial default of a public enterprise, of a financial institution, of a private operator in a PPP project, of a local government or of a significant private sector enterprise.

The fiscal risks stemming from contingent liabilities are outlined in the table 8.2 below, categorized as explicit and implicit liabilities, and further distinguished between domestic and external borrowing. Explicit external liabilities include guarantees provided to the SAARC Development Fund on behalf of Drukair

Corporation Ltd. to finance the acquisition of new Aircraft A320 Neo. Explicit domestic liabilities encompass guarantees extended to entities such as the National Pension and Provident Fund for Druk Air Corporation Ltd.’s purchase of new ATR 42-600 aircraft, the National Housing Development Corporation Ltd. for an affordable housing project in Phuntsholing, and to the Bank of Bhutan on behalf of Bhutan Agro-Industries Ltd. for establishing an integrated agro-based industry in Lingmethang, Monggar. The table also illustrates implicit domestic liabilities, including guarantees issued to NPPF for civil service pension schemes and armed forces pension schemes.

**Table 8.2 Contingent Liabilities**

*Nu. in million*

	<b>Explicit</b>	<b>Implicit</b>
<b>External</b>	652.238*	-
<b>Domestic</b>	3,795.518*	33,002.00**

*\*As of 31<sup>st</sup> March 2024, \*\*As of 30<sup>th</sup> June 2022*

Realizations of about less than 10 percent of the total external explicit contingent liabilities are categorized moderate owing to the current low air transport turnover/income generation against the backdrop of low tourist arrivals and overall international movements in and out of Bhutan.

However, the realization of 10 percent of the total Domestic Explicit and Implicit Contingent liability is considered low risk.

## **8.4 Other Risks:**

**Climate Change and Natural Disasters** – Bhutan’s economy is highly vulnerable to the impacts of climate change and natural disasters due to its reliance on climate – sensitive sectors such as agriculture and hydropower. The country’s mountainous terrain and fragile ecosystems make it particularly susceptible to extreme weather events like floods, landslides, and glacial lake outbursts. These natural disasters can damage infrastructure, displace communities, and reduce agricultural productivity, posing significant risks to food security and livelihoods.

Additionally, the increasing frequency and severity of such natural disasters threaten the stability of Bhutan's hydropower generation, a major source of revenue and energy for the nation. Therefore, addressing climate resilience and disaster preparedness is crucial for sustaining Bhutan's economic development and environmental sustainability.

Therefore, considering the unpredictable nature of the natural calamities and heightened risks associated with it, other risks are categorized as high risk.

# Conclusion

As we transition to the first year of the 13<sup>th</sup> FYP, the Government has allocated a substantial budget of Nu.97,654.829 million towards **“Accelerating Prosperity and Social Transformation”**.

Based on the resource envelope, the Budget Appropriation Bill for FY 2024-25 and Supplementary Appropriation Bill for FY 2023-24 are submitted to the House for approval.

The Government, on behalf of the people would like to pay heartfelt tribute to His Majesty The King, His Majesty The Fourth Druk Gyalpo, Her Majesty The Gyaltsuen and the Members of the Royal Family for their continuous guidance and magnanimity for the wellbeing of all the Bhutanese people.

The government also expresses its deepest respect and gratitude to His Holiness the 70<sup>th</sup> Je Khenpo, the Zhung Dratshang and other religious organizations for their special prayers and kurims for the peace and prosperity of the Kingdom. Their collective prayers and spiritual support are integral to the nation’s continued growth, peace and harmony.

The government also would like to take this opportunity to express gratitude to the Government of India and all the development partners for their continued support and ongoing collaborations as we continue our journey of pursuing sustainable development guided by the vision of Gross National Happiness.

The government would also like to congratulate and thank the Parliamentarians for their support and cooperation.

The government would also like to take the opportunity to thank the people of Bhutan for their trust and confidence.

May the Guardian Deities of the glorious Palden Drukpa forever safeguard the people and nation, ensuring everlasting peace, prosperity and happiness.

# Annexures

## Annexure A: Revised Budget Summary for FY 2023-24 as of 30<sup>th</sup> April 2024

*Nu. in million*

	Source of Finance	Approved	Revised
<b>A</b>	<b>TOTAL RESOURCES</b>	<b>53,513.242</b>	<b>61,333.084</b>
	<b>I. INTERNAL RESOURCES</b>	<b>47,145.840</b>	<b>53,668.878</b>
	<i>i. Domestic Revenue</i>	<i>46,245.776</i>	<i>52,132.561</i>
	a. Tax	31,499.165	33,731.126
	b. Non-Tax	14,746.611	18,401.435
	<i>ii. Other Receipts</i>	<i>900.064</i>	<i>1,536.317</i>
	<b>II. GRANTS</b>	<b>6,367.402</b>	<b>7,664.206</b>
	<i>i. Program Grants</i>	<i>737.933</i>	<i>739.874</i>
	a. GoI (TSF & PG)	737.933	739.874
	<i>ii. Project-tied Grants</i>	<i>5,629.469</i>	<i>6,924.332</i>
	a. GoI	1,582.166	2,377.691
	b. Others	4,047.303	4,546.641
<b>B</b>	<b>TOTAL EXPENDITURE</b>	<b>74,861.615</b>	<b>76,378.199</b>
	<i>i. Current Expenditure</i>	<i>45,545.947</i>	<i>45,706.144</i>
	<i>ii. Capital Expenditure</i>	<i>29,315.668</i>	<i>30,672.055</i>
<b>A-B</b>	<b>FISCAL BALANCE</b>	<b>(21,348.373)</b>	<b>(15,045.115)</b>
	<b>FINANCING</b>	<b>21,348.373</b>	<b>15,045.115</b>
	<b>a. Net Lending</b>	<b>2,596.467</b>	<b>2,237.942</b>
	<i>i. Principal Recoveries</i>	<i>4,105.277</i>	<i>4,452.592</i>
	<i>Less Lending</i>	<i>1,508.810</i>	<i>2,214.650</i>
	<b>b. Net External Borrowings</b>	<b>2,202.729</b>	<b>5,749.337</b>
	<i>i. Project-tied Borrowings</i>	<i>3,154.840</i>	<i>4,446.707</i>
	<i>ii. Program Borrowings</i>	<i>5,200.000</i>	<i>7,454.741</i>
	<i>Less Repayment (External)</i>	<i>6,152.111</i>	<i>6,152.111</i>
	<b>c. Net Internal Borrowings</b>	<b>(16,549.177)</b>	<b>(7,057.836)</b>
	<i>i. Internal Borrowings</i>	<i>(19,549.177)</i>	<i>(11,060.336)</i>
	<i>Less Repayment (Internal)</i>	<i>3,000.000</i>	<i>4,002.500</i>
	<b>GDP</b>	<b>219,505.093</b>	<b>270,474.383</b>
	<i>Net Internal Borrowings % of GDP</i>	<i>-7.5%</i>	<i>-2.6%</i>
	<i>Fiscal Balance % of GDP</i>	<i>-9.7%</i>	<i>-5.6%</i>

## Annexure B: Budget Summary for FY 2024-25

*Nu. in million*

<b>Particulars</b>	<b>Amount</b>
<b>TOTAL RESOURCES</b>	<b>73,182.049</b>
<b>I. INTERNAL RESOURCES</b>	<b>56,660.426</b>
<i>i. Domestic Revenue</i>	<i>54,749.944</i>
a. Tax	39,246.347
b. Non-Tax	15,503.597
<i>ii. Other Receipts</i>	<i>1,910.482</i>
<b>II. EXTERNAL RESOURCES</b>	<b>16,521.623</b>
i. Program Grants	1,666.667
a. GoI	1,666.667
ii. Project-tied Grants	14,854.956
a. GoI	10,539.536
b. Others	4,315.420
<b>TOTAL EXPENDITURE</b>	<b>89,154.218</b>
<i>i. Current Expenditure</i>	<i>50,809.905</i>
<i>ii. Capital Expenditure</i>	<i>38,344.313</i>
<b>FISCAL BALANCE</b>	<b>(15,972.169)</b>
<b>FINANCING</b>	<b>15,972.169</b>
<b>a. Net Lending</b>	<b>1,861.301</b>
<i>i. Principal Recoveries</i>	<i>4,179.872</i>
<i>Less lending</i>	<i>2,318.571</i>
<b>b. Total External Borrowings</b>	<b>9,113.578</b>
<i>i. Project-tied Borrowings</i>	<i>5,793.578</i>
<i>ii. Program Borrowings (CAT-DDO USD 40 m)</i>	<i>3,320.000</i>
<i>Less Repayment (External)</i>	<i>6,182.040</i>
<b>c. Total Internal Borrowings</b>	<b>(11,179.330)</b>
<b>GDP Estimates</b>	<b>304,363.901</b>
<b>Fiscal Balance % of GDP</b>	<b>-5.2%</b>



## Annexure 1: Summary of Allocation for Dzongkhags for FY 2024-25

*Nu. in million*

Sl. No.	Dzongkhags	Current (A)	Capital				Total Capital (E)=B+C+D	Total Allocation (F)=A+E
			RGoB Block (B)	Project-Tied External (C)	Centrally Executed (D)			
1	Chhukha	767.621	61.916	46.500	411.398	522.278	1,289.899	
2	Haa	292.019	48.584	75.000	245.768	352.655	644.674	
3	Paro	832.861	58.962	205.263	313.126	582.536	1,415.397	
4	Samtse	978.017	114.736	45.950	161.351	342.410	1,320.427	
5	Tsirang	475.495	55.335	320.589	140.630	514.487	989.982	
6	Dagana	487.689	52.243	139.517	127.134	321.958	809.647	
7	Punakha	623.844	61.452	195.252	168.851	406.508	1,030.352	
8	Wangdue Phodrang	635.960	71.178	79.430	132.963	293.217	929.177	
9	Bumthang	385.943	50.019	38.250	145.335	226.465	612.408	
10	Sarpang	635.586	65.573	145.432	454.531	653.769	1,289.355	
11	Zhemgang	436.216	61.134	123.874	340.418	534.914	971.130	
12	Trongsa	326.937	59.986	96.235	182.041	326.157	653.094	
13	Lhuentse	347.302	51.801	75.199	118.834	246.031	593.333	
14	Monggar	799.686	57.209	103.541	441.299	623.305	1,422.991	
15	Pema Gatshel	539.177	60.953	73.735	115.096	245.135	784.312	
16	Samdrup Jongkhar	544.831	64.200	122.389	132.877	318.760	863.591	
17	Trashigang	979.975	72.298	96.653	172.762	360.610	1,340.585	
18	Thimphu	407.347	58.787	33.000	353.410	447.017	854.364	

Sl. No.	Dzongkhags	Current (A)	Capital				Total Allocation (F)=A+E
			RGoB Block (B)	Project-Tied External (C)	Centrally Executed (D)	Total Capital (E)=B+C+D	
19	Gasa	154.621	51.027	68.160	87.365	195.435	350.056
20	Trashi Yangtse	450.313	63.573	122.686	210.440	389.603	839.916
	<b>Total</b>	<b>11,101.440</b>	<b>1,240.966</b>	<b>2,206.655</b>	<b>4,455.629</b>	<b>7,903.250</b>	<b>19,004.690</b>

Note: Project -tied external includes GoI/SDP of Nu. 225 million and chain link fencing for Chiroogs Nu. 637.5 million under GoI/PIA

### Annexure 2: Summary of Allocation for Thromdes for 2024-25

Nu. in million

Sl. No.	Thromdes	Current (A)	Capital				Total Allocation (F)=A+E
			RGoB Block (B)	Project-Tied External (C)	Centrally Executed (D)	Total Capital (E)=B+C+D	
1	Thimphu Thromde	1568.816	451.919	223.455	611.878	1287.252	2856.068
2	Phuentsholing Thromde	372.507	249.789	56.250	25.063	331.102	703.609
3	Gelephu Thromde	260.455	183.743	56.250	384.967	624.960	885.415
4	Samdrup Jongkhar Thromde	187.634	147.344	56.250	46.108	249.702	437.336
	<b>Total</b>	<b>2,389.412</b>	<b>1,032.795</b>	<b>392.205</b>	<b>1,068.016</b>	<b>2,493.016</b>	<b>4,882.428</b>

### Annexure 3: Summary of Allocation for Gewogs for FY 2024-25

*Nu. in million*

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
1	Samphelling Gewog, Chhukha	4.304	0.114	4.418	8.101	5.122	1.044	14.267	18.685
2	Bongo Gewog, Chhukha	4.267	0.828	5.095	11.161	5.122	1.362	17.645	22.740
3	Chapchha Gewog, Chhukha	3.724	0.024	3.748	7.070	5.122	2.248	14.440	18.188
4	Doongna Gewog, Chhukha	4.363	3.614	7.977	7.346	5.122	87.043	99.511	107.488
5	Geling Gewog, Chhukha	4.286	0.603	4.889	6.851	5.122	3.644	15.617	20.506
6	Darla Gewog, Chhukha	4.685	0.052	4.737	10.104	5.122	5.304	20.530	25.267
7	Getana Gewog, Chhukha	4.092	6.647	10.739	7.408	5.122	0.159	12.689	23.428
8	Bjagchhog Gewog, Chhukha	4.263	0.041	4.304	8.115	5.122	5.941	19.178	23.482
9	Laggchina Gewog, Chhukha	4.511	2.303	6.814	7.711	5.122	3.249	16.082	22.896
10	Maedtakha Gewog, Chhukha	4.373	1.196	5.569	6.941	5.122	20.801	32.864	38.433
11	Phuentsholing Gewog, Chhukha	4.644	0.336	4.980	9.767	5.122	6.573	21.462	26.442
12	Bji Gewog, Haa	4.010	0.000	4.010	7.939	5.122	0.284	13.345	17.355
13	Kartshog Gewog, Haa	4.019	0.000	4.019	6.235	5.122	1.170	12.527	16.546
14	Sangbay Gewog, Haa	4.094	0.000	4.094	7.309	5.122	31.518	43.949	48.043
15	Samar Gewog, Haa	4.015	0.000	4.015	6.774	5.122	0.050	11.946	15.961
16	Uesu Gewog, Haa	4.091	0.000	4.091	6.670	5.122	1.563	13.355	17.446
17	Gakidling Gewog, Haa	4.394	0.000	4.394	7.505	5.122	0.258	12.885	17.279
18	Dopsharri Gewog, Paro	4.348	0.033	4.381	6.848	5.122	0.245	12.215	16.596

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
19	Dokar Gewog, Paro	4.560	0.033	4.593	6.641	5.122	9.804	21.567	26.160
20	Doteng Gewog, Paro	4.294	0.582	4.876	6.551	5.122	1.300	12.973	17.849
21	Hoongrel Gewog, Paro	3.857	0.082	3.939	5.631	5.112	0.000	10.743	14.682
22	Lamgong Gewog, Paro	4.515	0.582	5.097	7.490	5.122	17.089	29.701	34.798
23	Loongnyi Gewog, Paro	3.792	0.033	3.825	7.387	5.122	0.000	12.509	16.334
24	Nagya Gewog, Paro	4.540	0.033	4.573	7.966	5.122	1.254	14.342	18.915
25	Sharpa Gewog, Paro	4.501	0.037	4.538	7.956	5.122	1.045	14.123	18.661
26	Tsento Gewog, Paro	4.285	0.034	4.319	8.532	5.122	76.161	89.815	94.134
27	Wangchang Gewog, Paro	4.496	0.020	4.516	6.090	5.122	0.000	11.212	15.728
28	Norgaygang Gewog, Samtse	4.635	1.434	6.069	9.361	5.122	70.477	84.960	91.029
29	Pemaling Gewog, Samtse	4.337	0.377	4.714	8.426	5.122	30.159	43.707	48.421
30	Sangngachhoeling Gewog, Samtse	4.371	0.352	4.723	8.216	5.122	1.203	14.541	19.264
31	Norboogang Gewog, Samtse	4.472	0.000	4.472	8.247	5.122	1.082	14.451	18.923
32	Duenchukha Gewog, Samtse	4.332	1.319	5.651	7.863	5.122	0.394	13.379	19.030
33	Dophoogchen Gewog, Samtse	4.778	0.000	4.778	9.756	5.122	9.938	24.816	29.594
34	Doongtoed Gewog, Samtse	3.797	2.270	6.067	7.408	5.122	0.394	12.924	18.991
35	Yoeseltse Gewog, Samtse	4.052	0.172	4.224	7.575	5.122	2.482	15.179	19.403
36	Namgaychhoeling Gewog, Samtse	4.372	0.352	4.724	8.989	5.122	11.429	25.540	30.264
37	Tendruk Gewog, Samtse	4.249	0.000	4.249	9.663	5.122	1.620	16.405	20.654

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
38	Ugyentse Gewog, Samtse	4.047	0.090	4.137	6.706	5.122	0.394	12.222	16.359
39	Phuentshoppeli Gewog, Samtse	4.379	2.877	7.256	10.285	5.122	3.176	18.583	25.839
40	Samtse Gewog, Samtse	4.374	0.000	4.374	7.970	5.122	4.220	17.312	21.686
41	Tashichhoeling Gewog, Samtse	3.997	0.000	3.997	7.664	5.122	4.220	17.006	21.003
42	Tading Gewog, Samtse	4.095	0.131	4.226	8.937	5.122	13.142	27.201	31.427
43	Patshaling Gewog, Tsirang	4.279	0.051	4.330	6.824	5.122	0.285	12.231	16.561
44	Doonglagang Gewog, Tsirang	4.525	0.748	5.273	7.273	5.122	2.374	14.769	20.042
45	Barshong Gewog, Tsirang	4.386	0.787	5.173	6.704	5.122	0.314	12.140	17.313
46	Gosarling Gewog, Tsirang	4.204	0.785	4.989	6.909	5.122	0.235	12.266	17.255
47	Rangthangling Gewog, Tsirang	4.279	0.033	4.312	6.972	5.122	0.235	12.329	16.641
48	Kilkhorhang Gewog, Tsirang	4.368	0.264	4.632	6.907	5.122	1.280	13.309	17.941
49	Mendrelang Gewog, Tsirang	4.297	0.910	5.207	6.977	5.122	1.758	13.857	19.064
50	Sergithang Gewog, Tsirang	4.627	0.982	5.609	7.612	5.122	2.472	15.206	20.815
51	Pungtenchhu Gewog, Tsirang	4.282	0.438	4.720	7.438	5.122	6.175	18.735	23.455
52	Semjong Gewog, Tsirang	4.340	0.609	4.949	7.062	5.122	1.340	13.524	18.473
53	Tsholingkhar Gewog, Tsirang	4.296	0.000	4.296	7.132	5.122	3.176	15.430	19.726
54	Tsirangtoed Gewog, Tsirang	4.537	1.000	5.537	7.071	5.122	49.067	61.260	66.797
55	Dorona Gewog, Dagana	4.363	1.188	5.551	6.961	5.122	86.055	98.138	103.689
56	Drukjeygang Gewog, Dagana	4.357	0.746	5.103	6.872	5.122	0.394	12.388	17.491
57	Gesarling Gewog, Dagana	3.797	0.033	3.830	6.541	5.122	1.798	13.461	17.291

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
58	Gozhi Gewog, Dagana	4.284	0.020	4.304	6.954	5.122	1.280	13.356	17.660
59	Karna Gewog, Dagana	4.269	0.041	4.310	7.548	5.122	0.394	13.064	17.374
60	Khebisa Gewog, Dagana	3.790	1.549	5.339	6.965	5.122	0.394	12.481	17.820
61	Lagyab Gewog, Dagana	4.460	1.975	6.435	6.650	5.122	0.394	12.166	18.601
62	Tashiding Gewog, Dagana	4.299	0.057	4.356	6.877	5.122	0.235	12.234	16.590
63	Tsendagang Gewog, Dagana	4.369	0.139	4.508	7.185	5.122	1.280	13.587	18.095
64	Tsangkha Gewog, Dagana	4.557	0.028	4.585	6.895	5.122	0.394	12.411	16.996
65	Tseza Gewog, Dagana	4.239	0.418	4.657	7.346	5.122	1.280	13.748	18.405
66	Karmaling Gewog, Dagana	4.371	0.387	4.758	6.434	5.122	0.235	11.791	16.549
67	Lhamoizingkha Gewog, Dagana	3.699	0.254	3.953	6.921	5.122	4.772	16.815	20.768
68	Nichula Gewog, Dagana	4.467	1.237	5.704	6.411	5.122	1.200	12.733	18.437
69	Chhuboog Gewog, Punakha	4.321	0.762	5.083	6.648	5.122	0.235	12.005	17.088
70	Goenshari Gewog, Punakha	4.339	0.022	4.361	6.294	5.122	1.694	13.110	17.471
71	Guma Gewog, Punakha	4.281	0.131	4.412	6.704	5.122	37.454	49.280	53.692
72	Kabisa Gewog, Punakha	4.610	0.252	4.862	7.038	5.122	0.553	12.713	17.575
73	Lingmukha Gewog, Punakha	4.333	0.797	5.130	6.378	5.122	23.314	34.814	39.944
74	Shelnga-Bjemi Gewog, Punakha	4.522	1.090	5.612	6.247	5.122	0.394	11.763	17.375
75	Talag Gewog, Punakha	4.518	0.016	4.534	6.340	5.122	34.667	46.129	50.663
76	Toedwang Gewog, Punakha	3.800	0.123	3.923	7.161	5.122	1.406	13.689	17.612
77	Dzomi Gewog, Punakha	4.398	0.000	4.398	6.440	5.122	1.187	12.749	17.147

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
78	Barp Gewog, Punakha	4.499	0.101	4.600	7.252	5.122	3.797	16.171	20.771
79	Toepaisa Gewog, Punakha	4.592	0.049	4.641	6.810	5.122	2.125	14.057	18.698
80	Bjednag Gewog, Wangdue Phodrang	4.411	0.539	4.950	7.579	5.122	8.723	21.424	26.374
81	Dangchhu Gewog, Wangdue Phodrang	5.575	1.524	7.099	7.649	5.122	43.579	56.350	63.449
82	Darkar Gewog, Wangdue Phodrang	4.326	0.021	4.347	9.620	5.122	0.394	15.136	19.483
83	Gangteng Gewog, Wangdue Phodrang	4.060	0.582	4.642	7.350	5.122	1.738	14.210	18.852
84	Gasetshogomg Gewog, Wangdue Phodrang	4.266	0.926	5.192	7.424	5.122	1.190	13.736	18.928
85	Gasetshowomg Gewog, Wangdue Phodrang	4.569	0.451	5.020	6.667	5.122	51.499	63.288	68.308
86	Kazhi Gewog, Wangdue Phodrang	4.271	0.642	4.913	8.020	5.122	6.957	20.099	25.012
87	Nahi Gewog, Wangdue Phodrang	4.428	0.992	5.420	6.518	5.122	0.235	11.875	17.295
88	Nyishog Gewog, Wangdue Phodrang	4.770	0.641	5.411	8.205	5.122	1.349	14.676	20.087
89	Phangyuel Gewog, Wangdue Phodrang	4.307	0.283	4.590	6.833	5.122	26.279	38.234	42.824

Sl. No.	Gewogs	Current			Capital			Total Allocation (H)=C+G	
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)		Total (G)=D+E+F
90	Phobji Gewog, Wangdue Phodrang	4.369	1.005	5.374	7.590	5.122	7.970	20.682	26.056
91	Ruebisa Gewog, Wangdue Phodrang	4.542	0.445	4.987	7.590	5.122	1.757	14.469	19.456
92	Saephoog Gewog, Wangdue Phodrang	4.383	0.017	4.400	8.576	5.122	2.914	16.612	21.012
93	Athang Gewog, Wangdue Phodrang	4.349	0.510	4.859	7.714	5.122	1.985	14.821	19.680
94	Thebtsho Gewog, Wangdue Phodrang	4.457	0.018	4.475	7.293	5.122	7.724	20.139	24.614
95	Chhockhor Gewog, Bumthang	4.484	0.042	4.526	10.177	5.122	33.450	48.749	53.275
96	Chhumig Gewog, Bumthang	4.358	0.033	4.391	8.345	5.122	5.494	18.961	23.352
97	Tang Gewog, Bumthang	4.512	1.401	5.913	8.339	5.122	40.921	54.382	60.295
98	Ura Gewog, Bumthang	4.637	0.015	4.652	7.474	5.122	0.855	13.451	18.103
99	Samtenling Gewog, Sarpang	4.543	0.129	4.672	6.784	5.122	47.245	59.151	63.823
100	Chhuzaggang Gewog, Sarpang	4.533	0.951	5.484	6.830	5.122	0.235	12.187	17.671
101	Dekidling Gewog, Sarpang	4.396	0.131	4.527	7.701	5.122	0.235	13.058	17.585
102	Chhudzom Gewog, Sarpang	4.790	3.942	8.732	7.393	5.122	2.582	15.097	23.829
103	Taraythang Gewog, Sarpang	4.656	0.500	5.156	5.724	5.122	1.174	12.020	17.176
104	Gelegphu Gewog, Sarpang	4.340	0.098	4.438	7.735	5.122	26.746	39.603	44.041
105	Gakidling Gewog, Sarpang	4.398	0.015	4.413	6.738	5.122	0.632	12.492	16.905



Sl. No.	Gewogs	Current			Capital			Total Allocation (H)=C+G	
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)		Total (G)=D+E+F
106	Jigmedchhoeling Gewog, Sarpang	5.062	0.037	5.099	7.697	5.122	0.494	13.313	18.412
107	Umling Gewog, Sarpang	4.565	1.278	5.843	6.651	5.122	10.394	22.167	28.010
108	Senggye Gewog, Sarpang	4.510	0.787	5.297	6.426	5.122	43.515	55.063	60.360
109	Shompangkha Gewog, Sarpang	4.481	0.030	4.511	6.275	5.122	1.460	12.857	17.368
110	Serzhong Gewog, Sarpang	4.305	0.982	5.287	6.876	5.122	1.505	13.503	18.790
111	Bardo Gewog, Zhemgang	4.369	2.065	6.434	8.731	5.122	0.544	14.397	20.831
112	Bjoka Gewog, Zhemgang	4.370	2.082	6.452	7.573	5.122	1.957	14.652	21.104
113	Nangkor Gewog, Zhemgang	4.283	2.959	7.242	8.949	5.122	6.270	20.341	27.583
114	Ngangla Gewog, Zhemgang	3.713	0.029	3.742	9.138	5.122	4.083	18.343	22.085
115	Phangkhar Gewog, Zhemgang	4.348	0.000	4.348	8.281	5.122	1.662	15.065	19.413
116	Shingkar Gewog, Zhemgang	3.834	4.201	8.035	8.189	5.122	71.605	84.916	92.951
117	Trong Gewog, Zhemgang	4.523	0.034	4.557	7.928	5.122	38.283	51.333	55.890
118	Goshing Gewog, Zhemgang	4.375	0.664	5.039	8.072	5.122	0.394	13.588	18.627
119	Draagteng Gewog, Trongsa	3.986	0.000	3.986	10.440	5.122	3.176	18.738	22.724
120	Korphoog Gewog, Trongsa	4.131	1.647	5.778	7.560	5.122	0.235	12.917	18.695
121	Langthil Gewog, Trongsa	3.543	0.000	3.543	9.860	5.122	1.886	16.868	20.411
122	Nubi Gewog, Trongsa	3.994	1.360	5.354	9.798	5.122	40.210	55.130	60.484
123	Tangsibji Gewog, Trongsa	3.469	0.037	3.506	7.953	5.122	1.798	14.873	18.379
124	Gangzur Gewog, Lhuentse	4.391	0.059	4.450	8.345	5.122	0.761	14.228	18.678
125	Jarey Gewog, Lhuentse	4.376	1.344	5.720	7.672	5.122	10.553	23.347	29.067

Sl. No.	Gewogs	Current			Capital			Total Allocation (H)=C+G	
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)		Total (G)=D+E+F
126	Khoma Gewog, Lhuentse	4.287	0.455	4.742	7.989	5.122	14.904	28.015	32.757
127	Kurtoed Gewog, Lhuentse	4.037	3.655	7.692	8.284	5.122	1.280	14.686	22.378
128	Minjey Gewog, Lhuentse	3.784	0.672	4.456	7.224	5.122	0.894	13.240	17.696
129	Maenbi Gewog, Lhuentse	4.299	0.016	4.315	7.460	5.122	2.560	15.142	19.457
130	Maedtsho Gewog, Lhuentse	4.357	1.803	6.160	7.505	5.122	0.394	13.021	19.181
131	Tsaenkhari Gewog, Lhuentse	4.599	0.020	4.619	7.996	5.122	0.553	13.671	18.290
132	Balam Gewog, Monggar	4.391	1.065	5.456	7.269	5.122	0.394	12.785	18.241
133	Chhaling Gewog, Monggar	4.286	0.628	4.914	7.064	5.122	0.394	12.580	17.494
134	Chagsakhar Gewog, Monggar	4.218	0.910	5.128	7.576	5.122	0.394	13.092	18.220
135	Dramedtse Gewog, Monggar	4.353	1.483	5.836	7.634	5.122	0.394	13.150	18.986
136	Drepoons Gewog, Monggar	4.324	1.680	6.004	6.819	5.122	1.439	13.380	19.384
137	Gongdue Gewog, Monggar	4.350	1.950	6.300	8.119	5.122	4.553	17.794	24.094
138	Jurmed Gewog, Monggar	4.385	1.418	5.803	7.784	5.122	20.394	33.300	39.103
139	Kengkhari Gewog, Monggar	4.641	2.098	6.739	8.503	5.122	0.394	14.019	20.758
140	Monggar Gewog, Monggar	4.759	0.000	4.759	7.289	5.122	7.741	20.152	24.911
141	Ngatshang Gewog, Monggar	4.534	0.053	4.587	6.970	5.122	2.782	14.874	19.461
142	Saling Gewog, Monggar	4.079	0.030	4.109	8.217	5.122	2.203	15.542	19.651
143	Shermuhoong Gewog, Monggar	4.349	1.442	5.791	7.784	5.122	0.673	13.579	19.370
144	Silambi Gewog, Monggar	4.283	5.335	9.618	8.066	5.122	85.081	98.269	107.887

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
145	Thangrong Gewog, Monggar	4.565	1.401	5.966	7.618	5.122	2.190	14.930	20.896
146	Tsakaling Gewog, Monggar	4.392	0.934	5.326	7.130	5.122	2.033	14.285	19.611
147	Tsamang Gewog, Monggar	4.366	1.746	6.112	7.190	5.122	0.712	13.024	19.136
148	Narang Gewog, Monggar	4.368	1.524	5.892	7.162	5.122	1.280	13.564	19.456
149	Chongshing Gewog, Pema Gatsel	3.866	1.155	5.021	6.833	5.122	32.323	44.278	49.299
150	Chhimoong Gewog, Pema Gatsel	4.412	2.090	6.502	6.799	5.122	0.394	12.315	18.817
151	Dungmaed Gewog, Pema Gatsel	4.598	0.033	4.631	7.077	5.122	0.394	12.593	17.224
152	Khar Gewog, Pema Gatsel	4.312	1.073	5.385	7.423	5.122	1.194	13.739	19.124
153	Shumar Gewog, Pema Gatsel	4.459	0.027	4.486	8.488	5.122	3.529	17.139	21.625
154	Yurung Gewog, Pema Gatsel	4.054	2.057	6.111	6.744	5.122	17.034	28.900	35.011
155	Zobel Gewog, Pema Gatsel	3.768	0.106	3.874	7.212	5.122	5.107	17.441	21.315
156	Dechhenling Gewog, Pema Gatsel	4.861	2.959	7.820	7.238	5.122	0.394	12.754	20.574
157	Norboogang Gewog, Pema Gatsel	4.421	0.024	4.445	9.428	5.122	20.226	34.776	39.221
158	Nanong Gewog, Pema Gatsel	4.311	2.467	6.778	7.474	5.122	0.394	12.990	19.768
159	Chhoeckhorling Gewog, Pema Gatsel	4.323	2.016	6.339	6.701	5.122	13.664	25.487	31.826
160	Phuentshothang Gewog, Sam-drup, Jongkhar	4.933	0.055	4.988	8.842	5.122	23.662	37.626	42.614

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
161	Pemathang Gewog, Samdrup Jongkhar	4.334	0.575	4.909	7.012	5.122	1.438	13.572	18.481
162	Gomdar Gewog, Samdrup Jongkhar	3.837	1.020	4.857	8.626	5.122	3.380	17.128	21.985
163	Wangphoog Gewog, Samdrup Jongkhar	4.400	1.038	5.438	7.898	5.122	0.394	13.414	18.852
164	Langchenphu Gewog, Samdrup Jongkhar	4.373	0.139	4.512	7.284	5.122	7.684	20.090	24.602
165	Lauri Gewog, Samdrup Jongkhar	4.395	2.959	7.354	8.252	5.122	1.123	14.497	21.851
166	Martshala Gewog, Samdrup Jongkhar	4.700	1.073	5.773	8.111	5.122	53.732	66.965	72.738
167	Dewathang Gewog, Samdrup Jongkhar	4.498	0.022	4.520	7.117	5.122	92.475	104.714	109.234
168	Orong Gewog, Samdrup Jongkhar	4.783	1.020	5.803	8.096	5.122	0.553	13.771	19.574
169	Samrang Gewog, Samdrup Jongkhar	4.494	0.033	4.527	6.166	5.122	0.235	11.523	16.050
170	Serthig Gewog, Samdrup Jongkhar	3.836	1.934	5.770	8.050	5.122	1.412	14.584	20.354
171	Bartsham Gewog, Trashigang	3.550	1.688	5.238	7.126	5.122	0.235	12.483	17.721
172	Bidoong Gewog, Trashigang	4.071	1.219	5.290	7.176	5.122	1.438	13.736	19.026
173	Kanglung Gewog, Trashigang	4.264	0.000	4.264	9.794	5.122	2.579	17.495	21.759

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
174	Kangpara Gewog, Trashigang	4.107	3.122	7.229	7.793	5.122	2.054	14.969	22.198
175	Khaling Gewog, Trashigang	4.144	0.000	4.144	8.381	5.122	5.953	19.456	23.600
176	Lumang Gewog, Trashigang	4.629	0.992	5.621	8.337	5.122	1.438	14.897	20.518
177	Merag Gewog, Trashigang	3.638	2.942	6.580	8.479	5.122	4.770	18.371	24.951
178	Yangnyer Gewog, Trashigang	4.355	1.483	5.838	7.669	5.122	0.454	13.245	19.083
179	Phongmed Gewog, Trashigang	3.326	0.770	4.096	8.330	5.122	2.071	15.523	19.619
180	Radi Gewog, Trashigang	3.545	0.664	4.209	7.831	5.122	19.682	32.635	36.844
181	Sagteng Gewog, Trashigang	4.059	3.942	8.001	8.561	5.122	12.885	26.568	34.569
182	Samkhar Gewog, Trashigang	4.345	0.631	4.976	7.411	5.122	79.538	92.071	97.047
183	Shongphoog Gewog, Trashigang	3.462	0.344	3.806	8.694	5.122	0.235	14.051	17.857
184	Thrimshing Gewog, Trashigang	4.223	1.272	5.495	7.623	5.122	2.235	14.980	20.475
185	Udzorong Gewog, Trashigang	4.206	2.057	6.263	8.342	5.122	0.394	13.858	20.121
186	Soc Gewog, Thimphu	4.482	1.401	5.883	7.121	5.122	0.259	12.502	18.385
187	Chang Gewog, Thimphu	4.473	0.045	4.518	7.636	5.122	2.712	15.470	19.988
188	Darkarla Gewog, Thimphu	4.100	0.131	4.231	6.440	5.122	1.957	13.519	17.750
189	Genyen Gewog, Thimphu	5.150	0.672	5.822	6.088	5.122	16.990	28.200	34.022
190	Kawang Gewog, Thimphu	4.281	0.174	4.455	7.845	5.122	133.415	146.382	150.837
191	Lingzhi Gewog, Thimphu	4.570	0.000	4.570	7.562	5.122	0.159	12.843	17.413
192	Maedwang Gewog, Thimphu	4.234	0.016	4.250	8.153	5.122	5.235	18.510	22.760
193	Naro Gewog, Thimphu	4.646	2.959	7.605	6.961	5.122	42.436	54.519	62.124

Sl. No.	Gewogs	Current			Capital				Total Allocation (H)=C+G
		Block (A)	Centrally Executed (B)	Total (C)=A+B	Block RGoB (D)	Project-Tied External (E)	Centrally Executed (Capital) (F)	Total (G)=D+E+F	
194	Khamaed Gewog, Gasa	4.271	0.065	4.336	6.603	5.122	2.457	14.182	18.518
195	Khatoed Gewog, Gasa	4.202	0.074	4.276	6.503	5.122	0.858	12.483	16.759
196	Laya Gewog, Gasa	4.429	2.057	6.486	8.408	5.122	63.539	77.069	83.555
197	Lunana Gewog, Gasa	4.443	0.000	4.443	10.471	5.122	8.804	24.397	28.840
198	Boomdeling Gewog, Trashhi Yangtse	4.504	0.664	5.168	8.816	5.122	24.216	38.154	43.322
199	Jamkhar Gewog, Trashhi Yangtse	4.452	0.479	4.931	6.979	5.122	0.295	12.396	17.327
200	Khamdang Gewog, Trashhi Yangtse	4.339	0.746	5.085	8.412	5.122	5.264	18.798	23.883
201	Ramjar Gewog, Trashhi Yangtse	4.368	1.319	5.687	6.930	5.122	1.189	13.241	18.928
202	Toedtsho Gewog, Trashhi Yangtse	4.718	0.479	5.197	7.614	5.122	3.176	15.912	21.109
203	Tongmizhangsa Gewog, Trashhi Yangtse	4.388	1.028	5.416	7.442	5.122	4.220	16.784	22.200
204	Yalang Gewog, Trashhi Yangtse	4.399	1.196	5.595	7.205	5.122	0.060	12.387	17.982
205	Yangtse Gewog, Trashhi Yangtse	4.281	0.000	4.281	7.541	5.122	1.279	13.942	18.223
	<b>Total</b>	<b>885.550</b>	<b>168.895</b>	<b>1,054.445</b>	<b>1,560.000</b>	<b>1,050.000</b>	<b>2,162.586</b>	<b>4,772.586</b>	<b>5,827.031</b>

*Note: Project-tied external of Nu. 1,050 million is under GoI/SDP*

## Annexure 4: Budget Allocation for Legislative, Judiciary and Constitutional Bodies for FY 2024-25

### National Assembly of Bhutan

*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
1	Current grants including pay and benefits	150.570	-
2	Procurement of furniture, equipment and minor maintenance (Block Grant)	-	3.507
<b>Total</b>		<b>150.570</b>	<b>3.507</b>

### National Council of Bhutan

*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
1	Current grants including pay and benefits	98.911	-
2	Procurement of furniture, equipment and minor maintenance (Block Grant)	-	2.384
<b>Total</b>		<b>98.911</b>	<b>2.384</b>

### Judiciary

*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
1	Current grants including pay and benefits	358.864	-
2	Develop Judiciary Employee Information System	-	2.000
3	Develop Case Management and e-Litigation System	-	4.000
4	Procurement of furniture, Equipment and minor maintenance (Block Grant)	-	8.517
<b>Total</b>		<b>358.864</b>	<b>14.517</b>

### Anti-Corruption Commission

*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
1	Current grants including pay and benefits	125.184	-
2	Hosting of 2024 Anti-Corruption initiative for Asia and the Pacific	-	7.946
3	Specialized short-term training on Anti-Corruption studies and prevention	-	7.256

*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
4	Develop and implement law enforcement and regulatory agency program for improved and coordinated justice services	-	1.000
5	Publish longitudinal studies to assess impact of the Anti-Corruption interventions	-	2.365
6	Improve integrity vetting in personnel management procurement and elections	-	0.608
7	Conduct 11 or more system studies in vulnerable sectors and agencies for evidence-based corruption prevention	-	0.450
8	Implement Business Integrity Initiative of Bhutan with revised interventions to foster ethical businesses	-	1.500
9	Improve effectiveness of asset declaration administration and management	-	1.400
10	Develop, implement and monitor 3 programs for behavioral change in the youth and children	-	1.200
11	Improve Anti-Corruption marketing and engagement programs	-	0.720
12	Procurement of furniture, equipment and minor maintenance (Block Grant)	-	2.974
<b>Total</b>		<b>125.184</b>	<b>27.419</b>

## Election Commission of Bhutan

*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
1	Current grants including pay and benefits	41.941	-
2	Long-term studies	-	0.451
3	Strengthening ICT infrastructure	-	5.000
4	Procurement of furniture, equipment and minor maintenance (Block Grant)	-	0.936
<b>Total</b>		<b>41.941</b>	<b>6.387</b>

## Royal Audit Authority

*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
1	Current grants including pay and benefits	206.147	-
2	Outsourcing of audit services	-	3.000



*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
3	Capacity development program- long-term training association of Certified Chartered Accountants	-	3.358
4	Procurement of furniture, equipment and minor maintenance (Block Grant)	-	2.128
<b>Total</b>		<b>206.147</b>	<b>8.486</b>

## Royal Civil Service Commission

*Nu. in million*

Sl. No.	Name of Activities	Recurrent	Capital
1	Current grants including pay and benefits	80.523	-
2	UG scholarship student selected and placed in university and colleges in India	-	115.270
3	UG scholarship student selected under King's Scholarship and third countries placed in top colleges and universities	-	190.620
4	UG scholarship student under Assistance to Privately Enrolled Medical Students (APEMS) placed in top 50 universities colleges and host countries	-	23.420
5	UG scholarship student selected for in country top college	-	17.240
6	UG scholarship student selected for 3rd countries under RGoB Queen's Endowment for Cultural Studies (QECS)	-	10.950
7	Nehru Wangchuck Scholarship	-	19.510
8	Cost sharing for HRD programme: long term training and short-term training	-	67.000
9	GOI PTA strategic HRD programmes long term training and short-term training professional skill and competency development of civil services	-	200.000
10	Executive and chiefs trained on robust objective key results and performance dashboard updated	-	2.000
11	Enhance selection skills of senior civil servants	-	10.000
12	Enhancement of regular performance feedback	-	<b>10.000</b>
13	Develop Service Evaluation Tool	-	0.220
14	Procurement of computer assisted telephone interview (CATI)	-	0.050
15	Integrating the system for onboarding of commonly availed services to service evaluation tool	-	0.100

*Nu. in million*

<b>Sl. No.</b>	<b>Name of Activities</b>	<b>Recurrent</b>	<b>Capital</b>
16	Conduct empathy skill training	-	1.085
17	Integrate social media listening tool and apps to Service Evaluation Tool (SET)	-	0.050
18	Conduct impact assessment and tracer study for civil services	-	7.000
19	Conduct 13 <sup>th</sup> FYP staffing exercises	-	0.200
20	Procurement of civil service award medals and certificates	-	4.800
21	Training of executives on domain related administration	-	20.000
22	Conduct of Executive Forums	-	0.670
23	Procurement of furniture, equipment and minor maintenance (Block Grant)	-	1.566
<b>Total</b>		<b>80.523</b>	<b>701.751</b>

## Annexure 5: Economic Classification of Expenditure for FY 2024-25

*Nu. in million*

OBC	Object Classification	Appropriation
	<b>Recurrent Expenditure</b>	
1.01	Pay and Allowances	24,276.199
2.01	Other Personnel Emoluments	643.402
3.01	Medical Benefits - In Country	10.000
3.02	Medical Benefits - India	35.000
3.03	Medical Benefits - Outside India	65.000
4.01	Special Allowance	72.800
4.02	Special Allowance - Kidu/Pensioners	1.789
5.01	Stipends	2,415.314
7.02	Current Grant	8,757.195
11.01	Travel - In Country	94.229
11.02	Travel - Outside Bhutan	129.280
11.03	Travel - (LTC/Leave Travel Concession)	22.677
12.01	Utilities -Telephones and Internet	15.270
12.02	Utilities - Postage	0.250
12.03	Utilities - Electricity, Water, Sewerage	10.500
12.05	Utilities - Fuelwood	4.000
13.01	Rental of Properties - Buildings	17.009
13.02	Rental of Properties - Vehicles	1.500
14.01	S & M - Office Supplies, Printing, Publications	15.424
14.02	S & M - Medicines & Laboratory Consumables	3.000
14.03	S & M - Fertilizers, Chemicals, Manures, Inoculants	0.250
14.04	S & M - Seeds, Seedlings	0.500
14.05	S & M - Animal Feeds	9.600
14.06	S & M - Uniforms, Extension Kits, Linens	0.300
15.01	Maintenance of Property - Buildings	31.065
15.02	Maintenance of Property - Vehicles	2.054
15.05	Maintenance of Property - Equipment	0.850
15.07	Maintenance of Property - Computers	0.100
15.11	Maintenance of Property - Roads (PNH, SNH & Dzongkhag Roads)	473.660
17.01	Op. Exp. - Advertising	0.550

*Nu. in million*

<b>OBC</b>	<b>Object Classification</b>	<b>Appropriation</b>
17.02	Op. Exp. - Taxes, Duties, Royalties, Fees, Handling Charges, Bank Charges	9.994
17.08	Op. Exp. - In Country Meetings and Celebrations	10.200
17.09	Op. Exp. - Survey/Census	0.500
18.01	Hospitality & Entertainment	58.560
21.01	Current Grants - Individuals/Non-profit Orgs.	322.004
21.02	Current Grants - Sungchop	521.372
22.01	Current Grants - Financial Institutions	85.183
22.02	Current Grants - Non-Financial Institutions	785.783
24.03	Contributions - Provident Fund	1,682.454
25.01	Retirement Benefits	246.345
26.01	General Provisions	2,831.392
31.01	Interest Payment - Internal	2,655.860
31.02	Interest Payment - External	4,491.491
	<b>Total Current Expenditure</b>	<b>50,809.905</b>
	<b>Capital Expenditure</b>	
41.01	Acquisition of Immovable Property - Land	39.000
42.01	Capital Grant	5,971.261
45.01	Training - Human Resource Development	824.730
45.02	Training - Others	2,135.548
45.03	Training: Undergraduate Scholarship	451.632
51.01	Exp. on Structure - Buildings	6,833.399
51.02	Exp. on Structure - Roads (incl.culverts,drns)	3,011.046
51.03	Exp. on Structure - Bridges	213.916
51.04	Exp. on Structure - Irrigation Channels	343.671
51.05	Exp. on Structure - Drainage Systems	19.245
51.06	Exp. on Structure - Water Supply & Sanitation	1,378.488
51.07	Exp. on Structure - Plantations	310.817
51.08	Exp. on Structure - Others	2,325.300
52.01	Plant & Equipt. - Roads	13.043
52.02	Plant & Equipt. - Power Generation	1,284.028
52.03	Plant & Equipt. - Power Trans. & Dist.	0.756
52.04	Plant & Equipt. - Telecommunications	261.125
52.05	Plant & Equipt. - Agricultural Machineries	37.318

*Nu. in million*

<b>OBC</b>	<b>Object Classification</b>	<b>Appropriation</b>
52.06	Plant & Equipt. - Livestock	124.650
52.07	Plant & Equipt. - Hospital/Lab. Equipment	1,903.518
52.08	Plant & Equipt. - General Tools, Instruments	1,997.176
53.01	Purchase of Vehicles	352.150
54.01	Furniture	85.182
54.02	Office Equipment	179.549
54.03	Computers & Peripherals	161.155
55.01	Professional Services	2,570.377
56.01	General Provisions	4,153.024
57.01	System Development	955.064
61.01	Capital Grants - Individuals/Non-Profit Orgs.	333.000
62.02	Capital Grants - Non-Financial Institutions	49.155
63.01	Acquisition of Equities/Shares	25.990
	<b><i>Total Capital Expenditure</i></b>	<b><i>38,344.313</i></b>
65.02	<b>Total Lending Expenditure</b>	<b>2,318.571</b>
70.02	<b>Total Repayment Expenditure</b>	<b>6,182.040</b>
	<b>Total Budget Appropriation</b>	<b>97,654.829</b>

## Annexure 6: Major Capital Activities under Various Sectors for FY 2024-25

### I. Health Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Health</b>			
1	Procurement of medical equipment	554.240	ADB/IDA
2	Construction of Mother and Child Hospital at Monggar	300.000	GoI PTA (13 FYP)
3	Procurement of Mobile Medical Units (MMU) 28 numbers including green tax	214.650	ADB/RGoB Contribution
4	Procurement of laboratory equipment and consumables	76.800	ADB
5	Conduct NCD screening in all district	19.000	WHO
6	Conduct formative research for the introduction of Multiple Micronutrient Supplementation for pregnant and lactating woman	12.750	UNICEF
7	Improve WASH in HCF through construction of drinking water supply scheme through installation of safe drinking water system in 33 PHC with inclusive handwashing system and enhance capacity of health officials to ship samples for chemical profiling of heavy metals in drinking water	12.054	UNICEF
8	GeneXpert cartridges for diagnosis of TB MDR TB and pre XDA TB	11.180	GFATM
9	Measles and Rubella vaccination campaign including procurement of vaccine and it's device transportation training of HR and other logistic	8.500	WHO
<b>National Medical Services</b>			
10	Procurement of medical equipment and spare parts	838.170	RGoB
11	Construction of Nglam Hospital	80.000	GoI PTA (13 FYP)
12	Long Term Training (new)	78.290	RGoB
13	Long Term Training (continuation)	39.200	RGoB
14	Short Term Training	39.900	WHO
15	Construction of Biomedical building (spillover)	27.794	RGoB
16	Procure equipments for starting IVF at JDWNRH	20.000	WHO
17	Special consultation services for JDWNRH	16.343	RGoB

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
18	Expansion of microbiology services to 6 cluster hospitals	12.500	Fleming Fund
19	Infrastructure development for new oxygen plants	10.000	RGoB
<b>The Pema Centre</b>			
20	Establish National Reintegration and Aftercare Centre	20.000	RGoB
21	Construction of 60 Bedded Hospital	114.020	RGoB

## II. Education Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Education and Skills Development</b>			
1	Augmentation of existing DWPSD administered institutes	582.500	ADB
2	Provide adequate and latest training tools and equipment in line with industry standards	269.800	ADB/IDA
3	Youths' jobseekers NGG enrolled in DWPSD institutes	215.230	IDA
4	Construction of Chundu Armed Force School	100.000	RGoB
5	Professional development teachers	231.500	GoI PTA (13 FYP)
6	Construction of 34 new toilets	100.000	W/Bank
7	Establishment of ECCD Centers	94.000	IDA
8	Establishment of Premier TVET schools at Tama, Zhemgang	30.000	RGoB
9	Establishment of Premier STEM schools at Drukgyel	50.000	RGoB
10	Construction of additional facilities at JWPIT Dekiling	60.411	GoI PTA (13 FYP)
11	Procurement and supply of pre-vocational equipment and materials for 41 inclusive schools	41.000	ADB
12	Establishment of international school	20.000	RGoB
13	Youths' jobseeker PWD trained through critical skills training	31.000	ADB
14	Benchmarking of school curriculum to international standards.	30.000	IDA
15	Outsource governance and management of TVET institution initiated	30.000	IDA

*Nu. in million*

<b>Sl. No</b>	<b>Name of Activity</b>	<b>Amount</b>	<b>Funding</b>
16	Construction of inclusive toilets	25.000	W/Bank
17	Rehabilitation of Kelki School	93.612	RGoB
18	Construction of facility technology workshop TTI Khuruthang	22.000	RGoB
19	Maintenance of existing food stores and kitchen	20.000	WFP
20	ADB PMU operations	25.000	ADB
21	Introduce review and revise curriculum package for TVET schools including CBLM	18.500	ADB
22	Retrofitting existing structures with accessible structures in inclusive schools	18.380	RGoB
23	Teaching learning materials aligned to curriculum framework	18.000	IDA
24	Construction of toilets for boys and girls, staff room conference, counseling room, infirmary, installation of solar panels, renovation of basketball court, Multi-Purpose Hall, classrooms, and other site development works at Chumey Central School, Bumthang	95.093	GoI PTA (13 FYP)
25	Construction of toilets for boys and girls, dining hall, installation of solar panels, renovation of basketball court, staff quarter, Multi-Purpose Hall, classrooms, and other site development works at Chhukha Central School.	166.886	GoI PTA (13 FYP)
26	Construction of toilets for boys and girls, hostels, ICT lab, installation of solar panels, heating and cooling system, renovation of basketball court, lab, classrooms, hostels, Multi-Purpose Hall, administrative block and other site development works at Drujeygang Central School, Dagana	91.332	GoI PTA (13 FYP)
27	Construction of toilets for boys and girls, ICT lab, procurement and installation of solar panels, heating and cooling system, renovation of boys and girls toilet, basketball court, staff quarter, hostels, Multi-Purpose Hall, and other site development works at Bjishong Central School, Haa	75.337	GoI PTA (13 FYP)
28	Construction of toilets for boys and girls, ICT lab, classrooms, procurement and installation of solar panels, heating and cooling system, renovation of basketball court, hostels, administrative block, and other site development works at Gongzin Ugyen Dorji Central School, Haa	86.655	GoI PTA (13 FYP)



*Nu. in million*

<b>Sl. No</b>	<b>Name of Activity</b>	<b>Amount</b>	<b>Funding</b>
29	Construction of toilets for boys and girls, administrative block, futsal, installation of solar panels, heating and cooling system, renovation of Multi-Purpose Hall, basketball court, hostels, classroom and other site development works at Autsho Central School, Lhuentse	90.362	GoI PTA (13 FYP)
30	Construction of toilets for boys, classroom, installation of solar panels, heating and cooling system, renovation of classroom, toilets, basketball court, Multi-Purpose Hall, lab and other site development works at Kidheykhar Central School, Monggar	71.345	GoI PTA (13 FYP)
31	Construction of toilets for boys and girls, ICT lab, hostels, warden/matron quarter, installation of solar panels, heating and cooling system, renovation of classroom, toilets, basketball court, Multi-Purpose Hall, and other site development works at Shari Central School, Paro	149.433	GoI PTA (13 FYP)
32	Construction of toilets for boys and girls, classroom, ICT lab, warden/matron quarter, installation of solar panels, heating and cooling system, renovation of classroom, basketball court, Multi-Purpose Hall, staff quarters and other site development works at Nangkor Central School, Pema Gatshel	104.561	GoI PTA (13 FYP)
33	Construction of toilets for boys and girls, classroom, Multi-Purpose Hall, installation of solar panels, heating and cooling system, renovation of dining hall, classroom, basketball court, lab and other site development works at Punakha Central School.	97.651	GoI PTA (13 FYP)
34	Construction of toilets for boys and girls, installation of solar panels, heating and cooling system, renovation of staff quarters, classroom, basketball court, dining hall, lab, administrative block and other site development works at Orong Central School, Samdrup Jongkhar	70.880	GoI PTA (13 FYP)
35	Construction of lab, Multi-Purpose Hall, installation of solar panels, heating and cooling system, renovation of dining hall, classroom, basketball court, lab and other site development works at Norbugang Central School, Samtse	97.144	GoI PTA (13 FYP)
36	Construction of toilets, administrative block, installation of solar panels, heating and cooling system, renovation of staff quarters, Multi-Purpose Hall, classroom, basketball court, lab, and other site development works at Norbuling Central School, Samtse	79.517	GoI PTA (13 FYP)

*Nu. in million*

<b>Sl. No</b>	<b>Name of Activity</b>	<b>Amount</b>	<b>Funding</b>
37	Construction of toilets for boys and girls, hostels, dining hall, classroom, installation of solar panels, heating and cooling system, renovation of ,classroom, Multi-Purpose Hall, lab, hostels, basketball court, and other site development works at Wangbama Central School, Thimphu	105.452	GoI PTA (13 FYP)
38	Construction of toilets for boys and girls, ICT lab, administration block, classroom, installation of solar panels, heating and cooling system, renovation of classroom, Multi-Purpose Hall, hostels, basketball court, and other site development works at Jigme Sherubling Central School, Tashigang	109.724	GoI PTA (13 FYP)
39	Construction of toilets for boys and girls, ICT lab, installation of solar panels, heating and cooling system, renovation of classroom, science lab, counseling room, dining hall, warden/matron quarter, hostel toilets, hostels, basketball court, and other site development works at Tshenkharla Central School, Trashy Yangtse.	91.120	GoI PTA (13 FYP)
40	Construction of toilets for boys and girls, ICT lab, hostel, dining hall, water supply, installation of solar panels, heating and cooling system, renovation of kitchen, basketball court, Multi-Purpose Hall, administrative block, lab, classrooms, and other site development works at Damphu Central School, Tsirang	114.608	GoI PTA (13 FYP)
41	Construction of toilets for boys and girls, ICT lab, hostels, warden/matron quarter, installation of solar panels, heating and cooling system, renovation of Multi-Purpose Hall, basketball court, and other site development works at Sherubling Central School, Trongsa.	109.172	GoI PTA (13 FYP)
42	Construction of classroom, ICT lab, toilets for girls, dining hall, installation of solar panels, heating and cooling system, renovation of library building, classrooms, toilet, hostels, basketball court, and other site development works at Samtengang Central School, Wangdue Phodrang.	98.848	GoI PTA (13 FYP)
43	Construction of toilets for boys and girls, ICT lab, installation of solar panels, heating and cooling system, renovation of basketball court, Multi-Purpose Hall, administrative block, lab, classrooms, hostels and other site development works at Sonamthang Central School, Zhemgang	94.881	GoI PTA (13 FYP)

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>BCSEA</b>			
44	Conduct NEA for Classes III and IV	30.000	UNICEF
<b>Royal University of Bhutan</b>			
45	Construction of Mechanical Engineering Laboratory	47.900	GoI PTA (13 FYP)
46	HRD capacity building for RUB faculties	28.960	RGoB
47	Recruitment of International Faculty	44.010	RGoB
48	Cyber Security Learning Space	20.000	GoI PTA (13 FYP)
49	Sports Facilities Astroturf	20.000	GoI PTA (13 FYP)
50	Procurement of computers	19.140	GoI PTA (13 FYP)
51	Major repair and maintenance of infrastructures at GCBS	19.000	GoI PTA (13 FYP)
52	Development of innovative and smart classroom	15.000	GoI PTA (13 FYP)
53	Renovation of Jampel Khangzang Hostel	13.500	GoI PTA (13 FYP)
54	Procurement of Information and Management System	10.000	GoI PTA (13 FYP)

### III. RNR Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Agriculture and Livestock</b>			
1	Development of two commercial Chirup farms	324.000	GoI PTA (13 FYP)
2	Procurement of high value fruit seedlings	137.000	RGoB Contribution/EU
3	Up gradation of Koufuku International Limited (KIL) dairy plant at Chenari on cost sharing	77.055	IFAD
4	Implementation of million fruit tree project (Desuup)	45.000	RGoB
5	Construction of chain link fencing in 5 project Dz-ongkhags	45.000	W/Bank

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
6	Construction of export facilitation center at Sarpang (Samtenling), Phuentsholing (Toorsa), and Pemagatshel (Nganglam)	58.200	IFAD/EU
7	Construction of Changwa Rongchu integrated irrigation scheme Choekhar, Bumthang	42.880	GoI PTA (13 FYP)
8	Construction of Ritsa Changyul solar pump irrigation Guma, Punakha	36.000	GoI PTA (13 FYP)
9	Establishment of potato warehouse with washing drying grading and packaging in Bumthang	27.120	EU
10	Construction of Phangyul irrigation scheme	25.000	RGoB
11	Construction of Khameythang irrigation canal Samdrup Jongkhar	20.800	GCF
12	Purchase of 100 jersey heifers	19.000	GoI PTA (13 FYP)
13	Construction of Khangma Integrated Irrigation Scheme at Yurung, Pema Gatshel	16.640	GoI PTA (13 FYP)

#### IV. Mining and Manufacturing Industries Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Industry, Commerce and Employment</b>			
1	Development of Norbugang Industrial Park Samtse (spillover)	560.000	RGoB
2	Construction of infrastructures for Nganglam Dry Port (spillover)	139.480	GoI PTA (13 FYP)
3	Construction of infrastructure for Gelegphu Dry Port (spillover)	175.000	GoI PTA (13 FYP)
4	Development of Pasakha Dry Port (spillover)	160.000	GoI PTA (13 FYP)
5	Construction of rigid pavement along the patrolling road at Pasakha Industrial Estate	32.000	RGoB
6	Construction of water supply system at Pasakha Industrial Estate	20.000	RGoB
7	Operationalize and management of Garmani Eastern POL depot	20.500	RGoB
8	Development of Taktshang base phase II	15.000	RGoB

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
9	Leachate plant in Pasakha Industrial Estate developed by June 2025	13.250	RGoB
10	Startup entrepreneurship development training	8.130	PforR
11	Feasibility study for construction of infrastructure for Samtse Dry Port	11.500	RGoB
12	Establishment of Geographical Indications registry	10.000	RGoB
13	Promote through tourism events with private sectors	10.000	GEF

## V. Road Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Infrastructure and Transport</b>			
<b>Primary National Highway</b>			
1	Construction of Rollong Bridge at Kheri Yadi PNH	46.960	GoI PTA (13FYP)
2	Construction of Revidrang Bridge at Kheri Yadi PNH	26.090	GoI PTA (13FYP)
3	Preparation of DPR for Panbang to Nganglam PNH	7.930	GoI PTA (13FYP)
4	Monsoon restoration slip clearances and river dredging on PNH SNH and DZR for all Regional Offices	350.000	RGoB
5	Resurfacing of Wangdue Phodrang Chuserbu PNH	57.845	RGoB
6	Construction of V Shaped Drain along Pelela Pass Ch 107 to 115 km on PNH	3.410	RGoB
7	Construction of box drain at Longmay Ch 121 on PNH	2.600	RGoB
8	Reconstruction of subsided and distorted pavement along Wangduezam Chuserbu PNH 01	4.327	RGoB
9	Improvement of Wangduezam Waklatay PNH CH 35 to 43 km and 7 km to 9 km	6.100	GoI PTA (13FYP)
10	Improvement of Pangri Zam Chamina AR Road to PNH standard	133.180	GoI PTA (13FYP)
11	Resurfacing on Simtokha Trashigang PNH from Simtokha to Dochula	77.570	RGoB
12	Resurfacing work of Bondey Tshongdue PNH	4.361	RGoB

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
13	Rectification of pavement failure along Tingtibi Praling PNH (5km)	44.185	RGoB
14	Construction of RCC box culvert at Kerangchu on Tingtibi Panbang on PNH	9.000	RGoB
15	Improvement of Tsirang Sarpang PNH	6.700	GoI PTA (13FYP)
16	Construction of Boxcut bypass on Jigmechoeling to Tshachu top	204.106	GoI PTA (13 FYP)
17	Resurfacing works on Gelegphu-Sarpang PNH	68.001	RGoB
	<b>Secondary National Highway</b>		
18	Feasibility study of Rableything Bridge along Punakha Gasas SNH Ch 25Km	0.500	GoI PTA (13FYP)
19	Construction of RCC Culvert along Punakha Gasas SNH at Ch 46 Km	1.450	RGoB
20	Preparation of DPR from Latshona to Putsena on Haa Samtse SNH	11.740	GoI PTA (13FYP)
21	Blacktopping of Namchakhola Phusena SNH including permanent works (Spillover)	59.000	RGoB
22	Permanent Works with blacktopping along critical stretches of Woezergang Dorokha SNH	8.422	RGoB
23	Improvement of Dewathang Samrang SNH Dewathang Samdrupcholing 6Km Samdrupcholing Samrang 5Km and 9Km	6.100	GoI PTA (13FYP)
24	Construction of RCC Bridge at Tsangchuthama at Phuntshothang along Dewathang Samrang SNH	60.000	GoI PTA (13FYP)
25	Improvement works on Gangola-Lhuentse SNH	52.000	GoI PTA (13 FYP)
26	Road widening from Samtse-Norboogang (spillover)	200.760	GoI PTA (13 FYP)
27	Construction of Khuru-Kuenphen bridge	133.243	GoI PTA (13 FYP)
28	Construction of Panchfallay bridge	42.450	RGoB
	<b>Gewog Connectivity Road/Farm Roads</b>		
29	Improvement and maintenance of Dzongkhag roads	867.380	GoI PTA (13 FYP)
30	DPR for construction of Lunana GC Road Punakha to Rakazhing	6.000	RGoB

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
31	Construction of Laya GC Road from Tongchudra to Taktsemakha 6km and construction of bridge at Tongchudra	28.000	RGoB
32	Restrengthening of Trong and Bumdeling Bailey Bridge on Dakphel Buli GC Road	3.140	RGoB

## VI. Housing and Community Amenities Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Infrastructure and Transport</b>			
1	Implementation of Gelegphu flood protection project	286.000	RGoB Contribution/ IA
2	Preparatory works and implementation of sediment control measures In the upstream of Big Aiopoly stream in Gelegphu	62.000	RGoB
3	Implementation of flood management plan for Kalikhola River	20.000	RGoB
4	Design and implementation of road junction bridges and signages	140.000	GoI PTA (13 FYP)
5	Design and implementation of footpaths and cycle ways	50.000	GoI PTA (13 FYP)
6	Design and implementation of taxi ranks parking and MLCPs	50.000	GoI PTA (13 FYP)
7	Upgrade of routes and bus stops along local route	65.000	GoI PTA (13 FYP)
8	Development of Key Corridors	25.000	GoI PTA (13 FYP)
9	Design and development of recreational parks and green infrastructure	72.000	GoI PTA (13 FYP)
10	Preparation of Punakha and Wangdue Phodrang regional plan including infrastructure plan	15.000	RGoB
11	Deothang water supply augmentation project	81.630	ADB/RGoB Contribution
12	Water supply scheme at Sarpang, Bumthang and other upcoming projects (Desuung Partnership Program)	15.000	RGoB

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
13	Construction of distribution network at Simtokha Dzong Area, Serbithang LAP, Nubding	39.000	GoI PTA (13 FYP)
14	Improvement of water distribution main and network in Changzamtog	15.000	GoI PTA (13 FYP)
15	Water supply at Haa municipal	16.000	EU
16	Construction of RWSS from Choekodeysa source, Doetang Gewog to Dopshari, Doteng and Hungrel Gewog	27.500	GoI
17	Construction of water distribution network at Tsimasham, Chhukha	70.000	RGoB Contribution/EU
18	Construction of distribution network for Pamtsho, Thimphu under WFPSP	42.274	ADB/RGoB Contribution
19	Construction of water treatment plant for Pamtsho, Thimphu under WFPSP	43.776	ADB/RGoB Contribution
20	Construction of Integrated Drinking Water and Irrigation Scheme Zhemgang under WFPSP ADB Funding/ Water Supply & Sanitation	100.00	ADB/RGoB Contribution
21	Project management and supervision consultancy under WFPSP	21.575	ADB/RGoB Contribution

## VII. Communication Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>GovTech Agency</b>			
1	Bhutan Integrated Taxation System pre-planning	305.000	RGoB
2	Implementation of ePIS	135.246	RGoB
3	Support for NDI company	80.000	RGoB
4	Develop Science Technology and Innovation Park (STI)	75.000	GoI PTA (13 FYP)
5	Support for G2C system	70.000	GoI PTA (13 FYP)
6	Support for governance cluster system development	55.713	RGoB
7	Foundation digital literacy training in Gewogs	47.000	GoI PTA (13 FYP)
8	Support for economic cluster system development	41.475	RGoB



*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
9	Establishment of third internet gateway	35.280	GoI PTA (13 FYP)
10	Enhance domestic fiber redundancy and connectivity beyond backbone network	35.000	RGoB
11	Support for social cluster system development	34.650	RGoB
12	Implement in-country satellite project	30.000	RGoB
13	O & M and annual maintenance contract for Whole of Government	26.020	RGoB
14	Deep drive enterprise architecture for LG and citizen services	23.000	RGoB
15	Increase international bandwidth through IRU mechanism	20.000	IDA
16	Development of National Single Window blueprint	20.000	IDA
17	Market assessment annually to conduct training program globally recognized certifications program	18.000	RGoB
18	Develop data governance strategy and framework	16.760	RGoB
19	Establish enterprise data architecture and subscription fees for data analytics platform and institute data warehouse	14.100	RGoB
20	Development of government Enterprise Resource Planning (ERP) blueprint	10.000	RGoB
<b>Bhutan Information, Communication and Media Authority</b>			
21	Rural Communication Project Phase VII	203.000	USF

## VIII. Energy Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Energy and Natural Resources</b>			
1	Construction and installation of 17.38MW Sephu Photovoltaic Solar Project	63.600	RGoB Contribution/ADB (In cash)
		808.530	ADB (In Kind)
2	Enhance Integrated Waste Material Facility (IWMF) at Memelakha	50.000	GoI PTA (13 FYP)

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
3	Grant In-kind and cash support to Alternative Renewable Energy Pilot Projects (AREPP)	91.131	ADB/RGoB Contribution
4	Valuable timber species plantation and maintenance	35.397	RGoB
5	Develop capacity for Greenhouse Gas (GHG) inventory and Nationally Determined Contribution (NDC) tracking tool for sectors	43.100	GEF
6	Immediate installation of Air Quality Monitoring station and 1 Air Quality Monitoring (AQM) station in core, Gelephu	22.000	RGoB
7	Upscale of Solar Water Heating System	12.648	RGoB

## IX. Religion and Culture Services Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Home Affairs</b>			
1	Dzong construction project, Sarpang	325.241	GoI PTA (13 FYP)
2	Construction of Gyalsung infrastructure for spiritual heritage and culture at Wangdue Phodrang, Samtse, Monggar and Samdrup Jongkhar	200.000	GoI PTA (13 FYP)
3	Sangchoekhor restoration project, Paro	70.000	GoI PTA (13 FYP)
4	Rigsum Goenpa restoration project, Trashy Yangtse	60.000	GoI PTA (13 FYP)
5	Tango restoration project, Thimphu	45.130	RGoB
6	Chhimi Lhakhang re-development project, Punakha	42.933	RGoB
7	Samchoeling Palace restoration project, Trongsa	30.701	RGoB
8	Construction of Royal Institute of Performing Arts (RIPA)	30.000	GoI PTA (13 FYP)
9	Kuenga Rabten Palace conservation project, Trongsa	25.133	RGoB
10	Reconstruction of Dongdi Dzong ( <i>Utse</i> ), Trashy Yangtse	25.000	RGoB
11	Lhakhang construction at Rajgir Bihar, India	25.000	RGoB
12	Installation of sculpture at Thimphu	23.915	RGoB
13	Construction of municipal wall at Jomotshangkha, Samdrup Jongkhar	12.900	RGoB

Sl. No	Name of Activity	Amount	Funding
14	Dechenphodrang redevelopment project	10.000	RGoB
15	Construction of a monastic complex in Barshong, Thimphu	10.000	RGoB
<b>Dratshang Lhentshog</b>			
16	Conservation of infrastructure	91.650	GoI PTA (13 FYP)
17	Installation of choesham statues and debris at Dema Lhakhang near Thai pavilion in commemoration of His Majesty's 40th birth anniversary	14.400	RGoB

## X. Law and Order Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Home Affairs</b>			
1	Construction of municipality wall from big Aiepoly to Paithachu near Tukra Basti, Gelegphu	10.300	RGoB
2	Construction of municipal wall at Jomotshangkha, Samdrup Jongkhar	12.900	RGoB
3	Construction of observation posts Samtse, Sarpang, Chukha and Samdrup Jongkhar	5.600	RGoB
4	Construction of barracks Samtse, Sarpang, Chukha and Samdrup Jongkhar	7.200	RGoB
5	Strengthen border outpost in Southern Border	1.500	RGoB
6	Installation of virtual walls at Samdrup Jongkhar and Phuentsholing	4.000	RGoB
7	Training and workshop on Trafficking In Person (TIP)	0.350	RGoB
8	Sensitization workshop and inspection on explosives items with the relevant law implementation agencies and end users	0.250	RGoB
<b>Royal Bhutan Police</b>			
9	Construction of division office Police Station and Lock up Trashi Yangtse	17.706	GoI PTA (13 FYP)
10	In country and Ex-Country training IPS and Cadre	5.500	RGoB

## XI. General Public Service Sector

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Foreign Affairs and External Trade</b>			
1	Major maintenance of 10 Villas at Royal Bhutan Embassy, Bangkok	7.000	RGoB
2	Operation and management of Raven House, Thimphu	2.284	RGoB
<b>Ministry of Finance</b>			
3	Development of Border Management System	93.000	RGoB
4	Training to LG Dzongkhags, Dungkhag, Thromde, Department officials	4.200	RGoB
5	Review of GST Legislation	15.220	RGoB
6	Installation, configuration and customization of document repository	4.450	RGoB
<b>Ministry of Home Affairs</b>			
7	Professional development and performance enhancement for LGs	21.000	EU
8	Procurement of 4G CID printers and accessories PMS for 4G printers CID materials accessories	20.000	RGoB
9	Promote and strengthen central local connect and collaboration for efficient and effective public service delivery	10.000	EU
10	Basic search and rescue refresher training for 3 batches first responder	6.000	EU
11	Enhance capacity of LG functionaries for better local governance and public service delivery	3.000	EU
12	Develop and implement a Geographic Information System (GIS) based decision support system	42.500	W/Bank
<b>National Land Commission</b>			
13	Development of Land Lease Information System	5.000	RGoB
14	Development of Land Dashboard System	3.000	RGoB
<b>National Centre for Hydrology and Meteorology</b>			
15	Enhancement of forecasting services	2.900	GCF
16	Enhancement of hydrological observation network	11.000	RGoB
17	Enhancement of flood warning observation network	28.945	GoI

Sl. No	Name of Activity	Amount	Funding
18	Installation of flood early warning services Amochhu Basin	20.000	RGoB
19	Modeling of Glof breach scenarios from PDGL in Chamkharchhu, Phochhu and Paachhu	12.000	W/Bank
20	Construction of national weather and flood warning center and scientific and communications facilities at Yusipang, Thimphu	8.000	GoI

## XII. Human Resource Development

*Nu. in million*

Sl. No	Name of Activity	Amount	Funding
<b>Royal Civil Service Commission</b>			
1	Enhance selection skills of senior civil servants	10.000	RGoB
2	Nehru Wangchuck Scholarship	19.510	GoI PTA (13 FYP)
3	Cost-sharing and other HRD programs	67.000	GoI PTA (13 FYP)
4	Professionalizing civil service	200.000	GoI PTA (13 FYP)
5	Training of executives on domain related administration	20.000	RGoB
<b>Ministry of Education and Skills Development</b>			
6	M Ed (Dzongkha, History, Science & Mathematics, English & Geography, Leadership, Social Studies inclusive education and Primary)	55.276	RGoB
7	Immersion program, short term exchange program abroad	60.000	GoI PTA (13 FYP)
8	Diploma in ECCD programme	12.240	W/Bank
9	TVET trainer and industry supervisors trained in TOT OSD and SS	9.620	IDA
10	Upskilling principals and teachers on Comprehensive Sexuality Education through hybrid training modality and training of ECCD facilitators on life skills education and comprehensive sexuality educations	6.640	UNICEF
11	Capacity development of TVET leaders managers and professionals	6.000	IDA

Sl. No	Name of Activity	Amount	Funding
<b>Ministry of Agriculture and Livestock</b>			
12	Capacity development of agro-met focals on agro-met services including pest and disease forecasting	5.000	W/Bank
13	Masters in Veterinary Epidemiology	4.896	FAO
<b>Ministry of Infrastructure and Transport</b>			
14	Training of aviation professionals	18.000	RGoB
<b>Ministry of Energy and Natural Resources</b>			
15	Organize exposure visits to countries with successful community based enterprise and ecotourism	7.380	AFoCO, South Korea
16	Short term training on sustainable wildlife and ecotourism products development product management monitoring and evaluation and environmental and social safeguard	9.000	GCF
<b>Khesar Gyalpo University of Medical Sciences of Bhutan</b>			
17	Training of laboratory staff on MODERNA	4.000	BF
<b>Royal University of Bhutan</b>			
18	HRD capacity building for RUB faculties	28.960	RGoB
<b>National Center for Hydrology and Meteorology</b>			
19	Capacity development on terminal aerodrome forecast and trend and aviation instrumentation	5.500	RGoB
20	Analysis of climate change and climate projection for Bhutan	4.000	GCF
<b>Ministry of Home Affairs</b>			
21	Exchange program and attend tourism related activities outside Bhutan	6.000	HELVETAS
<b>Royal Bhutan Police</b>			
22	In country and Ex-Country training IPS and Cadre	5.500	RGoB
<b>Bhutan Civil Aviation Authority</b>			
23	Mandatory training and meetings	5.000	RGoB
24	License proficiency check for fixed wing pilot/ rotorcraft pilot and training for rotorcraft pilot	2.100	RGoB
<b>Bhutan Food and Drug Authority</b>			
25	MSC in veterinary epidemiology	4.800	WHO

Sl. No	Name of Activity	Amount	Funding
26	Competence building of the laboratory officials in different testing areas including the technical aspects of the ISO IEC 17025 standard training on ISO IEC 17025 2017 for all lab officials	2.600	WHO
<b>National Medical Services</b>			
27	Long term training	117.490	RGoB
28	Short term training	35.630	WHO
29	Human Resource capacity development	5.000	RGoB

### XIII: Gender Related Allocation for FY 2024-25

*Nu. in million*

Sl. No	Agency	Name of Activities	Budget	Source of funding
1	MoESD	Specialization of counselors qualification on areas such as mental health SUD career counseling, gender sensitive counseling, family counseling	5.000	GoI (13 FYP)
2		Implementation of CEDAW recommendations	1.000	UNICEF
3		Gender mainstreaming skills/capacity building of the Ministry of Education and Skills Development and DEOs.	3.120	UNICEF
4		RESPECT module skill development	2.500	UNFPA
5		Dissemination of findings from Gender Based Violence (GBV) risk factor analysis	2.500	UNFPA
6		Support to shelter services	1.000	RGoB
7		Implementation of CEDAW recommendations and review of Beijing Platform for Action (BPFA)	1.530	UNDP IPF
8		Development of Gender Based Violence framework and strategy	2.550	UNICEF/ UNDP IPF/ UNFPA
9		Industries/companies representatives sensitized on gender equity & social inclusion	0.800	ADB
10		Construction of toilet for girls	51.123	GoI (13 FYP)
11		Renovation of girls toilet	3.909	GoI (13 FYP)
12		Construction of toilet for boys	55.978	GoI (13 FYP)
13		Renovation of boy's toilet	1.768	GoI (13 FYP)

Sl. No	Agency	Name of Activities	Budget	Source of funding
14	MoHA	Formation of youth groups and engage youth and women	6.000	HELVETAS
15		Skill and mechanism of women and youth participation in Local Governance through capacity building and stakeholders(participants and facilitators)	2.000	HELVETAS
16		Promote engagement of women and youth participation in Local Governance through capacity building of stakeholders	2.000	HELVETAS
17		GECDP mainstreaming focusing on gender and climate	1.630	BT FEC
18		Carry out monitoring and evaluation on functioning of Community Engagement Platform and CCA and Gender Mainstreaming in LG plans programs and activities	0.406	BT FEC
19	MoH	Construction of Mother and Child Hospital at Monggar	300.000	GoI (13 FYP)
20		Implement Accelerating Mother and Child Health program	85.000	World Bank
21		Community mobilization and networking of man having sex with man, transgender and female sex worker	0.294	GFATM
22		Implement recommendations from prevalidation assessment for elimination of mother to child transmission of HIV, Hepatitis B and Syphilis	2.100	WHO
23		Implement the Point of Care Quality improvement module (POCQ) in hospitals to accelerate the improvement of maternal and child health aging	5.100	WHO
24	MoENR	Awareness on environmental and social safeguard (ESS) Grievance Redress Mechanism (GRM) and Gender Mainstreaming	3.405	GCF
25	MoICE	Monitoring and evaluation system incorporating gender, youth and vulnerable groups developed and implemented	1.470	GEF
26	MoAL	Sensitization, awareness and capacity development on agro-met services for researchers extension staff and farmers targeting at least 505 women	0.815	BT FEC



Sl. No	Agency	Name of Activities	Budget	Source of funding
27	RBP	Establishment of Women and Child Protection desk in Gasa, Lhuentse and Pema Gatshel	2.130	UNICEF
28		Construction of toilet with bathing, fencing, child playground and installation of solar panel	1.400	SCF/USA
29	RUB	Engaging education materials for comprehensive sexual education	0.798	UNFPA
30		Impact assessment of technology facilitated Gender Based Violence in the academic sphere	0.588	UNFPA
31	JSWLS	Child rights awareness to school law clubs	1.886	UNICEF
32		Strengthen access to services for survivors of Gender Based Violence through women and girls safe spaces	0.410	UNICEF
33		Child justice summer school	2.501	UNICEF
34	Tsirang/ Dagana	Field based and specialized training to farmers on Sustainable Land Management (SLM) technology ensuring 60% of participation comprising of women	0.418	BT FEC
<b>Total</b>			<b>553.129</b>	

## Annexure 7: Direct and Indirect Shareholding in State Enterprises and Linked Companies

*Nu. in million*

Direct Shareholding		2021		2022		2023		
		No. of Shares	Value	No. of Shares	Value	No. of Shares	Value	
Sl. No.	Corporations/ Sector	% Holding	No. of Shares	Value	No. of Shares	Value	No. of Shares	Value
<b>I</b>	<b>Agriculture</b>			<b>607</b>		<b>629</b>		<b>651</b>
1	Bhutan Livestock Development Corp. Ltd	100%	4,739,007	474	4,739,007	474	4,739,007	474
2	Farm Machinery Corporation Ltd	100%	683,220	68	904,220	90	904,220	90
3	Green Bhutan Corporation Ltd	100%	644,440	64	644,440	64	870,320	87
<b>II</b>	<b>Industry</b>			<b>26</b>		<b>26</b>		<b>26</b>
1	Kuensel Corporation Ltd	51%	2,550,000	26	2,550,000	26	2,550,000	26
<b>III</b>	<b>Services</b>			<b>3,977</b>		<b>4,054</b>		<b>2,812</b>
1	Food Corporation of Bhutan	100%	15,000	15	15,000	15	15,000	15
2	Bhutan Lottery Ltd	100%	600,000	60	600,000	60	600,000	60
3	Bhutan Duty Free Ltd	100%	1,155,441	116	1,155,441	116	1,155,441	116
4	Bhutan Postal Corporation	100%	235,952	24	235,952	24	235,952	24
5	Bhutan Broadcasting Service Limited	100%	1,308,351	131	1,308,351	131	1,308,351	131
6	Royal Bhutan Helicopter Services Ltd	100%	6,070,474	607	6,070,474	607	0	0
7	National Housing Development Corp Ltd	100%	541,309	541	541,309	541	541,309	541
8	Bhutan Development Bank Ltd	97%	60,031,700	600	60,031,700	600	60,031,700	600
9	National CSI Development Bank	100%	18,837,903	1,884	19,599,908	1,960	132,578,073	1,326
10	Credit Information Bureau of Bhutan	44%	2,500,000	23	2,500,000	23	2,500,000	23
11	Financial Institutions Training Institute Limited	31%	4,000,000	40	4,000,000	40	4,000,000	40
<b>IV</b>	<b>Holding Company</b>			<b>49,272</b>		<b>49,184</b>		<b>49,791</b>
1	Druk Holding & Investments Ltd	100%	492,720,600	49,272	491,841,200	49,184	497,911,707	49,791
	<b>Total</b>			<b>53,944</b>		<b>53,955</b>		<b>53,343</b>

## Annexure 8: Revenue and profitability of State Enterprises and Linked Companies

*Nu. in million*

Direct Shareholdings	Total Revenue			Total Expenses			Profit Before Tax			Corporate Income Tax			Net Profit		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Corporations/Sector</b>	<b>622</b>	<b>475</b>	<b>361</b>	<b>645</b>	<b>600</b>	<b>384</b>	<b>-27</b>	<b>-126</b>	<b>-24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21</b>	<b>-125</b>	<b>-26</b>
Agriculture	309	207	150	323	282	179	-13	-75	-29	0	0	0	-13	-75	-29
Bhutan Livestock Development Corp. Ltd															
Farm Machinery Corporation Ltd	287	243	171	290	283	172	-7	-40	-2	0	0	0	-2	-43	-2
Green Bhutan Corporation Ltd	26	26	40	32	36	33	-7	-11	7	0	0	Not filed	-5	-8	5
<b>Industry</b>	<b>150</b>	<b>121</b>	<b>146</b>	<b>153</b>	<b>131</b>	<b>139</b>	<b>-2</b>	<b>-10</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>-12</b>	<b>-13</b>	<b>4</b>
Kuensel Corporation Ltd	150	121	146	153	131	139	-2	-10	7	0	0	3	-12	-13	4
<b>Services</b>	<b>6,918</b>	<b>6,490</b>	<b>7,360</b>	<b>6,551</b>	<b>6,026</b>	<b>6,534</b>	<b>367</b>	<b>450</b>	<b>1,389</b>	<b>201</b>	<b>93</b>	<b>165</b>	<b>448</b>	<b>-257</b>	<b>1,101</b>
Food Corporation of Bhutan	2,479	2,228	2,423	2,521	2,298	2,397	-41	-70	26	0	0	0	-41	-70	29
Bhutan Lottery Ltd	702	954	1,093	569	768	877	133	187	216	39	56	65	94	131	29
Bhutan Duty Free Ltd	190	262	485	129	168	258	61	94	227	18	28	69	42	66	158
Bhutan Postal Corporation	224	184	285	225	199	213	-1	-15	72	0	0	22	-9	-15	52
Bhutan Broadcasting Service Limited	290	264	304	312	279	305	-22	-16	-1	0	0	0	-31	-16	-1
Royal Bhutan Helicopter Services Ltd	101	76	0	131	92	0	-30	-17	0	0	0	Not filed	-47	-28	0
National Housing Development Corp Ltd	187	229	241	217	201	191	-30	15	613	0	9	10	-39	7	598

Direct Shareholdings	Total Revenue			Total Expenses			Profit Before Tax			Corporate Income Tax			Net Profit		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Corporations/Sector</b>															
Bhutan Development Bank Ltd	2,583	2,120	2,509	2,242	1,794	2,291	341	325	218	144	0	0	523	-278	218
National CSI Development Bank	161	172	20	205	227	3	-44	-54	17	0	0	0	-44	-54	17
Credit Information Bureau of Bhutan	23	29	43	19	20	23	4	9	20	1	3	6	3	6	14
Financial Institutions Training Institute Limited	17	9	15	17	17	22	0	-8	-7	0	0	0	0	-8	-7
<b>Holding Company</b>	<b>8,357</b>	<b>10,557</b>	<b>10,477</b>	<b>152</b>	<b>201</b>	<b>283</b>	<b>8,205</b>	<b>10,356</b>	<b>10,194</b>	<b>2,462</b>	<b>3,113</b>	<b>3,064</b>	<b>5,742</b>	<b>7,242</b>	<b>6,951</b>
DHI	8,357	10,557	10,477	152	201	283	8,205	10,356	10,194	2,462	3,113	3,064	5,742	7,242	6,951
<b>Total</b>	<b>16,069</b>	<b>17,672</b>	<b>18,387</b>	<b>7,519</b>	<b>6,978</b>	<b>7,363</b>	<b>8,546</b>	<b>10,679</b>	<b>11,587</b>	<b>2,665</b>	<b>3,208</b>	<b>3,238</b>	<b>6,160</b>	<b>6,854</b>	<b>8,045</b>
<b>Shareholding through DHI</b>															
<b>Agriculture</b>	<b>764</b>	<b>755</b>	<b>926</b>	<b>757</b>	<b>781</b>	<b>89</b>	<b>7</b>	<b>-25</b>	<b>33</b>	<b>6</b>	<b>0</b>	<b>14</b>	<b>1</b>	<b>-28</b>	<b>19</b>
Natural Resource Development Corp.	764	755	926	757	781	89	7	-25	33	6	0	14	1	-28	19
<b>Industry</b>	<b>26,352</b>	<b>26,831</b>	<b>27,981</b>	<b>16,051</b>	<b>16,844</b>	<b>17,530</b>	<b>10,306</b>	<b>9,987</b>	<b>10,437</b>	<b>3,114</b>	<b>3,295</b>	<b>3,302</b>	<b>7,101</b>	<b>6,883</b>	<b>6,967</b>
Penden Cement Authority Limited	943	546	1,651	1,024	770	1,615	-81	-223	36	0	0	Not filed	-94	-228	103
Bhutan Board Products Limited	233	260	290	232	240	270	6	20	20	0	0	0	7	15	23
Bhutan Ferro Alloys Limited	3,941	3,923	3,392	2,776	3,018	3,094	1,166	905	298	255	226	74	911	669	219
Dungsam Cement Corporation Limited	2,864	3,288	2,902	3,132	3,386	2,969	-268	-98	-66	0	0	0	-268	-98	-66

Direct Shareholdings	Total Revenue			Total Expenses			Profit Before Tax			Corporate Income Tax			Net Profit		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Corporations/Sector</b>															
Dungsam Polymers	179	191	188	185	178	163	-6	13	24	0	3	9	-7	4	17
Druk Green Power Corporation	12,509	12,026	11,606	5,180	5,483	4,817	7,329	6,543	6,788	2,159	2,139	2,077	5,097	4,626	4,502
Koufuku International Pvt. Ltd	56	85	98	59	96	97	-4	-11	1	0	0	0	-5	-12	1
Construction Development Corp. Ltd	1,312	1,065	1,227	1,375	1,046	1,212	-64	19	16	0	0	0	-67	21	-3
Menjong Sorig Pharmaceuticals Corporation Ltd.	77	78	111	70	74	83	7	4	28	0	0	9	9	8	16
Druk Metallurgy Ltd.	9	0	0	61	0	72	-51	0	-72	0	0	0	-51	0	-72
Azista bhutan Healthcare Ltd.	0	5	49	0	40	80	0	-36	-46	0	0	0	0	-43	-46
State Mining Corporation Ltd	4,229	5,365	6,468	1,958	2,513	3,057	2,271	2,852	3,411	700	926	1,132	1,568	1,921	2,275
<b>Services</b>	<b>28,332</b>	<b>34,620</b>	<b>48,233</b>	<b>21,375</b>	<b>27,866</b>	<b>35,926</b>	<b>6,085</b>	<b>5,991</b>	<b>11,158</b>	<b>1,698</b>	<b>1,959</b>	<b>2,510</b>	<b>4,549</b>	<b>4,219</b>	<b>7,649</b>
State Trading Corporation of Bhutan	3,162	3,231	3,443	3,049	3,152	3,423	112	79	20	32	24	6	80	57	13
Bhutan Telecom Ltd.	5,383	5,886	6,099	2,440	2,563	2,677	2,943	3,323	3,422	887	1,050	1,067	1,998	2,312	2,432
Drukair Corporation Ltd.	808	2,045	4,829	2,315	3,192	4,537	-1,508	-1,146	291	0	0	0	-1,126	-888	-63
Bhutan Power Corporation	10,877	14,851	20,209	8,996	13,660	18,387	1,880	1,191	1,822	411	330	424	1,357	830	1,146
Thimphu TechPark Ltd.	233	158	294	147	155	163	86	3	131	1	0	0	85	3	131
Bank of Bhutan Ltd.	1,654	1,876	4,022	941	894	2,513	713	982	1,509	183	271	454	482	677	1,002

Direct Shareholdings	Total Revenue			Total Expenses			Profit Before Tax			Corporate Income Tax			Net Profit		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Corporations/Sector</b>															
Bhutan National Bank Ltd.	1,446	2,006	2,776	731	891	361	715	1,116	2,415	184	285	404	530	831	1,775
Royal Insurance Corporation of Bhutan Ltd.	4,770	4,566	6,561	2,755	3,360	3,864	1,143	444	1,549	0	0	155	1,143	396	1,213
<b>Total</b>	<b>55,448</b>	<b>62,207</b>	<b>77,140</b>	<b>38,183</b>	<b>45,491</b>	<b>53,545</b>	<b>16,398</b>	<b>15,953</b>	<b>21,628</b>	<b>4,817</b>	<b>5,254</b>	<b>5,826</b>	<b>11,651</b>	<b>11,073</b>	<b>14,635</b>

### Annexure 9: Summary of Assets, Liabilities and Net-Worth of State Enterprises and Linked Companies

Direct Shareholdings	Total Assets			Total Liabilities			Net Asset		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Agriculture</b>	<b>1,054</b>	<b>1,000</b>	<b>1,106</b>	<b>520</b>	<b>561</b>	<b>577</b>	<b>692</b>	<b>439</b>	<b>528</b>
Bhutan Livestock Development Corp. Ltd	551	521	532	201	245	283	350	276	249
Farm Machinery Corporation Ltd	422	410	487	304	311	289	276	99	197
Green Bhutan Corporation Ltd	81	70	87	15	5	5	66	65	82
<b>Industry</b>	<b>265</b>	<b>243</b>	<b>306</b>	<b>85</b>	<b>75</b>	<b>135</b>	<b>180</b>	<b>168</b>	<b>171</b>
Kuensel Corporation Ltd	265	243	306	85	75	135	180	168	171
<b>Services</b>	<b>41,170</b>	<b>40,575</b>	<b>43,272</b>	<b>32,698</b>	<b>32,702</b>	<b>34,994</b>	<b>8,503</b>	<b>7,872</b>	<b>8,279</b>
Food Corporation of Bhutan	1,511	1,461	1,598	600	619	737	912	842	861
Bhutan Lottery Ltd	266	323	391	66	72	89	200	251	302
Bhutan Duty Free Ltd	228	267	531	22	36	195	206	231	336
Bhutan Postal Corporation	550	531	564	302	297	350	248	233	214
Bhutan Broadcasting Service Limited	543	612	778	557	655	825	-14	-43	-47
Royal Bhutan Helicopter Services Ltd	686	663	0	88	93	0	598	570	0
National Housing Development Corp Ltd	2,957	2,934	3,729	1,131	1,066	1,228	1,827	1,868	2,501
Bhutan Development Bank Ltd	31,591	31,016	34,070	28,725	28,746	31,321	2,866	2,270	2,749
National CSI Development Bank	2,838	2,768	1,612	1,207	1,117	249	1,661	1,651	1,364
Credit Information Bureau of Bhutan	68	75	89	1	7	7	68	68	82
Financial Institutions Training Institute Limited	151	150	151	135	136	141	133	127	124
<b>Total</b>	<b>42,708</b>	<b>42,043</b>	<b>44,924</b>	<b>33,439</b>	<b>33,482</b>	<b>35,853</b>	<b>9,576</b>	<b>8,674</b>	<b>9,185</b>

Shareholding through DHI	Total Assets			Total Liabilities			Net Asset Value		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Shareholding through DHI</b>									
<b>Agriculture</b>	<b>886</b>	<b>926</b>	<b>1,558</b>	<b>240</b>	<b>298</b>	<b>909</b>	<b>646</b>	<b>629</b>	<b>649</b>
Natural Resource Development Corp.	886	926	1,558	240	298	909	646	629	649
<b>Industry</b>	<b>77,578</b>	<b>76,523</b>	<b>84,027</b>	<b>21,682</b>	<b>21,573</b>	<b>29,846</b>	<b>55,886</b>	<b>54,950</b>	<b>54,180</b>
Penden Cement Authority Ltd.	1,906	2,047	2,005	739	876	745	1,167	1,171	1,260
Bhutan Ferro Alloys Ltd.	2,405	2,454	1,905	493	421	275	1,912	2,033	1,630
Bhutan Board Products ltd.	843	1,078	1,013	105	137	161	571	941	852
Dungsam Cement Corporation Limited	9,320	8,522	8,490	7,265	7,113	7,402	2,198	1,409	1,087
Dungsam Polymers Limited	157	153	158	113	110	99	44	44	60
Druk Green Power Corporation	56,273	56,353	63,460	9,699	10,266	17,243	46,574	46,087	46,217
Koufuku International Pvt. Ltd	88	83	77	40	47	41	51	36	36
Construction Development Corp. Ltd	2,260	1,993	2,003	1,387	1,116	1,117	883	877	887
Menjong Sorig Pharmaceuticals Corporation Ltd.	177	183	212	15	17	31	163	166	180
Druk Metallurgy Ltd.	945	0	932	686	0	801	259	0	131
Azista bhutan Healthcare Ltd.	349	434	485	217	295	342	133	139	142
State Mining Corporation Ltd	2,856	3,223	3,287	925	1,176	1,589	1,931	2,048	1,698
<b>Services</b>	<b>234,734</b>	<b>255,579</b>	<b>266,785</b>	<b>191,574</b>	<b>210,616</b>	<b>219,548</b>	<b>43,159</b>	<b>44,963</b>	<b>47,237</b>
State Trading Corporation of Bhutan	1,160	1,448	1,472	586	800	841	574	648	631
Bhutan Telecom Ltd.	7,450	7,580	7,351	1,606	1,459	1,363	5,844	6,121	5,988
Drukair Corporation Ltd.	9,177	9,835	9,380	7,448	8,280	7,861	1,729	1,555	1,520
Bhutan Power Corporation	35,799	42,118	43,550	20,402	25,996	27,463	15,397	16,121	16,087
Thimphu TechPark Ltd.	578	435	483	354	265	180	224	170	303



Bank of Bhutan Ltd.	100,680	107,603	113,108	92,456	99,029	103,646	8,224	8,574	9,462
Bhutan National Bank Ltd.	56,647	63,506	66,434	49,013	55,663	58,218	7,634	7,843	8,215
Royal Insurance Corporation of Bhutan Ltd.	23,243	23,055	25,007	19,709	19,124	19,976	3,535	3,930	5,031
<b>Total</b>	<b>313,198</b>	<b>333,028</b>	<b>352,369</b>	<b>213,497</b>	<b>232,487</b>	<b>250,304</b>	<b>99,691</b>	<b>100,541</b>	<b>102,066</b>

