

**POKHARA**  
RESEARCH CENTRE



# AN OVERVIEW OF GANDAKI STATE BUDGET

## 2020-21

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## 1. Gandaki State Budget Analysis FY2020-21

The budget is the revenue and expenditure proposed by the government for a financial year and must be approved by the Legislature. The budget is a very important financial instrument, as it sets out the broad roadmap or activities that a government has set out to undertake within a year. The budget generally consists of two components, primarily expenditures in which a government allocates funds for various social assistance expenditures, grants, administrative or other expenditures, and the second component is a revenue stream in which a government anticipates the provision of funds which includes, taxes, investments, loans, deficit financing, etc. to cover expenses. The purpose of the budget is to achieve the objectives of the policy through prudent financial planning and to further establish accountability in the use of taxpayers' money.

Budget is important for the government to allocate resources wisely. Various factors such as uplifting underprivileged sections of the society, facilitating financial inclusion, mitigating regional disparity, upgrading defense capabilities, providing proper educational facilities, and much more need to be focused on. Therefore, a well-planned budget is of utmost importance for any government to ensure economic stability and growth.

The constitution has mandated State Government to present provincial budget by 15<sup>th</sup> of June for the next fiscal year which generally start from mid-July. The Gandaki State Government has come up with 3<sup>rd</sup> complete state budget. The primary task of Gandaki State is to develop an institutional mechanism to link and cooperate on projects and programs with local government and federal government which is completely lacking. This does not support the essence of cooperative and comparative federalism. The citizens have not been able to understand properly the presence of State Governments has necessary tiers of the government as most of the required public services facilities are under the purview of local government. The major portion of the revenue is through fiscal transfer from the central government and the revenue sharing. The internal sources of revenue are small in amount as it has not been able to develop and design the mechanism as well as the intuition and human resources required to collect the revenue which are under the purview of state government as well as under shared with local government. The State Government haven't actively borrowed money from the internal market so far as it has provision in the last budget but this was not possible to low spending capacity of the State. It remains to be seen how they will price their bills and bonds, and what interest rates will be charged by the market. The State Finance Minister has not yet presented a viable plan for effective budget implementation. Gandaki State has hardly used half of the allocated budget for this fiscal year and it still lack the required institutional setup and human resources to plan and implement projects.

## 2. Gandaki's Economy:

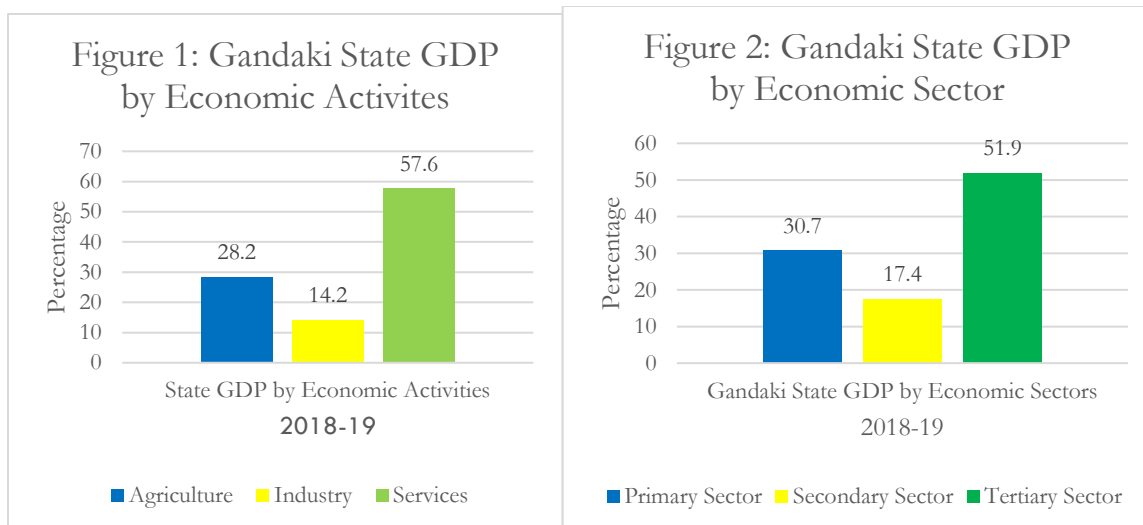
- The **Gross Domestic Product of Gandaki State** for 2019/20 (at current price) is projected to be Rs. 287170000 (in thousands).

Table 1 : Share of GDP by Gandaki State in National Economy

	FY 2018-19	FY 2019-20
Gandaki State GDP ('000)	262563000	287170000
GDP of Nepal ('000)	2920974000	3208519000
Share of Gandaki State in National GDP	8.99%	8.95%
GDP growth Rate Gandaki State	6.42%	2.61%
GDP Growth rate of Nepal	6.75%	2.27%

Source: CBS, May 11, 2020

- **State GDP growth rate:** The growth rate of Gandaki State GDP was 6.42% in 2018/19. The GDP growth rate is estimated to be 2.61% in 2019/20.
- **Sectors:** In 2018/19, agriculture sector contributed 28.20% and the non-agriculture sector contributed 71.80% in the economy. The primary sector contributed 30.7%, secondary sector contributed 17.4% and tertiary sector contributed 51.9% of Gross Domestic State Product.
- **Per-Capita Income:** The per capita GDP of Gandaki in 2019/20 (at current price) is 1043 dollars.
- **Unemployment:** According to the national economic survey (2019/20), Gandaki has 9% Unemployment which is less than national average of 11.4%.



### 3. Budget Highlights FY2020-21:

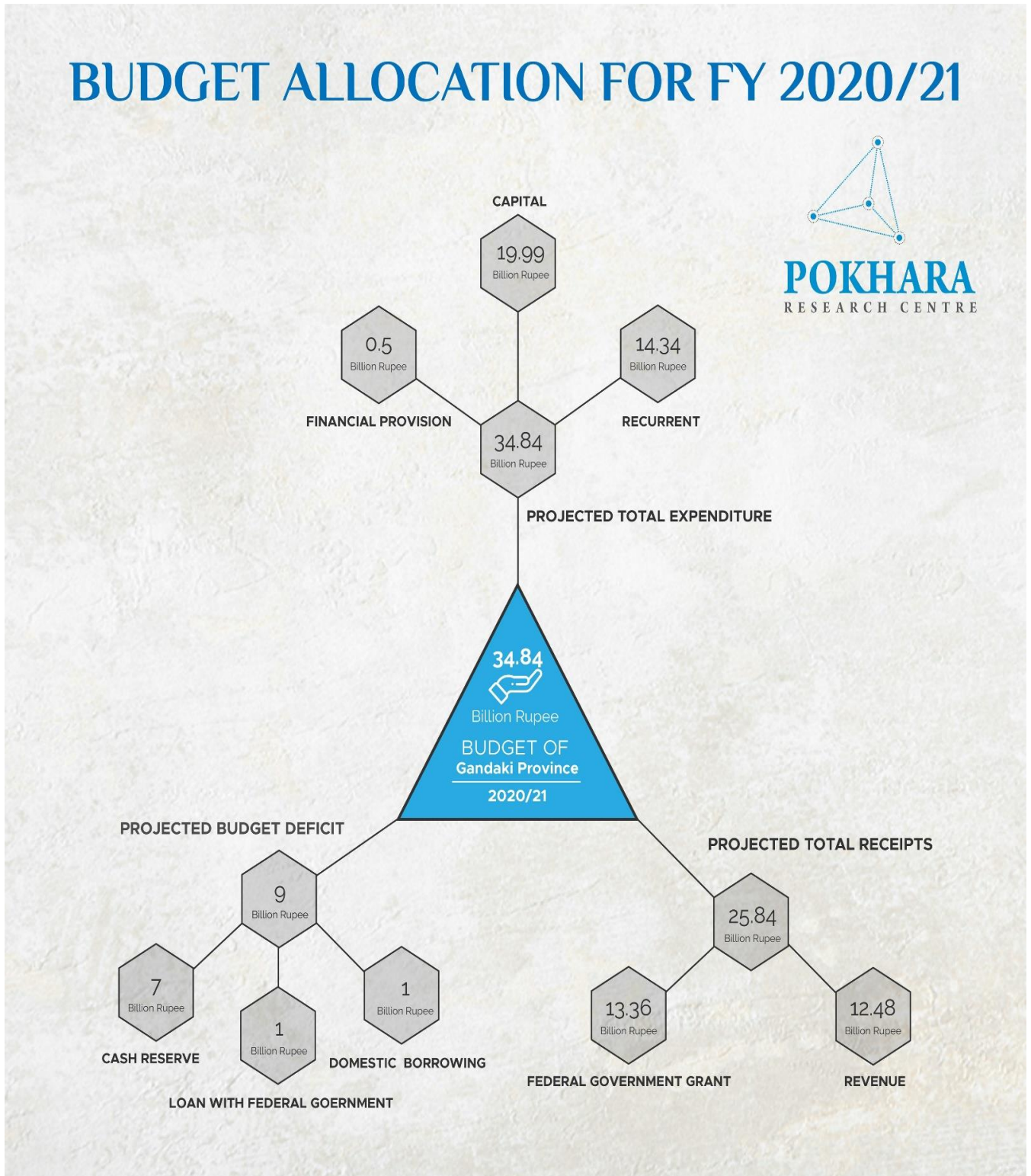
Table 2: Budget highlights 2020-21

FY 2020-21 Budget Overview Rs. (in Thousands)		%
Gandaki State GDP*		3208519000
GDP Growth target (%) 2020-21		<b>2.61 %</b>
Budget Allocation for FY 2020-21		
Projected Total Expenditure		34842160
	Recurrent	14342684 <b>42.2%</b>
	Capital	19999476 <b>57.4%</b>
	Financial Provisions	500000 <b>1.4%</b>
Projected Total Receipts		
	Internal Revenue	4608560 <b>13.22%</b>
	Revenue Sharing from Federal Gov.	7573700 <b>21.73%</b>
	Royalty	300000 <b>0.06%</b>
	Central Government Grants	13359900 <b>38.34%</b>
Projected Budget Surplus (+)/Deficit (-)		-9000000 <b>25.83%</b>

Projected Deficit Financing			
	Cash Reserve of FY 2019/20	7000000	<b>20.09%</b>
	Domestic Borrowing	2000000	
	a. Loan with Central Government	1000000	<b>2.87%</b>
	b. Internal Borrowing	1000000	<b>2.87%</b>

**4. Budget Estimates:** The Gandaki State Government has unveiled a budget of Rs 34.84 billion for the fiscal year 2077/78. Economic Affairs and Planning Minister of Gandaki State Kiran Gurung tabled the budget with an allocation of Rs 14.34 billion for recurrent expenditure NRs 19.99 billion for capital expenditure and 0.5 billion for financial management. The total government revenue from tax will be Nrs.19.88 billion and grant of Nrs.13.35 billion from central government. The deficit is of 9 billion which is to be fulfilled by 7 billion from cash reserve of current fiscal year, loan of 1 billion from central government and 1 billion domestic borrowing.

Figure 3: Budget Allocation for FY 2020-21





This is the 3<sup>rd</sup> complete budget presented by the Minister for Economic Affairs and Planning to the Gandaki State Assembly. The impact of COVID-19 has been increasing and the directly affecting the economic activities within the State. However, with easing out the lockdown life have been moving toward new normal slowly in one was and the number of Corona patients has been increasing exponentially each day. The expectation of the State budget has not added any enthusiasm to the people and enterprise owners within the state as it severely lacks the hunger to present itself in a unique way to support people and the enterprises. The presence of vague plan and mere amount allocated for recovery as well as restart of the economic activities, people has very little hope that any magical changes will happen. However, the new budget has some of the notable points:

**First**, the budget has tried to address the COVID-19 for prevention, control and effective treatment of the virus allocating sufficient fund and resources. Budget has been allocated to construct and run quality quarantine facilities, addition of new beds in hospitals, effective PCR testing and procurement of medicines and equipment for treatment and control of COVID-19.

**Second**, the budget is trying to address the rescue, recovery and revival for the enterprise owners by plan to form an effective policy, plan and program to counter the effect of COVID-19 pandemic with the formation of special fund called “Enterprise Survival Fund” of Rs. 1 billion.

**Third**, to enhance the skill, capital and technology of the people who has lost their jobs in Nepal and abroad due to the impact of COVID-19, effective training will be conducted with the help of professional and skill development training center and technical and professional training center.

**Fourth**, resources have been allocated to have special programs on agriculture and tourism.

**Fifth,** Constituency Development program will be focused to counter the COVID-19 impact and helping in capital formation and employment generation infrastructure development program are needed to be implement.

## 5. Policy Highlights

### **Tax proposals:**

- The tax on motor vehicles are changes and as arrangement is given 75 percent discount in the registration fee and 50 percent discount in the first-year renewal fee if the vehicles registered in other states come to this state for registration transfer (Gandaki State) by mid-July 2020.
- The advertising tax and entertainment tax will be collected from the local level and credited to the Ga-4-2 distribution account and 60 percent will be deposited at the local level and 40 percent will be deposited in the state accumulated fund.
- Any penalty due to non-payment of taxes, fees and charges due to sub-section (1) of the Vehicle Tax of the Finance Bill, 2077, within the period of lockdown due to COVID-19. An arrangement is made so that there would be no additional fee will be charged.

### **Infrastructure:**

- In collaboration with the Federal Government, Gandaki State will continue construction work of Greater Pokhara Ring Road, Bhimad-Dedhgaon-Arunkhola Road, Shaligram Corridor and Arughat-Sirdibas-RuilaBhanjyang Road. An amount of Rs.162 million has been allocated in FY 2020-21.
- Allocated necessary budget to formulate the transport master plan of the state.
- Construction of State level bus park at Lameahal-32 Pokhara.

### **Education:**

- The State gave continuity to the program of developing and operating the infrastructure of Gandaki University and Gandaki Technical Education and Vocational Training Institute. Gandaki State will establish Information Technology and Teaching Hospital under Gandaki University to start teaching and learning of Medical Science subject in the coming Fiscal Year.

### **Health**

- Gandaki State have ensured the necessary resources and tools to make the prevention, control and treatment of Corona Virus (COVID-19) effective. Construction and operation of quality quarantine, establishment and operation of special hospitals and isolation rooms for treatment of infected people, establishment of intensive care units with additional beds in all district hospitals, PCR testing, procurement of pharmaceutical equipment and establishment of fund is assured.

### **Enterprise Survival Fund:**

- Gandaki State allocated Rs. 1 billion to establish Enterprise Survival Fund for the regional rehabilitation based on the impact of the epidemic by formulating concrete policies, plans, programs and criteria. From that fund, State Government have made an arrangement to run a special program to protect, sustain and run the industries affected by the Corona epidemic.

### **Employment Generation and Recovery:**

- Gandaki State budget has allocated a budget of Rs. 184.2 million to provide employment and self-employment skills, capital and technology to the COVID-19 affected youths who have lost their jobs at home and abroad. A total of Rs. 105 million for training conducted through Vocational and Skill Development Training Center in partnership with Union and local level targeting COVID-19 and

allocated Rs.98.9 million budgets. Similarly, have allocated Rs.185 million for the operation of COVID-19 targeted program towards agriculture and Rs. 25 million towards tourism.

### Constituency Infrastructure Development Program

- Gandaki State Government has given continuity to the Constituency Infrastructure Development Program by operating capital development and employment generating infrastructure development plans to minimize the impact and impact of COVID-19

### 6.Revenue Receipts FY2018-19/FY2020-21:

The total revenue receipts for 2020-21 are estimated to be Rs.34842160 (in thousands) an increase of 28.51 % over the revised estimates of 2019-20. Out of total receipts Rs.2000000 will be borrowing and 7000000 (in thousands) will be a cash reserve of FY 2019-20. Rs.19882260 (in thousands) (57.06% of the revenue receipt) will be raised through its own resources, and Rs. 13759900 (in thousands) (39.49% of the revenue receipts) will be devolved by the center in the form of grants and the States' share in center's tax. Gandaki State has estimated to generate Rs.13359900 (in thousands) through non tax revenue sources in 2020-21.

Table 3: Budget of FY2018-19 to FY2020-21 Revenue Expenditure Details (*in Rs thousands*)

Items	2018-19 Actuals	2019-20 Budged	2019-20 Revised	% change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	% change from RE 2019-20 to BE 2020- 21S
Total Expenditure	13928064	32134792	20422238	-36.45%	34842160	70.61%
A. Total Revenue Receipts	21176593	30146400	27112020	-10.07%	32842160	21.14%
a. Tax and Non-tax	9238744	11382600	14924200	31.11%	19482260	30.54%

i. State's Own Tax	6644840	6644840	294852	-95.56%	4608560	1463.01%
ii. Central Government Tax share		6099386	5000000	-18.02%	7573700	51.47%
b. Royalty	0	500000	285889	-42.82%	300000	4.94%
c. Grants	11937849	13963800	12187820	-12.72%	13359900	9.62%
i. Central Government Grant	11937849	13963800	12187820	-12.72%	12915200	5.97%
ii. Foreign Grant	0	0	0	0	444700	
B. Cash Balance	829925	4800000	7248529	51.01%	7000000	-3.43%
B. Borrowings	0	1988392	0	-100.00%	2000000	100%
Total Receipts	2117659	32134792	27112020	-15.63%	34842160	28.51%

Notes: BE is *Budget Estimate*; RE is *Revised Estimate*. RE for 2019-20 is Rs. 27112020 (in thousands) and BE for 2020-21 is Rs.34842160(in thousands)

### 7.State Governments Receipts Break up:

Government receipts can be divided into different break ups. The sources of revenue of State Government are internal revenue, central government revenue sharing, fiscal transfer in the forms of grant. The internal revenue of FY 2020-21 is estimated to be 31.29% higher than the revised estimate of FY 2019-20. The fiscal transfer of FY 2020-21 also increases by 9% from the revised estimate of 2019-20. The revised budget of FY 2019-20 has no borrowings where as FY 2020-21 estimates a total of NRs. 2000000 (in thousands) as borrowings which is estimated to raise 1000000 (in thousands) from central government and NRs. 1000000 (in thousands) from internal borrowing.

Table 4: Breakup Gandaki State Governments Receipts(Rs. *in thousands*)

Items	2018-19 Actual	2019-20 Budgeted	2019-20 Revised	%change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	%change from RE 2019-20 to BE 2020-21
Internal Revenue of Gandaki State	2309433	3277800	2389782	-37.15%	4608560	92.84%
Federal Revenue Sharing	6099386	7705100	5000000	-35.10%	7573700	+51.47
Federal Fiscal transfer	11937849	13963800	12187820	-14.57%	13359900	9.62%
Royalty Sharing	0	500000	285889	-42.82%	300000	4.71%
Gross Loan	0	1988392	0	-----	2000000	-----

## 8.Expenditure in FY 2018-19 to 2020-21

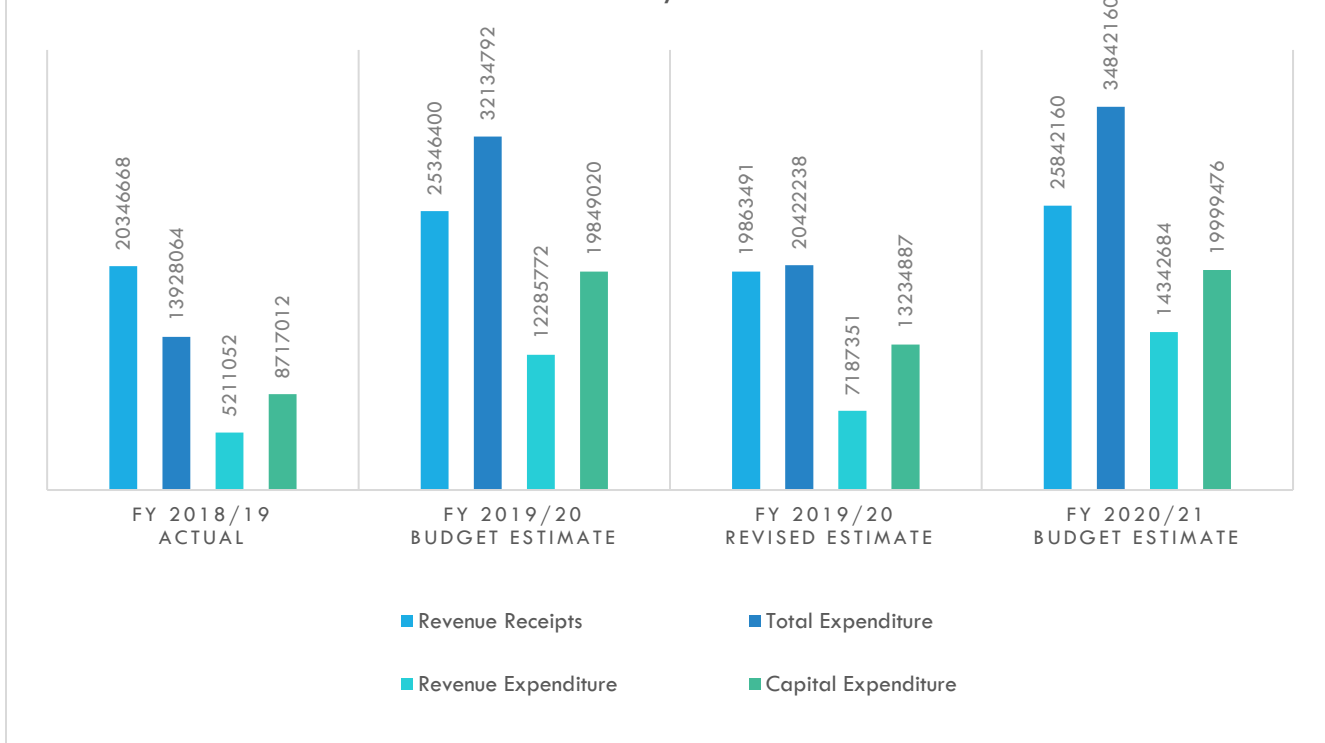
Capital expenditure for 2020-21 is proposed to be Rs. 19999476 (in thousands), which is an increase of 51.11 % over the revised estimates of 2019-20.

Current expenditure for 2020-21 is proposed to be Rs.14342684 (in thousands), which is an increase of 99.56 % over revised estimates of 2019-20.

Table 5: Total Expenditure of Budget FY2020-21 (*in Rs. thousands*)

Items	FY 2018-19 Actuals	2019-20 Budgeted	2019-20 Revised	%change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	%change from RE 2019-20 to BE 2020-21
Capital Expenditure	8717012	19849020	13234857	-49.97%	19999476	+51.11%
Current Expenditure	5211052	12285772	7187351	-70.94%	14342684	+99.56%
Total Expenditure	13928064	32134792	20422238	-57.35%	34342160	+68.16%

FIGURE 4 : GANDAKI STATE BUDGET 2018/19-2020/21



**9. Committed Expenditure:** Committed expenditure of the state typically includes expenditure payment of salaries, pensions, and interest. A large proportion of the budget allocated for committed expenditure items limits state's flexibility to decide on other expenditure priorities such as capital investment.

Table 6: Fixed Committed Expenditures of Gandaki State in FY2020-21 (*Rs. in thousands*)

Items	2018-19 Actuals	2019-20 Budgeted	2019-20 Revised	%change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	%change from RE 2019-20 to BE 2020-21
Salaries and Pension	889971	1876979	1822137	-0.30%	2014870	+10.57%
Social Security	75246	198098	112019	-43.45%	178843	+59.65%
Interest Payments	0	0	0	-----	5000	-----

### 10. Own Tax Revenue of Gandaki State Government:

The Total own tax revenue of Gandaki State is estimated to be Rs.9055300 (in thousands) in 2020-21. The own tax to Gandaki State GDP ratio is targeted to at 2.67 % in 2020-21, which is in the similar to the ratio of the revised estimates of 1.83 % in 2019-20.

Table 7: Gandaki State's Own Tax- Revenues (*in thousands*)

Items	2018-19 Actuals	2019-20 Budgeted	2019-20 Revised	%change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	%change from RE 2019-20 to BE 2020-21
House and Land Registration	436266	1650000	379300	-77.01%	400000	+5.46%
Motor Vehicle Tax	5672	1450000	9975	-99.31%	54020	+441.55%
Entertainment and Advertisement Tax	5075	4000	4000	0.0%	10500	+160%
Agriculture Tax	0	1500	300	-80%	1500	+400%
Royalty and Rent	0	500000	285889	-42.82%	300000	+4.71%



## 11. Grants Received by Gandaki State from Central Government:

Gandaki State Government receive different types of grants from central government to meet the capital and recurrent expenditures. The grant amount is calculated by the guiding law of National Natural Resources and Fiscal Commission. The grants are received on the basis of

The total grant received by Gandaki State was 49.69% of the estimated budget in 2018-19. In the FY 2019-20, the figure decreased to 35.28% of the estimated budget. In FY 2020-21, the central government grant is estimated to be 38.43% of the total expenditure.

Table8: Grant received by Gandaki State from Federal Government (in *thousands*)

Name of the Grant	2018-19 <sub>BE</sub>	2019-20 <sub>BE</sub>	2020-21 <sub>BE</sub>
A. Fiscal Equalization Grant	6776700	7112200	7112600
B. Conditional Grant	4856649	3104020	4208400
C. Complementary Grant	122200	1111600	1498900
D. Special Grants	182300	860000	540000
Sum Total	11937849	12187820	13359900
Budget Estimate	24023300	32134792	34842160
Percentage of total Budget	49.69%	37.92%	38.34%

## 12. Grants Received by Local Government from State Government:

The State government also transfer fiscal grants to its local government as a fiscal transfer. In 2018-19, due to the lack of formation of base and administrative set up, the local government received complementary and special grants and remaining grants were received as a joint project investment. The state government allocated around 5.49% of the total Gandaki State Budget in FY 2018-19. The local government received all types of

grants in 2019-20, which was about 7.65% of the total expenditure of Gandaki State. In FY 2020-21, the Gandaki State government has estimated to transfer about 4.70% of the total expenditures in the form of fiscal transfer to local government from State Government.

Table9: Grant Received by Local Level of Government from Gandaki state(*in thousands*)

Name of the Grant	2018-19	2019-20 BE	2020-21BE
A.Fiscal Equalization Grant	1000001	1050002	1050002
B. Conditional Grant	14696	458000	271000
C. Complementary Grant	18952	814800	627000
D. Special Grants	32891	135000	196000
Total Amount	1066540	2457802	2144002
Budget	21176593	32134792	34842160
Percentage of total Budget	5.03%	7.64%	6.15%

### 13.Revenue Deficits/Surplus, Debts for 2020-21:

**Revenue Surplus:** It is the excess of revenue receipts over the revenue expenditure. A revenue surplus implies that the government does not need to borrow in order to finance its expenses which do not create capital assets.

**Fiscal Deficits:** It is the excess of total expenditure over total deficits. This gap is filled by borrowing by the government, and leads to an increase in total liabilities. In 2020-21, fiscal deficits is estimated to be Rs.9000000 (in thousands).

Table 10: Revenue and Fiscal Deficits/Surplus (Rs. in thousands)

S.No	Revenue Deficit, Fiscal Deficits, Primary Deficits Deficit (- )/Surplus(+)	Year 2018/19 Actual	Year 2019/20 BE	Year 2019/20 RE	% Change from BE 2019-20 to RE 2019- 20	Year 2020/21 BE	% Change from RE 2019-20 to BE 2020- 21
1	Revenue Receipts	20346668	25346400	19863491	-21.63%	25842160	+30.09%
2	Capital Receipts	0	1988392	0	-----	2000000	-----
	Cash Reserve	829925	4800000	7248529	+51.01%	7000000	-3.42%
3	Total Receipts	21176593	32134792	27112020	-15.63%	34842160	+28.51%
4	Revenue Expenditure	5211052	12285772	7187351	-49.49%	14342684	+99.55%
a.	Interest Payment	0	0	0	0.00	5000	
5	Capital Expenditure	8717012	19849020	13234887	-33.32%	19999476	51.11%
6	Total Expenditure	13928064	32134792	20422238	-36.45%	34842160	70.60%
a.	Fiscal Surplus(+)/ Deficit (-)	+7248529	-1988392	+6689782	-----	(-)2000000	-----
b.	Revenue Deficits(- )/Surplus(+)	+15135616	+13060628	+19924669	-----	(+)11499476	-----

#### 14. Gandaki State Budget Sectoral Expenditure:

The sectorial expenditures of the Gandaki state covers sectors like education, health, agriculture and allied, transport, water supply, social security, etc. The budget expenditures of FY 2019-2020 and 2020-21 are compared below.

**Education:** Gandaki State has allocated 5.44% of its total expenditure on education in FY 2020-21. This is higher than the amount allocated in 2019-20 by 2.23%.

**Health:** Gandaki State allocated 3.61% of its total expenditure on health in FY 2020-21 which is a mere increase by 0.34% compare to 3.27% in FY 2019-20.

**Agriculture and allied:** The state has allocated 16.07% of its total budget towards agriculture and allied activities. There is also an increase of 0.53% in agriculture as compared to 15.54% of previous FY 2019-20.

**Transport:** Gandaki State has allocated 30.73% of its total expenditure on transport. There is a decrease in the share of transport by 6.18% as compared to the FY 2019-20.

**Water Supply:** The State allocated 5.66% of its total expenditure on water supply. The share of water supply increase by only 0.50% compared to FY 2019-20.

**Social Security:** Gandaki Sate has allocated 6.56% of its total expenditure on social security. This figure increased by 1.76% compared to FY 2019-20.

Table 11: Gandaki's Budget Expenditures in Key Sectors (*Rs. in thousands*)

S. No.	Sectors	Amount 2019/20 BE	Percentage	Amount 2020/21BE	Percentage
1	Education	1030019	3.21%	1894936	5.44%
2	Health	1050007	3.27%	1256556	3.61%
3	Agriculture	4994528	15.54%	5599183	16.07%
4	Transport	11859810	36.91%	10706981	30.73%
5	Water Supply	1639124	5.10%	1971801	5.66%
6	Social Security	1541820	4.80%	2285979	6.56%
	Total Budget	32134792		34842160	

The graphs below compare below Gandaki’s expenditure on 6 key sectors as a proportion of the total budget:

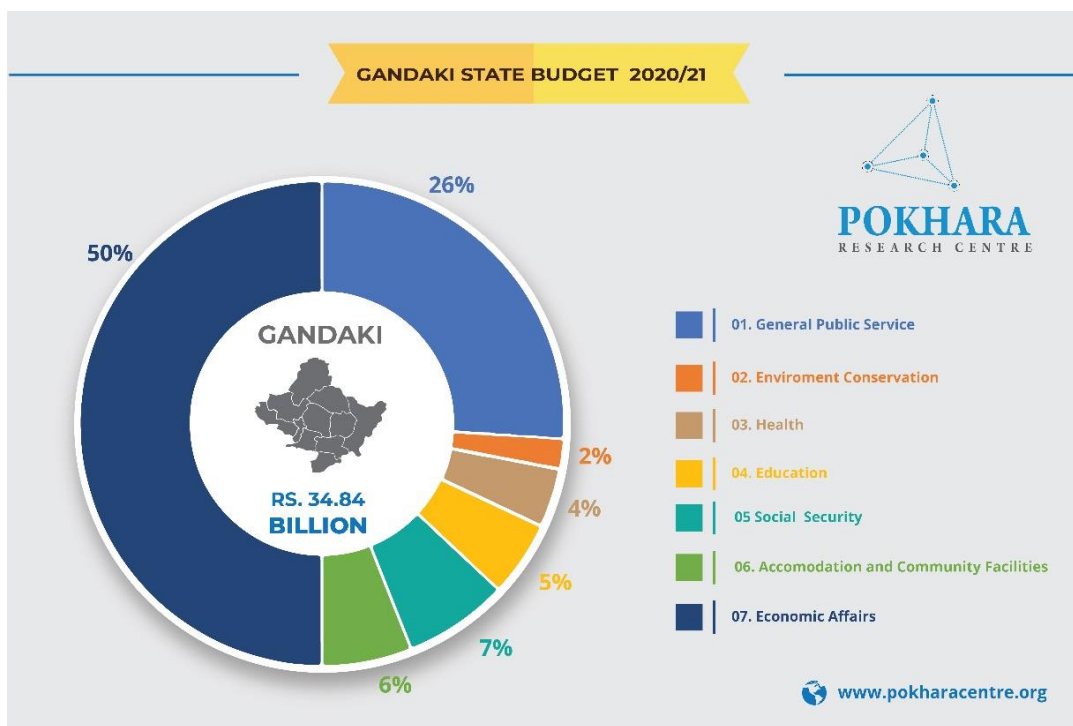
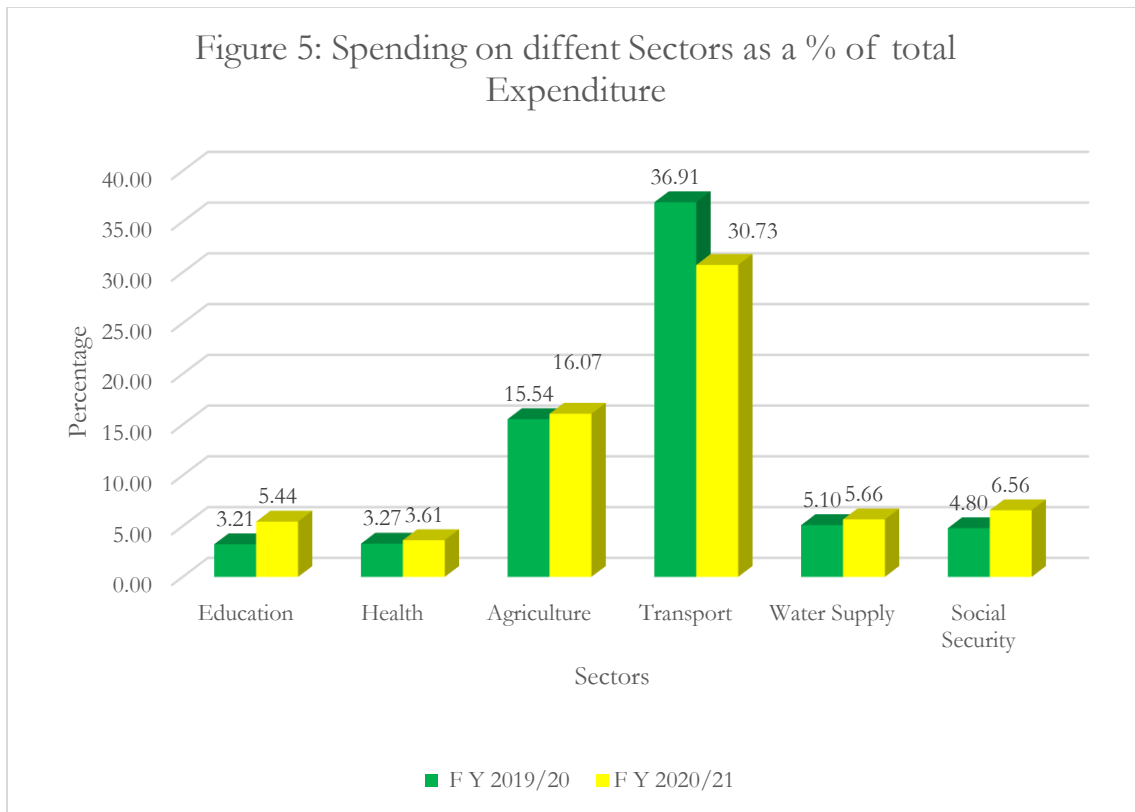


Figure 6: Gandaki State Budget 2020-21

## 15. Recommendations:

1. This study tries to reveals the budgetary trend of the Gandaki State Budget in the last three years. The study presents a gloomy fiscal scenario: low capital spending, low recurring spending, and low revenue collection, low budget execution and performance. The production of the economy has thus reached a very low average economic growth rate during these 3 years. Therefore, this study presents some crucial recommendations for further improvement in budget preparation and implementation in Gandaki State.
2. The Gandaki State Government needs an adequate mobilization of internal resources. Since the government has sufficient funds to cover its growing spending on recurring and development programs, spending capacity must be increased. This can be done by improving effective fiscal policy and tax administration. This also includes simplifying tax rates, streamlining tax structures, and expanding the tax network with the empowerment of government agencies and public administration. The State Government has to focus more on easing out the paper works to allow builders and other related stake holders a timely release of the budget and effective monitoring and evaluation.
3. Income policies should be formulated with the aim of industrializing the national agriculture-based economy by adopting a scientific tax system, transforming the tax administration into an electronic system to be effective, and attracting domestic and foreign investment through a relationship of a favorable environment for investment as well as trade facilitation. This can be done by supporting entrepreneurs to start and expand their businesses and innovations. The opportunities in hydroelectricity, tourism and agriculture should be promoted effectively.
4. A revenue board should be established with the objectives of determining the revenue policy to be carried out by revenue management based on regular short, medium and long-term studies and research on revenue policies, revenue management and rules and regulations related to income.

5. Developing a self-sufficient economy through rapid development activities is the need of the day. For this purpose, a stronger effort for the rapid mobilization of internal revenue is extremely important. This will induce the State Government to implement donor aid if it meets its program priorities and objectives. Furthermore, introducing performance budgeting or zero-based budgeting to selective projects in key ministries would be an effective move in this direction.
6. The allocation of the expenditure aspect must be taken into account on the basis of the priorities of the State Government so that productivity and production can increase within the stipulated period of time.
7. Adequate coordination must be maintained between the Gandaki Policy and Planning Commission and the Ministry of Finance and the budget must be prepared depending on the commitment of the campaign to build the prosperous and modern Gandaki State in the true sense, learning the lessons from the past.
8. In formulating the budget, the state must identify the obstacles to higher and more inclusive growth and a judicious distribution of income and focus policies and programs to minimize them. As the Gandaki state has the highest value of the Gini coefficient, which clearly indicates the high inequalities between rich and poor.
9. MTEF must be implemented with gravity and in a more comprehensive way. The system of rewards and punishments must be put into effect so as to increase public responsibility and accountability, which will later help in the effective implementation of the development policies and programs of the Gandaki State Government.
10. In the absence of an adequate forecast of Gandaki State Government's revenue and expenditures, our budget estimates are far from realistic. Income is surplus to complement development activities but the expenditure capacity is poor. The long-term forecast is essential to identify the actual size of income and determine the magnitude of the surplus that would be available to match matching funds with development costs. Therefore, it is essential to ensure high realism in resource prediction, revenue projection, grants and aid inflows as well as the size of the

capital expenditure budget should be in line with recent performance and reasonable expectations.

11. The budget process should be more responsive, less "top-down" and more "bottom-up" in terms of accommodating programs, provided they are consistent with the sectoral strategies and priorities proposed by local-level constituents and line ministries to improve the effectiveness of public spending. It is necessary to promote greater local ownership of the public spending program.
12. In order to establish people's ownership and improve public association in the formulation of budgetary policies and programs and policies in the democratic system, the Government of the Gandaki State must take valuable suggestions and advice from the leaders of the various political parties, members of the legislature, economists, professional academics, business organizations, representatives of various professionals, representatives of professional organizations, and representatives of civil society as well.
13. Sectoral budget policies and programs must be need-based and priority-oriented so that they can contribute to trade facilitation, increase investment, increase the sense of security in the public and positive impact on general revenue collection.



# ABOUT US

**Pokhara Research Centre (PRC)** is a research based non- partisan organization based in Pokhara. Established in 2019, PRC focuses on socio-economic dimensions of domestic public policy research.

Guided by the motto of "**Economic Freedom with Good Governance**", PRC is following the international principle of individual choice and liberty translated into equal opportunity of enterprise, rule of law and the democratic principle of free expression as a tool to design its programs and initiatives; creating positive impact at the province level, through policy reform; PRC works under three broad functional domain; Research, Training and Advocacy.

PRC's one of the flagship program Pre-Parliamentary Support Program (PPSP) aims to train youth of Gandaki Province in law-making and public policy. The primary role of a PPSP Fellow is to deliver extensive research support to their assigned MP for their parliamentary work. The organization is also focusing on other youth training program on free market, entrepreneurship and economic freedom in the region supported by Atlas.

The organization core values are; Creating public values, Evidence based policy making, the investment approach to public service delivery. PRC intervenes on areas viz. Enterprise Development, Economic Policy Reform, Governance & Advocacy and enhancing Public Service Delivery.

The organization has launched program such as Gandaki Discourse, Political Economic Discussion Series (PEDS), and Formation of Gandaki Leader Circle (GLC) dedicating it to establish itself as the state level policy think tank.

Further, PRC is the partner of Atlas Network and Samriddhi Foundation.



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