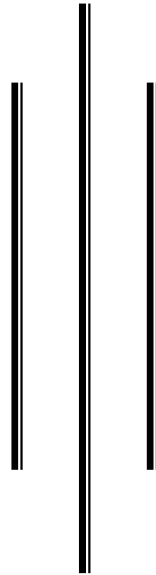




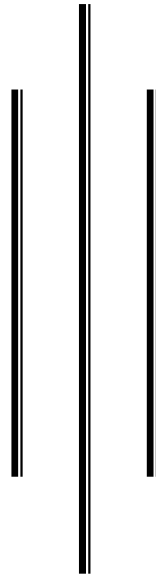
**Statement Delivered by Finance Minister
Mr. Barshaman Pun on 15 July 2012 Regarding the
Special Arrangement for Revenue & Expenditure for
the Fiscal Year 2012-13**



**Government of Nepal
Ministry of Finance
2012**



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Website: <http://www.mof.gov.np>

Beloved Mother-Fathers, Sisters and Brothers,

1. Nepal is now passing through a historic moment of consolidating achievements established through seven decades of political upheavals, ten years of peoples' revolution, 19 days of joint peoples' movement, Terai-Madhesh movement and movement led by indigenous-Janajati people, women, Dalit, Muslim including religious minorities and different groups of people. We have passed numerous hurdles to arrive at this point. People have won when political parties were united while political, social and economic reforms have been stalled when political parties were divided. Hence, there is no any alternative to political understanding to consolidate the achievements made through peoples' sacrificial struggle. At this moment, I would like to pay tribute to all known and unknown martyrs who sacrificed their lives for the establishment of federalism, secularism and democratic republic. Also, I would like to pay due respect to disappeared combatants and wounded people.
2. Constituent Assembly-Legislative Parliament was terminated on May 27, 2012 without formulating constitution as there was no general consensus on fundamental issues of forthcoming constitution. As a result, we have been deprived of presenting Government of Nepal's policies and programs as well as Statement of Income and Expenditure for the Fiscal Year 2012-13 to the august Legislative Parliament. There has been precedent that Budget has been issued through an Ordinance even when there was the existence of Legislative Parliament. Further at present, there was no any other alternative other than to bring full-fledged budget through an Ordinance. However, the Government is not in favor of escalating political disputes for the sake of full-budget at a time when election is already declared and the Parliament is dissolved. The Government intends to set the budget as a starting point of building political dialogue and consensus. I would like to request all the concerned to understand this as a good gesture and responsibility towards the

country rather than Government's weakness. And based on this understanding, I would like to request all for building general political consensus. In the context of special circumstances, Right Honorable President, on the recommendation of the Cabinet and in accordance with the Interim Constitution of Nepal 2007, Article 88, has promulgated the **"Empowering the Government to withdraw money for services and activities from Consolidated Fund Ordinance, 2012"** to carry out regular services and activities. I am now presenting major highlights of the provisions made under this Ordinance.

3. Had there been political consensus, the Government would have brought out full-fledged with special programs for all classes of people, ethnics and regions. Through such budget, we would have provided scholarship and special allowances to Dalit students to pursue higher level studies, established a separate multi-cultural academy for indigenous, Janjati and Madheshi people to promote their culture and language, and guaranteed ancestral property to daughters. Similarly, the Budget would have made provision of incentive allowances to girl students to pursue their study, People Pension Program and health insurance to all Nepali, substantial program to excluded and conflict affected people including Karnali region. In addition, employment guarantee of 100 days in a year to unemployed would have been implemented. There was also a provision of relief and incentive package to create conducive investment environment for industrialists and entrepreneurs. Nevertheless, for the sake of political consensus, the Government had to sacrifice and thus abandon all such programs including these. However, I am committed to bring all these programs in the full-budget in future once we forge political consensus.
4. I am fully confident that we can bring a fundamental change in the economy through public, private and cooperatives collaboration. Without a full-fledged budget, a clear structure on this could not be conceived. For this, I carried out an intensive dialogue with Right Honorable President, former Prime Ministers, Finance Ministers, political leaders,

industrialists and all stakeholders concerned with economic sector. I visited the door steps of all respected leaders for building consensus in order to bring a full-fledged budget on time for economic prosperity of the country. However, when budget was made an issue for further political tussle, this Ordinance has been promulgated in a responsible manner. But, I reiterate my commitment that the country was in need of a full-fledged budget.

5. It was in this context, I was preparing the Budget of Fiscal Year 2012-13 with some compulsions, limitations, challenges, opportunities and threats while also keeping in mind the ground reality for preparing a reliable base with a strong determination of making new and prosperous Nepal. In this regard, the situation turns around because there was no consensus among political parties for a full-fledged budget. This time also, the aspirations from all sections of people including industrialists and entrepreneurs to have a common understanding on economic issues and not to allow political events hamper the formulation as well as implementation of Budget could not be materialized. The political parties are the ones to solve national problems. So, I put aside the preparation for full-fledged budget to honor the views of political parties and also due to my firm commitment that long term solution of the problem is possible through a common understanding among political parties. The economy will be stalled in the absence of Budget. This necessitated a compelling situation of promulgating an Ordinance for withdrawing money from Consolidated Fund for regular Government expenses, raising taxes and collecting revenues as per the prevailing laws and regulations. Although, this will just resolve the present problem, there is no alternative to a full-fledged budget for economic prosperity and development. Henceforth, I would like to appeal all for making a favorable climate to a full-fledged budget at the earliest possible by building a political consensus among political parties.

Beloved Mother-Fathers, Sisters and Brothers,

Now I would like to present the highlights of main economic indicators for Fiscal Year 2011-12.

6. I have already made public the Economic Survey Report with the main economic indicators of the first 8 months of the Fiscal Year 2011-12 as well as Review of Progress Report of the Public Enterprises for Fiscal Year 2010-11 on July 14, 2012.
7. The GDP grew by 4.6% at the basic price during the first 8 months of the current Fiscal Year as compared to 3.8% in the previous Fiscal Year. The growth rate of agriculture sector is 4.9% and that of non-agriculture sector is 4.3%. The current growth rate is the highest in three years.
8. Inflation rate remained at 8% in June, 2012. In the past years, the inflation rate was high. It was 9.6 % in the corresponding period of last year. Inflation rate until April 2012 remained less than 8% and propelled up due to the reasons like bandh and strike that caused barriers in supply management.
9. In the first 11 months of current Fiscal Year, export and import have increased by 16.3% and 16.8% respectively. Export-Import ratio in the review period stood at 16 percent.
10. The Balance of Payment situation is the highest so far until now with a surplus of Rs. 113.2 billion. This surplus was Rs 2.97 billion at the end of last Fiscal Year.
11. As of 14 June 2012, the total Foreign Exchange Reserves has remained Rs. 427.1 billion. This reserve is enough to cover import of goods for 11.4 months, and import of goods and services for 10.1 months. Such reserve was Rs. 272 billion at the end of last Fiscal Year.
12. As of 6 July 2012, in comparison to the corresponding period last Year, the total cash based released amount and total expenditure have increased by 13.8% and 15.8%, respectively. The revised estimate of expenditure in the current Fiscal Year, is Rs. 365.72 billion.

13. Government revenue has increased approximately by 21% in the current Fiscal Year in comparison to the previous Fiscal Year. The growth in import and service sector has caused significant growth in revenue. As of 6 June 2012, Rs. 42.02 billion cash grant and Rs. 4.83 billion cash loan have been disbursed. In order to meet the budget deficit, more than 97% of domestic borrowing has been mobilized.
14. The high revenue growth and austerity measures adopted in public expenditures enabled to maintain fiscal balance even in the transition period.
15. The expected economic momentum could not be achieved due to the reasons such as weak flow of liquidity in industrial and productive sectors despite enough liquidity in commercial banks, weak construction sector, and weak real estate business despite some improvement in capital market. However, there are some positive trends as shown by robust external sector, growth rate close to the target and satisfactory fiscal balance.

Beloved Mother-Fathers, Sisters and Brothers,

Now, I would like to recall some of the significant tasks achieved after I took the responsibility of Finance Minister.

16. During this period, macro-economic indicators have remained positive. Compared to the previous years, economic growth rate has increased, inflation rate has declined, import and export have increased, remittance has been increased, NEPSE Index is improving, foreign exchange reserve has increased and balance of payment remained highly positive. I would like to express satisfaction over the positive situation of macro-economic indicators.
17. Revenue growth rate remained about 12 percent during the previous year, and is estimated to increase by about 21 percent in this year.
18. In order to have austerity measures in the public expenditure, 102 point Directives were announced and put under implementation.

19. Capital base of Rastriya Banijya Bank and Nepal Bank Limited has been increased by investing in share capital amounting to Rs. 4.32 billion and Rs. 1.39 billion, respectively. There is no liquidity crunch in Commercial Banks. The liquidity situation has improved a lot which was much tight in the past two years. As per the deposit security program, deposits of upto Rs. 200 thousand, an amount of Rs. 194 billion deposit of 193 Banks and Financial Institutions has been ensured.
20. The provision of loan investment in agriculture and energy sector has been implemented requiring Commercial Banks to invest minimum of 10 percent of their total investment in agriculture and energy sector.
21. Foreign Aid commitment compared to the last Fiscal Year has increased and reached about Rs. 108 billion in this Fiscal Year.
22. Nepal's participation in the Fourth High Level International Forum of Aid Effectiveness in Busan, South Korea remained meaningful.
23. To create investment friendly environment, Bilateral Investment Promotion and Protection Agreement (BIPPA) has been concluded with India. Similarly, Avoidance of Double Taxation and Tax Evasion Agreement with India has been signed. All these are expected to create conducive environment for investment in Nepal.
24. An agreement to construct Tatopani Dry Port has been concluded with Government of China and it is under implementation. Pre-feasibility study of Rasuwagadhi-Kerung has been completed..
25. The Public Enterprises Directorate Board (PEDB) has been formed to provide direction to Public Enterprises in plan formulation, monitoring, evaluation and operation, and to make the process of appointment of Public Enterprises Board Chairman and Executives transparent.
26. A Five Year Strategy and Action Plan have been made public to implement Anti-money Laundering and Counter-terrorism Financing measures. As per the commitment expressed in International Fora to

control money laundering, Ordinances related to Mutual Legal Assistance and Extradition have been promulgated.

27. For the promotion and development of large investments, a separate Investment Board has been constituted and it has already initiated its works from this year. Fiscal Year 2012-13 has been declared as the Investment Year to attract investment in the country.
28. After mid-term evaluation of the budget of Fiscal Year 2011-12 in mid February, the need for immediate measures was felt to address the problems that were encountered during the phases of budget implementation. Moreover, there was also a challenge to implement the priority projects of the Government from the sources remaining within the budget ceiling. In addition, there was also a need to initiate and implement some new programs to meet the increased expectations of the people from the present Government. After accommodating these matters and expediting the implementation of development projects and programs with additional reforms, an "**Immediate Action Plan for Economic Development and Prosperity**" has been brought into action.
29. The present Government is performing its activities with the objectives of Peace, Constitution, Good Governance and Economic Prosperity. In this process, the Government has concentrated its efforts towards investment promotion, sustainable and broad base economic growth, employment generation, and social security and inclusive development.
30. Youth Self-employment Program has been extended as national campaign to make available the self-employment opportunities to youth forces.
31. The Government has accorded equal priorities to peace process and development activities. Additional expenditures for Maoist Combatants who have chosen the voluntary retirement, additional relief amounting Rs. 200 thousand to each of the family of civil war, people's movement, Madhesh movement, dead and displaced citizen, road extension in Kathmandu, identification and implementation of the projects of national

pride, and railway projects have also been managed from the allocated budget.

32. As per the plan to provide the tax related services at the doorsteps of all the taxpayers, 13 Taxpayer Service Offices in Kathmandu and additional Taxpayer Service Offices outside the Kathmandu Valley have been established and brought into operation. It has facilitated the taxpayers to get tax-related information, pay tax and widen tax base.
33. Investigation of 518 taxpayers who were suspected to have used of duplicate and fake Value Added Tax bills has been completed. From this, more than Rs. 6 billion tax has been assessed.
34. In the process of strengthening the monitoring system of the Customs Offices, monitoring activities of clearance through electronic devices and Wide Area Network have been initiated.

Beloved Mother-Fathers, Sisters and Brothers,

While formulating the full-fledged budget of Fiscal Year 2012-13, I had placed the prosperity of the country at the central point with a view to achieve double digit economic growth based on social justice with the following thoughts:

35. To lay foundation stone of inclusive, high economic growth, employment generation, equitable distribution, people-oriented and self-reliant economy based on the principle of social justice.
36. To continue the public, private and cooperatives sector as the foundation of economy by strengthening the role of private sector in the economy.
37. To speed up the structural change of economy, high priority would be accorded to the commercial transformation of agriculture, use of water, land and forest, industrialization based on local resources and raw materials of the country, new dimension in the tourism sector, use of information and technology, and research and development.
38. To promote private sector investment, investment friendly environment, encouragement of foreign investment for the benefit of national interest with comparative advantage through eliminating the obstacles related to

legal, policy, procedural, infrastructure related matters, administrative, labor relation and security matters.

39. To carry out infrastructure development projects including the national pride projects for economic prosperity as the framework of Public Private Partnership.
40. To complete the large hydropower and other alternative energy projects which are under construction with faster pace and begin new projects to mitigate energy crisis.
41. To make the taxation system progressive, widen tax base, increase compliance of tax related laws, build effective mechanism to control revenue leakages and enhance administrative capacity for the mobilization of domestic resources to build self-reliant economic base.
42. To move forward by way of promoting investment in necessary infrastructure building to be benefitted from the high economic growth of neighboring countries China and India with cordial and coordinated manner.
43. To guarantee the employment and self-employment opportunities within the country in order to avoid the situation that compelled our youths to go abroad due to increasing unemployment. Similarly, to activate and engage all classes, organizations, associations and ex-civil servants interested in voluntary service campaign in the field of development work.
44. To make efforts on building common economic program to create the base for prosperity by achieving high economic growth.

Beloved Sisters and Brothers,

I would like to highlight, in brief, the main programs which I had thought while formulating the full-fledged budget for Fiscal Year 2012-13.

45. To make all necessary arrangements for Constitution Writing and election of Constituent Assembly of Federal Democratic Republic of Nepal.

46. To promote investment in order to minimize alarming trade deficit and enhance self-reliance on agro-based productions. Protect and promote industries which are established for import substitution and are based on local raw materials.
47. To mobilize the available resources for the benefit of national interest for carrying forward sustainable development policy and program adopted by United Nations in the context of leading under developed Hilly and Mountainous member countries.
48. To conclude remaining tasks of peace process, army integration, reconstruction of physical infrastructure, distribution of economic assistance and relief.
49. To implement with due priority, the national pride projects including Mid Hill Highway (Puspa Lal Marg), Kathmandu Terai Madhesh Fast Track, Hulaki Highway, Construction of Regional Level Airport at Pokhara and Lumbini, Budhi Gandaki, Upper Tamakoshi Hydropower Project, Melamchi Drinking Water Project, Sikta, Ranijamara and Babai Irrigation Project, Koshi, Gandaki and Karnali North-South Highway.
50. To develop private sector as means of economic prosperity, apply Public Private Partnership Policy for the development of physical infrastructure, draft an integrated Investment Act, make arrangement of industrial security, provide subsidy for the export-based industries, establish Infrastructure Development Bank and provide an honour to the entrepreneur who invest more than Rs. 1 billion by Prime Minister Entrepreneur Award.
51. To formulate a new Industrial Enterprises Act, issue an order to formulate Certification Board, initiate efforts for the industrialization in all over 75 districts, promote employment and prepare resource profile, reward excellent women entrepreneurs and provide relief to the sick industries.

52. To formulate agriculture development strategy for the commercialization, modernization and diversification of agriculture, formulate 10 years' food and nutrition security plan, formulate public storage law, compost and bio-fertilizer, increase subsidy provided to improved seed and technology, establish bio and chemical fertilizer, provide subsidy on seed of rice, maize, tomato and off-season vegetables, prepare seed vision-2025, and conduct comprehensive maize production, provide subsidy on equipments for seed processing, grading, packaging and storage, establish ventilated cold storage, promote self-reliance on production of orange, apple, pomegranate, lemon, banana and provide assistance to farmers to control the disease on cardamom and replace cardamom gardens. Also, increase export of high value agriculture base products including organic coffee, orthodox organic tea, mushroom, honey and garlic. Become self-reliant on fish and meat, consolidation of dairy farm, distribution of chilling vat, milk analyzer, power tiller, expand One Village One Product Program in 22 districts. Encourage One District One Product proposed by entrepreneur group, conduct small irrigation program, provide agriculture loan in concessional rate, establish agriculture development fund, provide agricultural volunteer technicians in each VDC, establish President Excellent Farmer Award and establish land fill site and modern slaughter house in all municipalities.
53. To operate cooperatives as a campaign, provide capital subsidy to agro-based cooperatives, provide interest subsidy to the farmers through cooperatives, conduct feasibility study of multipurpose cold storage in all 5 regional development centers; provide subsidies on agro-products, plant and high value herbal products.
54. To formulate law in accordance with the Land Use Policy, implement scientific Land Reform Policy, prepare land used map and conduct skill development and rehabilitation program focusing on bonded labor and *Haliya*.

55. To conduct programs related to Mahakali Irrigation, Karnali Zone Irrigation Development Project, Medium Irrigation and Sunsari-Morang and Bagmati Irrigation Projects in full capacity and also implement underground shallow and deep tube well and river training programs.
56. To carry out the construction of Chameliya, Trishuli 3 "A", Rahughat and Kulekhani III Hydro Electricity Project; conduct a detailed design of Dhudkoshi and Madi Hydro Electricity Projects and conduct feasibility studies of hydropower projects including Adhikhola, Nalshing Gad and Tamor.
57. To initiate the construction works of Budhi Gandaki and West Seti hydropower projects.
58. To make arrangement for the operation of multi-fuel plant at Duhabi and Diesel plant at Hetauda by the private sector and reform the structure of Nepal Electricity Authority.
59. To expedite the works of broadening and reform of Kathmandu roads, motivate private sector to conduct Metro and Mono Rail Services in Kathmandu Valley, put embossed number plate on vehicles and computerized vehicles registration work, link remaining district headquarters by roads, open track of remaining strategic highways which have not opened track yet to initiate construction of Himali Highway, declare Year of Construction of Roads and Suspension Bridges.
60. To develop Nepal as an attractive and safe tourism destination, make successful of Karnali and Sisne-Jaljala-Dhorpatan and Lumbini Tourism Year, construct, upgrade and maintain the airports, procure two jet-planes, declare "Year of Himali Adventure Sports", encourage private sectors to conduct cable car at Sworgadwari, Pathibhara and Gosaikunda, and construct star-hotels at Rara Khaptad and Dhorpatan, initiate Sacrifice Area Development Program and launch cultural tourism promotion project in Pyang Village of Lalitpur.

61. To formulate anti dumping law, conduct focused program for increased production of goods as identified by Nepal Trade Integration Strategy 2010, register brand name for tea and coffee, promote sheep-mountain goat farms located at high mountain areas in order to promote carpet and pashmina, promote cardamom trade, simplify the procedures and facilities on exports, conduct feasibility study to construct dry-port at Rasuwagadhi and Chadani–Dodhara area, establish herbs collection and processing center at Surkhet, establish herbs purchasing and selling center at Nepalgunj and establish ginger processing industry.
62. To ensure at least 100 days of employment for unemployed by formulating Employment Guarantee Act, and if employment is not provided, provide at least 50 days unemployment allowance. Launch skill development entrepreneurship and self-employment oriented trainings, expand youth self-employment program as a campaign in every 75 districts by providing per person Rs. 200 thousand loan in a concessional interest rate from Youth and Small Entrepreneurs Fund, implement Child Labor Eradication Master Plan, establish employment exchange centre, formulate social security fund related laws and encourage to work for returnees from foreign employment as per their skills and experiences.
63. To create internal employment under youth self-employment program, provide business oriented training for youths and help them to use their traditional skills to run modern business.
64. To simplify social security allowances delivery mechanism, conduct mobile health camps in rural districts, implement Sunaula Hajar Din program, continue scholarship program for children and students, identify poor household and distribute identity cards and provide consumable goods at cheaper price and establish Peoples' Pension Fund for ensuring security for workers in non-formal sector, small entrepreneurs and landless farmers against old age.
65. To prepare design of physical infrastructures by preparing Master Plan of potential sectors from the point of view of federalism, launch One City

One Identity Program, conduct One Village One Pond Program and continue subsidies for local bodies.

66. To continue gender responsive budget, conduct women development program, conduct gender violence reduction program, ensure child rights, and establish one Window Crisis Management Centre for gender and domestic violence affected people.
67. To make basic education mandatory, secondary education free and higher education at cost sharing bases, conduct Literate Nepal Campaign Program, build physical infrastructure of schools, distribute free textbook, free scholarship and day meal, conduct feasibility study for One District One Polytechnic Program in Baitadi, Rolpa, Baglung, Rautahat, Gorkha and Bhojpur districts, include vocational education in curriculum of secondary level education, continue to convert public schools of hilly region into residential schools, manage hostels in Kathmandu for poor and deserving students, establish universities in each development regions and affiliate the campuses of these regions into those universities.
68. To make basic health service free, provide free immunization for children, establish Nutrition Rehabilitation Centre, conduct safe motherhood program, make health insurance program for major 20 diseases such as heart, kidney and cancer to all citizens, provide free cataract operation facility, distribute free spectacles for poor and helpless people above 50 years of age, conduct compulsory eye check- up program for children up to grade five, initiate super specialized health services outside Kathmandu Valley as well by strengthening regional and zonal hospitals.
69. To implement Drinking Water Projects in the dry areas like Ramechhap, Panchthar and Kabhrepalanchowk, conduct co-financing program in drinking water and sanitation, conduct Arsenic Minimizing Program, develop alternative arrangement of drinking water through protecting drinking water sources around Kathmandu Valley, lay drainage system

along the banks of the Bagmati River to keep it fresh, and promote underground water.

70. To carry out People Settlement Program to manage the residential places to the vulnerable poor and endangered communities like Raute, Kusunda, Bankaria, Musahar and Chamar, transfer the settlements of the people living at risks, initiate Model Integrated Settlement Development Program, manage the squatters, conduct the program on natural disaster rehabilitation and disaster management and the Urban Infrastructure Development.
71. To conduct the programs of environmental pollution control mechanism, production of bio-gas, improved watermill, improved iron stove and implementation of the promotion of the solar pump and solar lamp, and develop the projects related to carbon trade.
72. To formulate forest development strategy, prepare district-wise forest profile, expand the 'President Chure Conservation Program', stop encroachment of the forest area, conduct tree-plantation program, conduct the entrepreneurial program based on the forest resources, develop infrastructures in the National Parks, construct Community Zoo, conduct Herbs-Pocket and Land and Watershed Conservation Program.
73. To conduct the Local Youth Partnership Program, construct the stadium of international standard, multipurpose Covered Hall and Sports Academies, and provide attractive prizes to the Olympic Game winners.
74. To formulate the Cyber Law, review the printing policy, construct SASEC Information Highway, prepare the IT Master Plan and encourage the inventions of the talented scientists.
75. To prepare district-wise food profile, operate the Food Exchange Program in the remote and inaccessible areas, enhance the capacity of SAARC Food Bank and National Food Security Bank, distribute the subsidy card to provide gas to the students and laborers, and diesel for farmers at subsidized rates.

76. To prepare the Financial Institution Development Strategy, provide certain percent of loan through commercial banks to the agriculture sector, adopt policy to expand the branches of commercial banks to the rural areas, convert the insurance pool to re-insurance company, establish institutional arrangement to monitor the financial institutions, micro finance, and cooperatives, which do not fall under the jurisdiction of the Nepal Rastra Bank, and establish Credit Rating Agency.
77. To encourage mutual fund to invest in the capital market, operate Central Depository System to bring share transaction and make legal provision for commodity market, promote the institutional good governance in the financial institutions, and establish the Property Management Company.
78. To design a 20 year Development Master Plan, prepare Medium Term Budgetary Framework, prepare the inventory of Government property, implement the Contributory Pension Fund, implement the e-government Procurement System, formulate a separate law for preparing of budget, expand the Treasury Single Account system, operate Rural Finance Cluster Program, and develop e-Monitoring System.
79. To mobilize foreign aid in large projects of national priority by bringing them in the national budgetary system.
80. To enhance professionalism through maintaining institutional good governance in the Public Enterprises.
81. To make public service clean, transparent and accountable, establish Integrated Service Center, and adopt the policy of Zero Tolerance against corruption, distribute identity card with bio-matrix-smart card, and implement the reform plan of home administration.

Beloved Mother-Fathers, Sisters and Brothers,

Formulation of a full-fledged budget was considered to be necessary to achieve the rapid economic growth based on social justice, employment creation, building the investment friendly environment, infrastructure development as well as to build the modern, prosperous and new Nepal. In such a situation

where political consensus has not been reached and with expectation to create political consensus and to carry forward the positive trends witnessed in the economy carefully, I would like to express the following commitments of the present Government:

82. By continuing the 'Three Pillars Economic Policy', the Government will be active to create conducive environment for the private sector investment. The private sector need not be discouraged because emphasis has been laid on effective implementation of commercial policy, industrial policy and tourism policy adopted by the Government for fostering and promoting private sector. Similarly, the Government is also committed for mitigating the business cost, for eliminating the unnecessary administrative barriers, and to adopt the taxpayer friendly system.
83. Though, this is not a full-fledged budget but the Government is committed to provide the public with all services. The supply system of the necessary goods and services will further be strengthened. Through the monetary policy and other mechanisms, effective measures will be taken to control price hikes. Market monitoring system would be made further effective. For this purpose, the capacity of concerned agencies will be strengthened. Timely supply system for providing the daily necessary goods such as food grains, salt and medicine will be arranged effectively for the people who are living in the distant areas.
84. The progress achieved in the Millennium Development Goals will be stepped forward continually. On-going programs in health and education sectors will be continued. Further efforts will be made to increase the access of public to the health services despite the limitation of one third budgets. The implementation of drinking water projects carried out to expand the drinking water facility will not be stopped. The efforts made in the field of environment conservation will be made further effective.
85. Arrangements will be made for uninterrupted implementation of the projects which are being implemented with the support of friendly

countries and development partners. Counterpart fund, from the one third of budget, will be made available for those projects which are being implemented with foreign assistance. Thus, I would like to ensure that the implementation of foreign aided projects will not be affected.

86. The investment environment will not be deteriorated to attract investment from internal and external investors with enthusiasm. I would like to urge all investors to invest with firm confidence into the big projects such as Kathmandu-Terai Fast Track, Second International Airport, and West Seti Hydro Power Project which are also identified as the national pride projects. Moreover, I would like to further request to invest on industries, mines as well as service sector.
87. I would like to urge all Government employees including civil servants, army, police, and others to fulfill their respective responsibilities without being disheartened which might have caused some sort of difficulties due to the absence of full -fledged budget.
88. On-going programs and projects of Village Development Committees, Municipalities, and District Development Committees will be implemented continuously by authorizing one third amount of local grants immediately. The prevailing situation would not affect adversely in the mobilization of internal resources of local bodies.

Beloved Mother-Fathers, Sisters and Brothers,

Now, let me highlight major features of "**Empowering the Government to withdraw money for services and activities from Consolidated Fund Ordinance, 2012**":

89. From this ordinance, the Government of Nepal will have the authority to withdraw and incur public expenditure for the coming Fiscal Year up to one-third of the total expenditure of the current Fiscal Year until the Appropriation Act, for 2012-13 comes into effect.
90. I have proposed Rs. 51.29 billion for the chargeable expenditures for the whole Fiscal Year 2012-13 to the Consolidated Fund in accordance with

the provision of Interim Constitution of Nepal, 2007. Likewise, I have also proposed Rs. 109.7 billion for the expenditure appropriated for services and works from the Consolidated Fund which will amount to one-third of the actual expenditure of the current Fiscal Year. The total expenditure proposed, therefore, stands at Rs. 161.02 billion. This one-third includes Rs. 3 billion for Constituent Assembly Election, Rs. 3.69 billion for the Maoist Combatants who have chosen voluntary retirements and Rs. 3 billion for the National Development and Security Directorate to be constituted for army integration. Since a detailed statement of actual expenditure is yet to be received, the proposed one-third amount has been calculated on the basis of revised expenditure estimates.

91. This Ordinance will enable the completion of the remaining works of the on-going projects within budgetary limits.
92. The expenditures to be incurred under this Ordinance will be included in the Appropriation Bill, 2012 to be presented by the Government later on.
93. The amount authorized as an advance for withdrawal and spending from the Consolidated Fund shall be utilized by the Government Agencies for the continuation of services and works which are under implementation. But, that doesn't have any effect on the election expenditure, the expenditures to Maoists Combatants who have chosen voluntary retirements and expenditures to establish National Development and Security Directorate for army integration.
94. The amount authorized for expenditure as an advance under this Ordinance can be spent only under the same budget heads and sub-heads as of the current Fiscal Year.
95. The advance amount released for the on-going projects under foreign aid can be incurred even for the new works and projects that are required to be implemented as per the agreements. But, Ministry of Urban Development, and Ministry of Cooperatives and Poverty Alleviation established in accordance with Government of Nepal (Allocation of Business) Rules, 2012 have been given new budget heads.

96. Ministry of Finance will issue authorization of expenditure for the unconditional grants amount directly to the local bodies.
97. As authorized by the Interim Constitution of Nepal, 2007, the Government of Nepal has decided to impose taxes, duties, fees and other charges and collect revenue in the next Fiscal Year 2012-13 as per the Finance Act of the current Fiscal Year 2011-12. These arrangements will remain valid until the Finance Bill, 2012 becomes effective.
98. The amount to be spent under this Ordinance will be managed through revenue. In the event of revenue collection falling short to meet the expenditure to be incurred, the Government will manage such deficit by the borrowing from Nepal Rastra Bank in the form of overdraft under Nepal Rastra Bank Act, 2001 within the limit of 5 percent of the revenue income of the current Fiscal Year. Such overdraft, if utilized, will be included under Domestic Borrowing while preparing the full-fledged budget.

Beloved Mother-Fathers, Sisters and Brothers,

99. This arrangement is just an interim measure of expenditure management until the full-fledged budget is submitted. Only the full-fledged budget containing Government policies and programs, through mobilization of economic activities, can bring high economic growth, facilitate revenue mobilization, increase domestic and foreign investment, support infrastructure development, support foreign aid mobilization and create employment opportunities. Likewise, this will facilitate smooth implementation of new projects and activities as well as projects with multi-year contract agreement leading to achieving progress on time. This will ultimately enhance people's confidence toward the Government and the political parties. Therefore, I would like to appeal all to create conducive environment to bring full-fledged budget on time by addressing the current unusual situation.

100. I would like to express my sincere appreciation to Right Honorable President for having approved the "**Empowering the Government to withdraw money for services and activities from Consolidated Fund Ordinance, 2012**" as per the recommendation of Government of Nepal, Council of Ministers. I express my thanks to Right Honorable Vice President, Right Honorable Prime Minister, Deputy Prime Ministers, Ministers and top leaders of various political parties for their support and advice. Also, I am very much thankful to all taxpayers, business and professional associations, civil society, intellectuals, economists and government officials for their support.
101. I would like to express my sincere thanks to all the friendly countries and donor communities for their continued support in the socio-economic development of Nepal and expect to receive similar cooperation in the days to come. Further, I would like to express my heartfelt thanks to all for their active cooperation in the implementation of current year's budget.