Position and Trends of Resource Gap in Nepal

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Abstract

Nepal's budget shortfall stems from excessively high recurring expenses, constituting over 60% of the government's total spending. Conversely, capital expenses linger below 20%. This imbalance highlights an unfriendly stance towards growth in the budget deficit, necessitating reduction. This study has examined the position and trends of resource gap in Nepal for which the source of the data used in the analysis was secondary. The data has been collected for the period 1986-87 to 2021-22 from the Central Bureau of Statistics (CBS) under the National Planning Commission (series of GDP). Descriptive statistics and trend analysis is used for secondary data analysis. A Statistical Package for Social Sciences (SPSS) software was used for data analysis for the study. The results revealed that Nepal is facing huge resource gap because of inability to raise revenue in comparison with the growing expenditure. To finance this huge resource gap the government is taking loans – both internal and external. Net outstanding public debt is increasing significantly. Government efforts should be placed on the mobilization of domestic resources for financing regular and development expenditure because foreign loan may be a great burden to the future.

Keywords*: Resource Gap, Budget Deficit, Position, Trends*

Background of the Study

A typical problem which always arises in a developing country like Nepal while framing a development strategy is how much tax revenue the country can reasonably expect to raise and from what source and means this should be made available without producing excessive burden for the society. This is particularly important in the context of the critical resource gap that developing countries are facing today. In order to reduce the level of the wide resource gap, the conventional approach is to depend on internal and foreign loan to finance deficit. Foreign loans in developing countries exhibit high economic sensitivity and unpredictable political implications, contributing to heightened inflationary pressures. Thus, taxation is the only effective source to deduct resource gap (Dahal, 1993).

The magnitude of the foreign loan and grants in Nepal is estimated to exceed fifty percent of the total plan outlay during Sixth Plan Period (1980-81 to 1984-85) which

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is still above one third during fifteenth plan period (2019-20 to 2023-24). In developing countries like Nepal taxable capacity is low due to low level of saving resulting from high marginal propensity to consume, and therefore, creating a resource gap (Dahal, 1983). So, greater efforts should be placed on the mobilization of domestic resources for financing development programs because foreign loan may be a great burden to future generations.

Krivine (1968) in conference on fiscal and monetary problems in developing nations presented that the developing countries encountered varying and different obstacles. African countries lacked a significant cultural base whereas south Asian countries had a strong cultural base and also viable social structure but were hampered by a population that is excessive concerning their land and capital resources. There was also a lack of education.

In this connection, it can be argued that whether it is the case of expansion in education or of social reform and birth control or a case of increase in industrial and agricultural productivity, the argument for a higher level of saving and capital formation with a higher level of investment still exists in capital scarce countries. It is primarily due to low saving and investment that the capital inflow in these countries is very high where 30 to 50 percent of the total plan outlay is financed by bilateral and multilateral loans and grants. Internal resources have an extremely limited scope to mitigate the growing need of hungry millions of the less developed countries. The problem of capital formation has become acute and the prospects for increased foreign capital. This situation has led to an alarming resource gap in the least developed countries (Dahal, 1983).

Dahal (1984) in the research found out that during the last 19 years i.e. from 1964-65 to 1982-83 the average annual growth rate of the resource gap was 20 percent which was an increase from Rs.157.5 million in 1964-65 to Rs. 1673 million in 1982-83. It increased by more than thirty times during the last nineteen years period. In this connection it can be concluded that Nepal has been suffering from a serious financial lack of tranquility during the past few years of the study period.

Bajracharya (1990) in the study stated that budget deficit which is difference between revenue (including foreign grants) and expenditure (both current and development) increased from 3% to 9% of GDP. This is because of inability to raise revenue in comparison with the growing size of expenditure. From the study, the researcher concluded that revenue of the government only increased from 11% to 14% of GDP while total expenditure of the government increased from 13.6% to 20.7% of GDP.

Resource Gap is the difference between expenditure and revenue plus foreign aid (grant or loan) plus internal borrowings, known as the overall deficit. To finance the acute resources gap external loans and internal resources were used where external loans financed 32% to

86% of total deficit while internal resources financed 14% to 68% during the study period. It showed that the share of external loans was higher than that of internal resources.

Dahal, (1993) in the study stated that Nepal is facing a serious problem of resource gap and dependency on foreign aid and loan. The widening resource gaps: revenue-expenditure, saving-investment, and import-export gaps of the country have further affected the level of macroeconomic stability of the country.

Nepal's budget deficit is due to an outrageous recurrent expenditure which makes up more than 60 percent of total government spending. In contrast, capital expenditure remains below 20 percent. This shows that the budget deficit is not growth-friendly and needs to be reduced (Pokharel, 2023).

K.C. (2012) in the study stated that in the process of economic and social development, the governments in a majority of developing countries have not only assumed the principal responsibility for the control and direction of the growth of their economies but had also increased direct participation in the development process. As a result, public expenditures-current and investment – have grown rapidly. Since a substantial part of government revenue is derived from taxation and other compulsory levies, taxation has to provide funds not only for the financing of non – revenue yielding services but also a large part of the savings for capital formation.

Rana (2008) in the PhD. dissertation states that Nepal's tax system lacks simplicity and transparency. With the changing functions of taxation in a developing economy like Nepal where there are no discovered mineral resources, no direct access to the sea for the expansion and diversification of international trade, insignificant industrial development, and where the agricultural sector is largely at the subsistence level, taxation has a significant role to play in the acceleration of economic development. Therefore, there is a big challenge for developing an appropriate strategy for taxation and ensuring effective resource mobilization for reducing acute resource gap.

In reality, Nepal's tax system lacks simplicity and transparency. This is a big challenge to develop an appropriate strategy for taxation and ensuring effective resource mobilization to reduce the acute resource gap.

Statement of the Problem

In a developing country like Nepal, there is a necessity for raising a larger volume of funds for the development and administration expenses. Average growth rate of expenditure over revenue during 1986-87 to 2021-22 is increasing. The purpose of taxing efficiently is to achieve fiscal policy goals, i.e. delivery, redistribution, and stabilization in the most

efficient way, thus reducing undesired distortions, reducing the cost of collecting taxes, and promoting economic growth (Thaci & Gerxhaliu, 2018). Tax efficiency and especially the tax structure explained role in achieving economic growth and fiscal consolidation (Stoilov & Patonov, 2012). Direct and indirect taxes should be countered by balancing each other. However, in developing countries like Nepal, direct taxes have limited space and thus indirect taxes have a more important role.

Nepal is facing a serious problem of resource gap and dependency on foreign aid and loan. The widening resource gaps: revenue-expenditure, saving-investment, and import-export gaps of the country have further affected the level of macroeconomic stability of the country (Dahal, 1993)

Nepal with a per-capita income of $1,090 (World Bank, 2020) is one of the poorest, least developed, and slowest economically moving countries in the world. One-fourth of the population has their expenditure below $1 per day, the worst position in Asia according to the World Development Report 2018 (The World Bank, 2018).

In Nepal, the revenue-expenditure gap is serious and is broadening and at the same time resulting in larger fiscal and budgetary deficits. Tax potential in Nepal is extremely limited and the tax effort ratio was 14.8 percent in FY 2008/09 in the three year interim development plan, which is fairly below the average of SAARC countries and lowest in the world indicating one of the lowest taxable countries. The most vulnerable situation is how to reduce the increasing critical resource gap facing the Nepalese economy. For the last many years Nepal is in a state of intense shortage of resource gap leading to an incessant increase in the budgetary deficit. The overall budgetary deficit was 10.4 percent of GDP for fiscal year 2017/18 (Economic Survey, 2017/18).

As a result, dependence on external as well as internal borrowings has inordinately increased in the budgetary structure of Nepal. The economic growth of a country depends on the amount invested in developmental activities. If Nepal's budget is analyzed for fiscal year 1986/87 to 2021/22, it can be found that the share of development expenditure is decreasing while the share of regular expenditure is increasing. The situation has reached a point where Nepal has become almost unable to meet even the regular expenditure through internal sources of revenue.

The ever-increasing government expenditure and limited sources of revenue have led the country to several fiscal crises over many years. The share of foreign aids in development expenditure is more than 50 percent for the study period. The burden of foreign debt is increasing yearly. Among the three sources of financing government debt, the share of foreign loan seems to be highest in the deficit financing, which is followed by internal loan and then the change in cash reserves (Bhattarai, 2012).

The main purpose of this research is to address the following question.

- ❖ What is the exact position and trend of the resource gap in Nepal?

Objectives of the Study

General Objective: The objective of this study is to assess and analyze the position and trend of the resource gap in Nepal.

Specific Objectives: This study tries to address the following issues:

1. To analyze the position of resource gap in Nepal
2. To examine the trends of resource gap in Nepal

Limitations of the Study

This study covers the duration of 36 years comprising FY 1986-87 to 2021-22. Unavailability of data for some period may vary the result. Result of the study heavily depends on accuracy and reliability of data provided on Economic Survey of Nepal. Lack of sufficient knowledge, time, and fund constraints are some other limitations of this study.

Research Methodology

Research Design: Research design is the plan and strategy of the research to attain research objectives. This study is descriptive and analytical based on both secondary and primary data.

Data collection procedures and Sampling techniques: The source of the data used in the analysis is secondary. The data is used for the period 1986-87 to 2021-22 from the Central Bureau of Statistics (CBS) under the National Planning Commission a series of GDP and the organizational documented materials and different publications as well as reports on the Tax Administration Departments, Ministry of Finance (MoF) and Statistical Bulletins and Websites.

Method of Data Analysis

After the researcher made discussions with some experts about the proposing research deeply, and reviewed the related literature, the data has been edited to correct possible errors and omissions that are likely to occur, to ensure consistency. A Statistical Package for Social Science (SPSS) software formed the main data analysis tool for the study.

This study used the following method for data analysis:

a) **Statistical analysis**

- ❖ Descriptive analysis

Resource Gap is the difference between expenditure and revenue plus foreign aid (grant or loan) which is also known as the budget deficit. It represents the total excess of

expenditure over revenue for all government entities (Bhatia, 2012). Nepal has been experiencing a massive resource gap in recent years.

So,

Resource Gap = Tax Revenue + Non Tax Revenue+ Foreign Aid – Regular Expenditure – Developmental Expenditure – Interest and Loan Repayment

To make a comparative study and to identify the actual critical point where the budget deficit problem was acute, the period from 1986/87 to 2021/22 in the study, has been divided into three phases on judgmental basis:

- The period from 1986/87 to 1999/00 is term as the first phase for the study i.e. period before 21st century.
- The period from 2000/01 to 2010/11 is also known as the second phase for the study i. e. 1st decade of 21st century.
- The period from 2011/12 to 2021/22 is also known as the third phase of the study period i. e. remaining period.

b)   Trend analysis

Trend Analysis is a statistical tool that helps to determine the future movements of a variable based on its historical trends.

Formula

The linear trend model is:

$$Y_t = {}_0 + {}_1 t + e_t$$

Where,

$_0$	the constant
$_1$	average change from one period to the next
T	value of the time unit
e_t	the error term

Discussion and Findings

If the expected amount of revenue is smaller than the estimated volume of expenditure the resource gap is likely to increase further. Resource gap is a big problem in Nepalese economy. There is continuous fiscal deficit in the country because of which government

is continuously taking loan. The net outstanding public debt is increasing significantly over the study period of time. Average growth rate of net outstanding foreign public debt is 21.05% in Nepal (Bhattarai, 2013).

The sources of government revenue can be divided into three major sources. The first one is tax revenue, next one is non-tax revenue and third one is foreign grants. Among these three sources, tax revenue is the major contributor to the total revenue which contributes more than two third of the total revenue. A second major source is non-tax revenue and third one is foreign grants. On an average of study period i.e. 34 years (from FY 1986/87 to FY 2019/20) the contribution of tax revenue to total revenue was 79.61 percent whereas only 11.96 percent was from non-tax revenue and 8.43 percent of total revenue was from foreign grants. By looking at the growth trend of government revenue, it can be categorized to three different phases – the first phase being from the FY 1986/87 to FY 1999/00 in which only 66.87 percent contribution was from tax revenue whereas 18.93 and 14.20 percent were respectively from non-tax revenue and foreign grants. Likewise, FY 2000/01 to FY 2010/11 was categorized as second phase in which contribution of tax revenue to total revenue was increased to 69.55 percent and contribution of foreign grants and non-tax revenue was 16.01 and 14.44 percent respectively. In this phase, the second major source was foreign grant replacing non-tax revenue to third place. Significant changes occurred in third phase where contribution of tax revenue to total revenue reached to 82.97 percent and only 10.88 and 6.16 percent contribution was from non-tax revenue and foreign grant respectively. In this phase, contribution of foreign grants significantly decreased (Appendix 1).

Government revenue which also included foreign grants increased from Rs. 7,258.50 million in FY 1986/87 to Rs. 817,465.40 million in FY 2019/20 which showed the remarkable growth of 11,162.2 percent in 34 years. For the FY 2020/21 and FY 2021/22 government revenue is estimated to be Rs. 986,741 and Rs. 1,214,976.6 million respectively. During the period only in FY 2019/20 there was negative growth of total government revenue because of Covid-19 pandemic. In this year, total revenue decreased by 7.37 percent than previous year than growth rate of 32.76 percent was also achieved in the FY 2008/09 the highest among all. As per the growth pattern, there was very wide fluctuation in the growth rate from the negative 7.37 percent to 32.76 percent during the study period (Appendix 1).

In terms of contribution to GDP, 10 to 13 percent of GDP was total government revenue in the first phase of study period which increased to 13 to 17 percent in the second phase and again increased to 18 to almost 26 percent in the third phase of the study period. Highest being the 25.51 percent of GDP in FY 2018/19 whereas lowest contribution was recorded in FY 1991/92 which is only 10.46 percent of GDP. It was estimated that

for the FY 2020/21 and 2021/22 contribution of total government revenue in terms of GDP was 23.13 and 24.79 percent respectively (Appendix 1).

Being the major sources of total revenue growth, the trend of tax revenue heavily determined the growth of total revenue too. Therefore, the pattern of annual growth rate of tax revenue almost confirmed the growth rate of total government revenue too. While looking at the growth trend of all the major sources the growth rate of foreign grants did not show the definite trend. It showed the more fluctuation than other two sources.

Analysis of Government Expenditure

The expenditure of government can be divided into three major categories. The first one is regular expenditure, next one is development expenditure and third one is financial provisions. Among these three categories the major one is regular expenditure consuming almost two third of the total expenditure. On an average of study period i.e. 34 years (from FY 1986/87 to FY 2019/20) the share of regular expenditure on total expenditure was 62.18 percent whereas only 23.84 percent was share of development expenditure and 13.98 percent was share of financial provisions. By looking at the growth trend of government expenditure it can be categorized into three different phases – the first phase being from the FY 1986/87 to FY 1999/00 in which phase only 30.48 percent was share of regular expenditure whereas 55.59 and 13.93 percent was share of development expenditure and financial provisions respectively. In this phase, the good thing was share of development expenditure was almost double than share of revenue expenditure. Likewise from FY 2000/01 to FY 2010/11 was categorized as second phase in which share of revenue expenditure to total expenditure was increased to 59.56 percent and share of development expenditure and financial provisions was 29.37 and 11.07 percent respectively. In this phase, the most important things to observe were regular expenditure almost double than development expenditure. A significant change occurred in this phase in terms of share. In the third phase, where share of regular expenditure to total expenditure reached to 65.27 percent and only 20.02 and 14.70 percent share was of development expenditure and financial provisions respectively. In this phase also share of development expenditure significantly decreased (Appendix 2).

Government expenditure which also includes financial provisions increased from Rs. 11513.20 million in FY 1986/87 to Rs. 1167073.80 million in FY 2019/20 which showed the remarkable growth of 10036.83 percent during 34 years. For the FY 2020/21 and FY 2021/22 government expenditure is estimated to be Rs. 1,474,645.40 and Rs. 1,647,576.70 million respectively. During the period only in FY 2001/02 there was low growth of total government expenditure. In this year, total expenditure increased by only 0.30 percent than previous year. Otherwise, growth rate of 39.30 percent was also

achieved in the FY 2016/17, the highest among all. As per the pattern of growth, there was very wide fluctuation in the growth rate less than one percent i.e. (0.30) percent to 39.30 percent during the study period (Appendix 2).

In terms of share of GDP, 17 to 20 percent of GDP was total government expenditure in the first phase of study period which increased to 22 percent in the second phase and again increased to almost 22 to 36 percent in the third phase of the study period. Highest being the 35.87 percent of GDP in FY 2017/18 whereas lowest share was recorded in FY 2003/04 which is only 16.66 percent of GDP. It has been estimated that for the FY 2020/21 and 2021/22 share of total government expenditure in terms of GDP was 34.56 and 33.61 percent respectively (Appendix 2).

Being the major category of total expenditure, growth trend of regular expenditure heavily determined the growth of total expenditure too. The pattern of annual growth rate of regular expenditure almost confirms the growth rate of total government expenditure. While looking at the growth trend of all the major categories the growth rate of development expenditure did not show the definite trend. It showed the more fluctuation than other two categories which is not good for country's economy.

Analysis of Position of Resource Gap (Budget Deficits)

Government budget deficit has increased considerably since 1986/87 to 2021/22. The amount of budget deficit, which stood at Rs. 4,254.7 million in FY 1986/87 increased up to Rs. 349,608.40 million in 2019/20 – a remarkable increase of 8,117 percent during the period of 34 years. Annual growth rate of deficit, however, does not show any smooth and steady trend. It fluctuated widely between declines by 50.91 percent in FY 2012/13 to an increase by as high as 148.92 percent in 2014/15. There is a continuous budget deficit in the country except in twelve fiscal years, viz.1989/90, 1993/94, 1994/95, 1999/00, 2002/03, 2003/04, 2009/10, 2011/12, 2012/13, 2015/16 and 2018/19 (Appendix 3).

In terms of GDP Government budget deficit is around 5.82 percent of GDP which is an average of the whole study period and fluctuated between 1.56 percent and 10.42 percent of GDP for the study period. Lowest budget deficit is 1.56 percent of GDP in FY 2012/13 whereas it reached to 10.42 percent of GDP in FY 2017/18 which is the highest for the study period. It was estimated that in FY 2020/21 it was 11.44 percent and in FY 2021/22 it was 8.83 percent of GDP (Appendix 3).

Because of increase in government regular expenditure tremendously (compulsion of increment in employee's salary which increases almost every year) and compulsion of expanding infrastructural facilities, social services, and economic services for economic

development of the country rate of increase in total government expenditure is very high compared with rate of increase in government revenue. In the first phase of the study period (1986/87 to 1999/00) average revenue growth was 16.68 percent and average expenditure growth rate was 14.78 percent while in the second phase of study period (2000/01 to 2010/11) it was 15.89 percent and 14.94 percent and in the third phase of study period (2011/12 to 2019/20) it was 15.06 percent and 17.06 percent. Likewise, average increase in budget deficit for the first phase was 13.06 percent, 13.72 percent for second phase and 38.75 percent for the third phase of the study period. The apparent cause for the increase in deficit was smaller increase in revenue compared to higher rate of increase in government expenditure. While analyzing phase wise, increase in government revenue was in decreasing trend whereas increase in government expenditure was in increasing trend so that the budget deficit increased in higher percentage in recent years (Appendix 3).

In terms of GDP also, in the first phase of study period (1986/87 to 1999/00) average revenue to GDP growth was 12.29 percent and average expenditure growth rate was 19.07 percent while in the second phase of study period (2000/01 to 2010/11) it was 15.05 percent and 19.26 percent and in the third phase of study period (2011/12 to 2019/20) it was 22.14 percent and 27.49 percent. Likewise, average increase in budget deficit to GDP for the first phase was 6.78 percent, 4.22 percent for the second phase and 5.35 percent for the third phase of the study period. The apparent cause for the increase in deficit was smaller increase in revenue in terms of GDP compared to higher rate of increase in government expenditure in terms of GDP (Appendix 3).

It was estimated that for the FY 2020/21 there was 39.56 percent increase in budget deficit and for the FY 2021/22 there was estimation to decrease by 11.34 percent. Share of total budget deficit in terms of GDP for the FY 2020/21 was estimated to be 11.44 and for the FY 2021/22 it was 8.83 percent. The unusual increase in budget deficit during the preceding years might make the government more cautious in expenditure management. For this fiscal policy was directed to raise more revenue and control the expenditure to a sustainable level. Because of all those activities revenue will be raised and expenditure will be reduced so that for fiscal year 2021/22 it was estimated that budget deficit will reduce significantly than previous years (Appendix 3).

Financing of Budget Deficit

Worldwide budget deficit have been financed by internal as well as external borrowing. In Nepal also government budget deficit is financed by internal as well as external borrowings. Nepal government is raising debt because of its important effects on the operation of economic system of the country. It helps to collect the resources to the government to meet the gap between the expenditure and revenue.

The research shows that major portion of the budget deficit of the government is financed by the external loan in the first phase of the study period. In an average 66.75 percent of share was occupied by the external loan whereas 33.25 percent of share only was occupied by internal loan. There was lowest share of 57.89 percent for FY 1992/93 and highest share of 81.57 percent for FY 1987/88 for the external loan within the first phase of the study period. But in the second phase of the study period external dependency was gradually decreasing and it came to 20.02 percent for the fiscal year 2008/09 whereas share of internal borrowing was increased to 79.98 percent for the FY 2008/09. For the third phase of the study period, share of external loan was fluctuated mostly. It was 20.60 percent as lowest for FY 2011/12 but 54.56 percent as highest share for FY 2018/19 but it was only 37.37 percent as the average share for entire third phase of the study period which was little higher than the average share of second phase of the study period which was only 33.46 percent. For the FY 2020/21 revised estimate of the share of foreign loan was 33.84 percent whereas estimate for the FY 2021/22 was again ambitiously targeted to 71.5 percent of total borrowing. For entire study period share of foreign loan was 48.20 percent whereas share of internal loan was 51.80 percent almost equal share for financing budget deficit (Appendix 4).

In terms of growth there was average growth of 15.27 percent for foreign loan and 33.53 percent average growth for internal loan for the entire study period. Highest growth rate of foreign loan was 68.37 percent for the FY 2016/17 and lowest growth rate was -40.95 percent for the FY 2002/03. Whereas in case of internal loan growth of 261.05 percent was highest for the FY 2014/15 and -66.20 percent was lowest for the FY 2012/13. From the analysis it can be concluded that internal loan is far more fluctuated than foreign loan. It was estimated that for the FY 2020/21 there was growth of 41.54 percent for foreign loan and 38.56 percent for internal loan. Likewise, growth of 87.34 percent for foreign loan and -61.80 percent for internal loan was estimated for the FY 2021/22 (Appendix 4).

Average percentage of foreign loan in terms of GDP for the entire study period was 2.81 percent and for internal loan it was 2.77 percent almost equal. There was 4.50 and 2.28 percent for the first phase of the study period, 1.40 and 2.81 percent for the second phase and 1.89 and 3.46 percent for the third phase of the study period for foreign loan and internal loan as percentage of GDP respectively. It shows that share of internal loan as percentage of GDP was increasing but same for the foreign loan was decreasing which is good symptom for the economy of the country. For FY 2020/21 foreign loan as percentage of GDP was estimated to be 3.87 percent and for internal loan it was 7.57 percent whereas exactly reverse was estimated for the FY 2021/22 where foreign loan as percentage of GDP was 6.31 percent and for internal loan it was 2.52 percent only (Appendix 4).

Trends of Resource Gap

The trend of budget deficit (resource gap) of Nepal Government for the entire study period of FY 1986/87 to 2021/22 is shown in the trend line.

Figure 1

Trends line of resource gap (Rs. In Million)
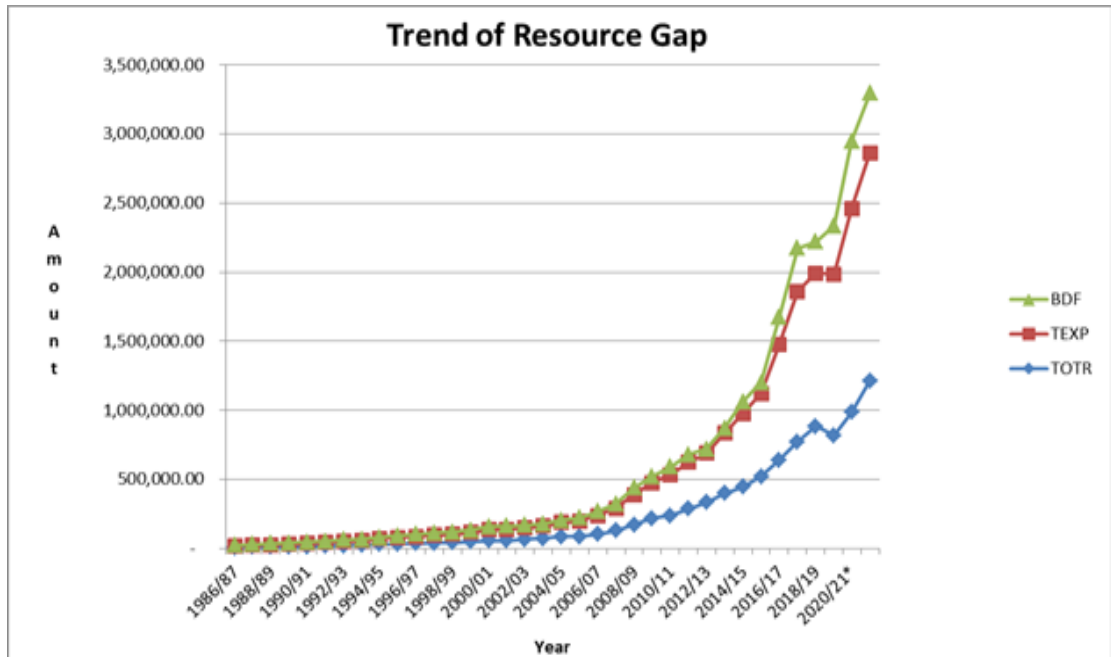
BDF- Total Budget Deficit (Resource Gap), TEXP- Total Expenditure, TOTR- Total Revenue

* Revised Estimated Figure

** Estimated Figure

Figure 1 shows increment of budget deficit in three different phases. For the first phase (FY 1986/87-1999/00) it was not showing any big fluctuation but it showed almost constant pattern. Likewise, for the second phase (FY 2000/01-2010/11) it showed little fluctuating pattern but after the FY 2010/11 total expenditure rose immensely because of that in the third phase, budget deficit highly increased and was more fluctuated as well.

Figure 2

Trends of resource gap (In Percentage)
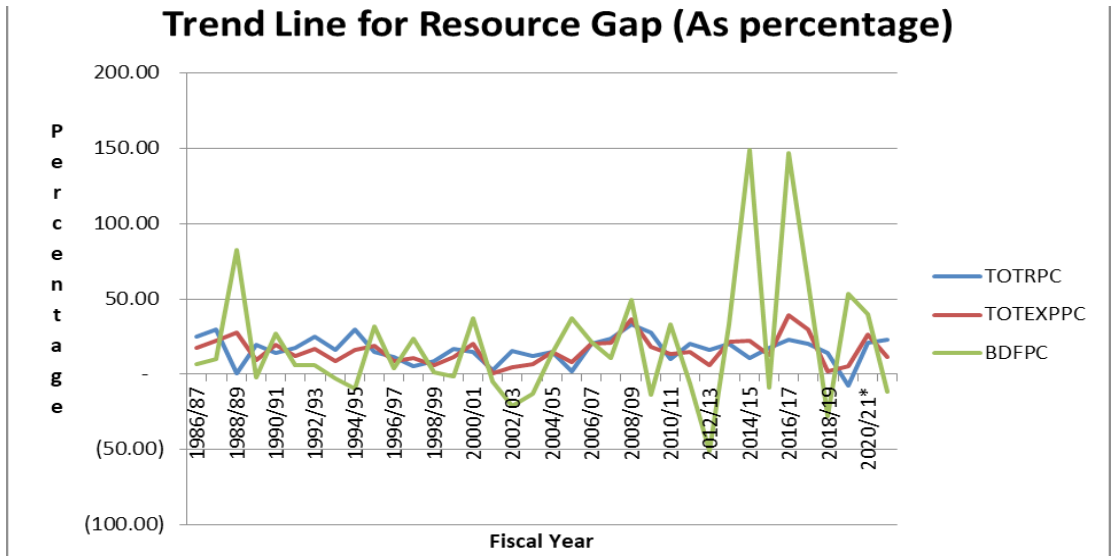
BDFPC- Percentage Change on Total Budget Deficit (Resource Gap), TOTEXPPC- Percentage Change on Total Expenditure, TOTRPC- Percentage Change on Total Revenue

Government budget deficit has increased and fluctuated considerably since 1986/87 to 2021/22. Annual growth rate of deficit, however, does not show any smooth and steady trend. It fluctuated widely between declines by 50.91 percent in FY 2012/13 to an increase by as high as 148.92 percent in 2014/15. Likewise, average increase in budget deficit for the first phase was 13.06 percent, 13.72 percent for the second phase and 38.75 percent for the third phase of the study period. Above figure clearly indicates the fluctuated and increased pattern of budget deficit for the country.

Major Findings

❖ There are three major sources of government revenue; tax revenue, non-tax revenue and foreign grants of which tax revenue is the major contributor which contributes to more than two third of the total revenue.

❖ By looking at the trend of revenue, expenditure and budget deficit of past thirty four years total period can be divided into three different phases; first phase from FY 1986/87 to 1999/00, second phase from FY 2000/01 to 2010/11 and third phase from FY 2011/12 to 2019/20 according to major changes occurred in Nepalese economic system.

- ❖ The growth of government revenue in past thirty four years was 11,162.2 percent but average growth rate of government revenue within this period was in very fluctuating pattern ranging from negative 7.37 percent to 32.76 percent. On an average government revenue was 15.72 percent of GDP within the study period.

- ❖ Looking at the growth trend of all the major sources of government revenue the growth rate of foreign grants did not show the definite trend, more fluctuating than other two sources.

- ❖ Government expenditure also have three major categories; regular expenditure, development expenditure and financial provisions of which regular expenditure consume was almost two third of the total expenditure.

- ❖ On an average share of regular expenditure was 62.18 percent on total expenditure whereas share of development expenditure was 23.84 percent and share of financial provisions was 13.98 percent for the entire study period.

- ❖ In the first phase of the study period (1986/87 to 1999/00) share of regular expenditure was only 30.48 percent whereas share of development expenditure and financial provisions was 55.59 percent and 13.93 percent respectively.

- ❖ The growth of government expenditure in the past thirty four years was 10,036.83 percent but average growth rate of government expenditure within this period was in very fluctuating pattern ranging from 0.30 percent to 39.30 percent. On an average, government expenditure was 21.36 percent of GDP within the study period.

- ❖ Looking at the growth trend of all the major categories of government expenditure the growth rate of development expenditure did not show the definite trend, more fluctuating than other two sources which are not good for the country's overall economy.

- ❖ Because of increase in government's regular expenditure tremendously (compulsion of increment in employee's salary) and compulsion of expanding infrastructural facilities, social services, and economic services for economic development of the country, rate of increase in total government expenditure is very high compared with rate of increase in government revenue in Nepal.

- ❖ Government budget deficit has increased considerably since 1986/87 to 2021/22. The amount of budget deficit which stood at Rs. 4254.7 million in FY 1986/87 shot up to Rs. 349608.40 million in 2019/20 – a remarkable increase of 8,117 percent during the period of 34 years.

- ❖ Annual growth rate of deficit, however, does not show any smooth and steady trend. It fluctuated widely between declines by 50.91 percent to an increase by as high as 148.92 percent.

- ❖ In terms of GDP Government budget deficit is around 5.82 percent of GDP which is average of whole study period and fluctuated between 1.56 percent and 10.42 percent of GDP for the study period.

- ❖ The apparent cause for the increase in deficit was smaller increase in revenue compared to higher rate of increase in government expenditure. While analyzing phase wise, increase in government revenue was in decreasing trend whereas increase in government expenditure was in increasing trend so that the budget deficit increased in higher percentage in recent years.

- ❖ In terms of GDP also, in the first phase of study period (1986/87 to 1999/00) average revenue to GDP growth was 12.29 percent and average expenditure growth rate was 19.07 percent while in the second phase of study period (2000/01 to 2010/11) it was 15.05 percent and 19.26 percent and in the third phase of study period (2011/12 to 2019/20) it was 22.14 percent and 27.49 percent. That is why, cause of higher increase in deficit was smaller increase in revenue in terms of GDP compared to higher rate of increase in government expenditure in terms of GDP.

- ❖ There are two major sources to finance government budget deficit in Nepal; external loan and internal loan.

- ❖ For entire study period share of foreign loan was 48.20 percent whereas share of internal loan was 51.80 percent almost equal share for financing budget deficit.

- ❖ In the first phase of the study period (1986/87 to 1999/00) in an average 66.75 percent of share was occupied by the external loan whereas 33.25 percent of share only was occupied by internal loan. In the second phase of the study period (2000/01 to 2010/11) external dependency was gradually decreased and it came to 20.02 percent whereas share of internal borrowing increased to 79.98 percent. For the third phase of the study period (2011/12 to 2019/20) share of external loan fluctuated mostly but it was only 37.37 percent as the average share for entire third phase of the study period.

- ❖ In terms of growth, there was average growth of 15.27 percent for foreign loan and 33.53 percent average growth for internal loan for the entire study period.

❖ Average percentage of foreign loan in terms of GDP for the entire study period was 2.81 percent and for internal loan it was 2.77 percent almost an equal.

❖ By looking at the trend of the budget deficit it was immensely increased after FY 2010/11 and also shows the most fluctuating pattern in comparison with the first and second phase of the study period.

Conclusion

In the process of economic development higher government expenditure is required for various developmental programs which ultimately creates resource gap. To fill the resource gap foreign loan, grants and domestic loans are necessary but these are not the permanent solutions.

Thus, the government revenue in Nepal comes from three major sources: tax revenue, non-tax revenue, and foreign grants, with tax revenue contributing to more than two-thirds of the total revenue. The government expenditure has three major categories: regular expenditure, development expenditure, and financial provisions, with regular expenditure consuming almost two-thirds of the total expenditure. The budget deficit has increased considerably since 1986/87, with the increase in government expenditure being higher compared to the increase in government revenue. The two major sources to finance the budget deficit are external loans and internal loans. In the entire study period, the share of foreign loan and internal loan was almost equal, with external dependency gradually decreasing over time.

Nepal is facing huge amount of resource gap which is because of inability to raise revenue in comparison with the growing expenditure. The apparent cause for the increase in deficit was smaller increase in revenue compared to higher rate of increase in government expenditure. Phase wise analysis of government revenue has shown decreasing trend whereas government expenditure has shown increasing trend so that the budget deficit increases rapidly in recent years. However, during the previous five years of the study period the government made serious efforts to maintain fiscal discipline to decrease fiscal deficit but because of political instability government is almost unable to maintain fiscal discipline and control resource gap.

Government has been taking external as well as internal loan for financing resource gap. Net outstanding public debt is increasing significantly over the time. The average share of external loan is greater than that of internal loan. However, in the later period, the share of internal loan is significantly greater than the external loan.

Recommendations

❖ Government efforts should be placed on the mobilization of domestic resources for financing regular and development expenditure because foreign loan may be a great burden to future generation.

- ❖ Over dependency on public debt to finance the huge resource gap would create distortion in the economy as well as heavy burden for future generation. So, policy maker should think about the mobilization of internal resources effectively and efficiently so as to bridge the gap between revenue and expenditure. Increasing internal revenue in the form of tax without giving burden to the taxpayers is the ultimate solution to reduce the resource gap.

Acknowledgement

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Appendix 1

Analysis of Government Revenue (Rs. in Million)

YEAR	GDPC	TR	NTR	FG	TOTR	TOTRPC	GDPTOTR
1986/87	57,828.00	4,371.70	1,601.70	1,285.10	**7,258.50**	24.77	12.55
1987/88	73,170.00	5,752.80	1,597.60	2,076.80	**9,427.20**	29.88	12.88
1988/89	85,831.00	6,287.20	1,493.50	1,680.60	**9,461.30**	0.36	11.02
1989/90	99,702.00	7,283.90	2,028.90	1,975.40	**11,288.20**	19.31	11.32
1990/91	116,127.00	8,176.30	2,553.20	2,164.80	**12,894.30**	14.23	11.10
1991/92	144,933.00	9,875.60	3,637.10	1,643.80	**15,156.50**	17.54	10.46
1992/93	165,350.00	11,662.50	3,485.90	3,793.30	**18,941.70**	24.97	11.46
1993/94	191,596.00	15,371.50	4,209.40	2,393.60	**21,974.50**	16.01	11.47
1994/95	209,976.00	19,660.00	4,945.10	3,937.10	**28,542.20**	29.89	13.59
1995/96	239,388.00	21,668.00	6,225.10	4,825.10	**32,718.20**	14.63	13.67
1996/97	269,570.00	24,424.30	5,949.20	5,988.30	**36,361.80**	11.14	13.49
1997/98	289,798.00	25,939.80	6,998.10	5,402.60	**38,340.50**	5.44	13.23
1998/99	330,018.00	28,752.90	8,498.40	4,336.60	**41,587.90**	8.47	12.60
1999/00	366,251.00	33,152.10	9,741.60	5,711.70	**48,605.40**	16.87	13.27
Total	**2,639,538.00**	**222,378.60**	**62,964.80**	**47,214.80**	**332,558.20**		
Percentage		**66.87**	**18.93**	**14.20**	**100.00**		
2000/01	393,566.00	38,865.00	10,028.80	6,753.40	**55,647.20**	14.49	14.14
2001/02	404,482.00	39,330.60	11,116.00	6,686.10	**57,132.70**	2.67	14.12
2002/03	492,200.00	40,896.00	13,642.90	11,339.20	**65,878.10**	15.31	13.38
2003/04	536,800.00	48,173.00	14,158.00	11,283.40	**73,614.40**	11.74	13.71
2004/05	589,400.00	54,104.70	16,018.00	14,391.10	**84,513.80**	14.81	14.34
2005/06	654,100.00	57,430.40	14,851.50	13,827.50	**86,109.40**	1.89	13.16
2006/07	727,800.00	71,126.70	16,585.40	15,800.80	**103,512.90**	20.21	14.22
2007/08	815,700.00	85,155.50	22,467.00	20,320.70	**127,943.20**	23.60	15.69
2008/09	988,272.00	117,051.90	26,422.60	26,382.90	**169,857.40**	32.76	17.19
2009/10	1,192,774.00	159,785.30	18,205.60	38,545.90	**216,536.80**	27.48	18.15
2010/11	1,366,954.00	177,407.20	21,148.70	39,327.40	**237,883.30**	9.86	17.40
Total	**8,162,048.00**	**889,326.30**	**184,644.50**	**204,658.40**	**1,278,629.20**		
Percentage		**69.55**	**14.44**	**16.01**	**100.00**		
2011/12	1,527,344.00	211,941.80	32,651.20	40,810.30	**285,403.30**	19.98	18.69
2012/13	1,695,011.00	259,930.00	37,032.00	35,229.80	**332,191.80**	16.39	19.60
2013/14	1,964,540.00	312,670.00	45,040.00	42,205.80	**399,915.80**	20.39	20.36
2014/15	2,130,150.00	355,942.90	49,903.50	38,174.30	**444,020.70**	11.03	20.84
2015/16	2,253,200.00	421,096.60	60,865.00	39,544.00	**521,505.60**	17.45	23.15
2016/17	2,674,500.00	547,486.40	61,693.60	31,932.30	**641,112.30**	22.93	23.97
2017/18	3,031,034.00	659,491.40	72,743.00	39,318.70	**771,553.10**	20.35	25.46
2018/19	3,458,800.00	759,010.00	100,590.00	22,898.70	**882,498.70**	14.38	25.51
2019/20	3,767,100.00	700,055.40	93,691.20	23,718.80	**817,465.40**	(7.37)	21.70
Total	**22,501,679.00**	**4,227,624.50**	**554,209.50**	**313,832.70**	**5,095,666.70**		
Percentage		**82.97**	**10.88**	**6.16**	**100.00**		
2020/21*	4,266,320.00	871,679.90	88,000.40	27,060.70	**986,741.00**	20.71	23.13
2021/22**	4,901,690.00	1,038,193.70	113,406.70	63,376.20	**1,214,976.60**	23.13	24.79
Total	**9,168,010.00**	**1,909,873.60**	**201,407.10**	**90,436.90**	**2,201,717.60**		
Grand Total	**33,303,265.00**	**5,339,329.40**	**801,818.80**	**565,705.90**	**6,706,854.10**		
Percentage		**79.61**	**11.96**	**8.43**	**100.00**		

Source: Various Economic Surveys, MOF

GDPC- Gross Domestic Product at Current Price, TR- Total Tax Revenue, NTR- Total Non-tax Revenue, FG- Total Foreign Grants, TOTR- Total Revenue, TOTRPC- Percentage Change on Total Revenue, GDPTOTR- Total Revenue as Percentage of GDP

* Revised Estimated Figure

** Estimated Figure

Appendix 2

Government Expenditure (Rs. In million)

YEAR	GDPC	REXP	DEXP	FPROV.	TEXP	TOTEXPPC	GDPTOTEXP
1986/87	57,828.00	2,861.20	7,378.00	1,274.00	11,513.20	17.52	19.91
1987/88	73,170.00	3,235.40	9,428.00	1,441.60	14,105.00	22.51	19.28
1988/89	85,831.00	3,955.50	12,328.80	1,720.70	18,005.00	27.65	20.98
1989/90	99,702.00	4,392.60	12,997.50	2,279.20	19,669.30	9.24	19.73
1990/91	116,127.00	5,162.90	15,979.50	2,407.40	23,549.80	19.73	20.28
1991/92	144,933.00	6,108.30	16,512.80	3,797.10	26,418.20	12.18	18.23
1992/93	165,350.00	6,923.60	19,413.60	4,560.50	30,897.70	16.96	18.69
1993/94	191,596.00	7,554.10	21,188.20	4,855.10	33,597.40	8.74	17.54
1994/95	209,976.00	13,181.80	19,794.90	6,083.30	39,060.00	16.26	18.60
1995/96	239,388.00	14,846.40	24,980.50	6,715.50	46,542.40	19.16	19.44
1996/97	269,570.00	16,653.90	26,542.60	7,527.20	50,723.70	8.98	18.82
1997/98	289,798.00	19,491.60	28,943.90	7,682.80	56,118.30	10.64	19.36
1998/99	330,018.00	22,324.70	28,531.30	8,723.00	59,579.00	6.17	18.05
1999/00	366,251.00	24,490.50	31,749.20	10,032.80	66,272.50	11.23	18.09
Total	2,639,538.00	151,182.50	275,768.80	69,100.20	496,051.50		
Percentage		30.48	55.59	13.93	100.00		
2000/01	393,566.00	32,380.80	37,065.90	10,388.40	79,835.10	20.46	20.29
2001/02	404,482.00	36,384.90	31,482.20	12,205.20	80,072.30	0.30	19.80
2002/03	492,200.00	52,090.50	22,356.10	9,559.50	84,006.10	4.91	17.07
2003/04	536,800.00	55,552.10	23,095.60	10,794.90	89,442.60	6.47	16.66
2004/05	589,400.00	61,686.40	27,340.70	13,533.30	102,560.40	14.67	17.40
2005/06	654,100.00	67,017.80	29,606.60	14,264.80	110,889.20	8.12	16.95
2006/07	727,800.00	77,122.40	39,729.90	16,752.30	133,604.60	20.48	18.36
2007/08	815,700.00	91,446.90	53,516.10	16,386.90	161,349.90	20.77	19.78
2008/09	988,272.00	127,738.90	73,088.90	18,834.10	219,661.90	36.14	22.23
2009/10	1,192,774.00	151,100.00	90,200.00	18,400.00	259,700.00	18.23	21.77
2010/11	1,366,954.00	210,200.00	47,300.00	37,900.00	295,400.00	13.75	21.61
Total	8,162,048.00	962,720.70	474,782.00	179,019.40	1,616,522.10		
Percentage		59.56	29.37	11.07	100.00		
2011/12	1,527,344.00	243,500.00	51,400.00	44,300.00	339,200.00	14.83	22.21
2012/13	1,695,011.00	247,400.00	54,600.00	56,600.00	358,600.00	5.72	21.16
2013/14	1,964,540.00	303,600.00	66,700.00	64,800.00	435,100.00	21.33	22.15
2014/15	2,130,150.00	339,500.00	88,800.00	103,300.00	531,600.00	22.18	24.96
2015/16	2,253,200.00	371,300.00	123,300.00	106,400.00	601,000.00	13.05	26.67
2016/17	2,674,500.00	518,600.00	208,700.00	109,900.00	837,200.00	39.30	31.30
2017/18	3,031,034.00	696,900.00	270,800.00	119,600.00	1,087,300.00	29.87	35.87
2018/19	3,458,800.00	716,420.00	241,560.00	152,480.00	1,110,460.00	2.13	32.11
2019/20	3,767,100.00	784,291.40	189,140.10	193,642.30	1,167,073.80	5.10	30.98
Total	22,501,679.00	4,221,511.40	1,295,000.10	951,022.30	6,467,533.80		
Percentage		65.27	20.02	14.70	100.00		
2020/21*	4,266,320.00	789,659.40	584,477.70	100,508.30	1,474,645.40	26.35	34.56
2021/22**	4,901,690.00	903,032.60	616,373.10	128,171.00	1,647,576.70	11.73	33.61
Total	9,168,010.00	1,692,692.00	1,200,850.80	228,679.30	3,122,222.10		
Grand Total	33,303,265.00	5,335,414.60	2,045,550.90	1,199,141.90	8,580,107.40		
Percentage		62.18	23.84	13.98	100.00		

Source: Various Economic Surveys, MOF

Position and Trends of Resource Gap in Nepal

GDPC- Gross Domestic Product at Current Price, REXP- Total Revenue Expenditure, DEXP- Total Development Expenditure, FPROV- Total Financial Provisions, TEXP- Total Expenditure, TOTEXPPC- Percentage Change on Total Expenditure, GDPTOTEXP- Total Expenditure as Percentage of GDP

Appendix 3

Budget Deficit (Rs. in million)

YEAR	GDPC	TOTR	TEXP	BDF	BDFPC	GDPTOBDF
1986/87	57,828.00	7,258.50	11,513.20	4,254.70	6.91	7.36
1987/88	73,170.00	9,427.20	14,105.00	4,677.80	9.94	6.39
1988/89	85,831.00	9,461.30	18,005.00	8,543.70	82.64	9.95
1989/90	99,702.00	11,288.20	19,669.30	8,381.10	(1.90)	8.41
1990/91	116,127.00	12,894.30	23,549.80	10,655.50	27.14	9.18
1991/92	144,933.00	15,156.50	26,418.20	11,261.70	5.69	7.77
1992/93	165,350.00	18,941.70	30,897.70	11,956.00	6.17	7.23
1993/94	191,596.00	21,974.50	33,597.40	11,622.90	(2.79)	6.07
1994/95	209,976.00	28,542.20	39,060.00	10,517.80	(9.51)	5.01
1995/96	239,388.00	32,718.20	46,542.40	13,824.20	31.44	5.77
1996/97	269,570.00	36,361.80	50,723.70	14,361.90	3.89	5.33
1997/98	289,798.00	38,340.50	56,118.30	17,777.80	23.78	6.13
1998/99	330,018.00	41,587.90	59,579.00	17,991.10	1.20	5.45
1999/00	366,251.00	48,605.40	66,272.50	17,667.10	(1.80)	4.82
Total	2,639,538.00	332,558.20	496,051.50	163,493.30		
Percentage		100.00	100.00			
2000/01	393,566.00	55,647.20	79,835.10	24,187.90	36.91	6.15
2001/02	404,482.00	57,132.70	80,072.30	22,939.60	(5.16)	5.67
2002/03	492,200.00	65,878.10	84,006.10	18,128.00	(20.98)	3.68
2003/04	536,800.00	73,614.40	89,442.60	15,828.20	(12.69)	2.95
2004/05	589,400.00	84,513.80	102,560.40	18,046.60	14.02	3.06
2005/06	654,100.00	86,109.40	110,889.20	24,779.80	37.31	3.79
2006/07	727,800.00	103,512.90	133,604.60	30,091.70	21.44	4.13
2007/08	815,700.00	127,943.20	161,349.90	33,406.70	11.02	4.10
2008/09	988,272.00	169,857.40	219,661.90	49,804.50	49.09	5.04
2009/10	1,192,774.00	216,536.80	259,700.00	43,163.20	(13.33)	3.62
2010/11	1,366,954.00	237,883.30	295,400.00	57,516.70	33.25	4.21
Total	8,162,048.00	1,278,629.20	1,616,522.10	337,892.90		
Percentage		100.00	100.00			
2011/12	1,527,344.00	285,403.30	339,200.00	53,796.70	(6.47)	3.52
2012/13	1,695,011.00	332,191.80	358,600.00	26,408.20	(50.91)	1.56
2013/14	1,964,540.00	399,915.80	435,100.00	35,184.20	33.23	1.79
2014/15	2,130,150.00	444,020.70	531,600.00	87,579.30	148.92	4.11
2015/16	2,253,200.00	521,505.60	601,000.00	79,494.40	(9.23)	3.53
2016/17	2,674,500.00	641,112.30	837,200.00	196,087.70	146.67	7.33
2017/18	3,031,034.00	771,553.10	1,087,300.00	315,746.90	61.02	10.42
2018/19	3,458,800.00	882,498.70	1,110,460.00	227,961.30	(27.80)	6.59
2019/20	3,767,100.00	817,465.40	1,167,073.80	349,608.40	53.36	9.28
Total	22,501,679.00	5,095,666.70	6,467,533.80	1,371,867.10		
Percentage		100.00	100.00			
2020/21*	4,266,320.00	986,741.00	1,474,645.40	487,904.40	39.56	11.44
2021/22**	4,901,690.00	1,214,976.60	1,647,576.70	432,600.10	(11.34)	8.83
Total	9,168,010.00	2,201,717.60	3,122,222.10	920,504.50		
Grand Total	33,303,265.00	6,706,854.10	8,580,107.40	1,873,253.30		
Percentage		100.00	100.00			

Source: Researcher's own calculation (From Appendix 1&2)

GDPC- Gross Domestic Product at Current Price, TOTR- Total Revenue, TEXP- Total Expenditure, BDF- Total Budget Deficit (Resource Gap), BDFPC- Percentage Change on Total Budget Deficit, GDPTOTBDF- Total Budget Deficit as Percentage of GDP

Appendix 4

Sources of financing (Rs. in million)

YEAR	GDPC	BDF	FL	IL*	SFL	SIL	GRFL	GRIL	FLGDP	ILGDP
1986/87	57,828.00	4,254.70	2,705.80	1,548.90	63.60	36.40	14.12	(6.75)	4.68	2.68
1987/88	73,170.00	4,677.80	3,815.80	862.00	81.57	18.43	41.02	(44.35)	5.21	1.18
1988/89	85,831.00	8,543.70	5,666.40	2,877.30	66.32	33.68	48.50	233.79	6.60	3.35
1989/90	99,702.00	8,381.10	5,959.60	2,421.50	71.11	28.89	5.17	(15.84)	5.98	2.43
1990/91	116,127.00	10,655.50	6,256.70	4,398.80	58.72	41.28	4.99	81.66	5.39	3.79
1991/92	144,933.00	11,261.70	6,816.90	4,444.80	60.53	39.47	8.95	1.05	4.70	3.07
1992/93	165,350.00	11,956.00	6,920.90	5,035.10	57.89	42.11	1.53	13.28	4.19	3.05
1993/94	191,596.00	11,622.90	9,163.60	2,459.30	78.84	21.16	32.40	(51.16)	4.78	1.28
1994/95	209,976.00	10,517.80	7,312.30	3,205.50	69.52	30.48	(20.20)	30.34	3.48	1.53
1995/96	239,388.00	13,824.20	9,463.90	4,360.30	68.46	31.54	29.42	36.03	3.95	1.82
1996/97	269,570.00	14,361.90	9,043.60	5,318.30	62.97	37.03	(4.44)	21.97	3.35	1.97
1997/98	289,798.00	17,777.80	11,054.50	6,723.30	62.18	37.82	22.24	26.42	3.81	2.32
1998/99	330,018.00	17,991.10	11,852.40	6,138.70	65.88	34.12	7.22	(8.70)	3.59	1.86
1999/00	366,251.00	17,667.10	11,812.20	5,854.90	66.86	33.14	(0.34)	(4.62)	3.23	1.60
Total	**2,639,538.00**	**163,493.30**	**107,844.60**	**55,648.70**	**66.75**	**33.25**	**13.61**	**22.37**	**4.50**	**2.28**
2000/01	393,566.00	24,187.90	12,044.00	12,143.90	49.79	50.21	1.96	107.41	3.06	3.09
2001/02	404,482.00	22,939.60	7,698.70	15,240.90	33.56	66.44	(36.08)	25.50	1.90	3.77
2002/03	492,200.00	18,128.00	4,546.40	13,581.60	25.08	74.92	(40.95)	(10.89)	0.92	2.76
2003/04	536,800.00	15,828.20	7,629.00	8,199.20	48.20	51.80	67.80	(39.63)	1.42	1.53
2004/05	589,400.00	18,046.60	9,266.10	8,780.50	51.35	48.65	21.46	7.09	1.57	1.49
2005/06	654,100.00	24,779.80	8,214.30	16,565.50	33.15	66.85	(11.35)	88.66	1.26	2.53
2006/07	727,800.00	30,091.70	10,053.50	20,038.20	33.41	66.59	22.39	20.96	1.38	2.75
2007/08	815,700.00	33,406.70	8,979.90	24,426.80	26.88	73.12	(10.68)	21.90	1.10	2.99
2008/09	988,272.00	49,804.50	9,968.90	39,835.60	20.02	79.98	11.01	63.08	1.01	4.03
2009/10	1,192,774.00	43,163.20	11,223.40	31,939.80	26.00	74.00	12.58	(19.82)	0.94	2.68
2010/11	1,366,954.00	57,516.70	11,859.10	45,657.60	20.62	79.38	5.66	42.95	0.87	3.34
Total	**8,162,048.00**	**337,892.90**	**101,483.30**	**236,409.60**	**33.46**	**66.54**	**3.98**	**27.93**	**1.40**	**2.81**
2011/12	1,527,344.00	53,796.70	11,083.10	42,713.60	20.60	79.40	(6.54)	(6.45)	0.73	2.80
2012/13	1,695,011.00	26,408.20	11,969.40	14,438.80	45.32	54.68	8.00	(66.20)	0.71	0.85
2013/14	1,964,540.00	35,184.20	17,998.80	17,185.40	51.16	48.84	50.37	19.02	0.92	0.87
2014/15	2,130,150.00	87,579.30	25,531.30	62,048.00	29.15	70.85	41.85	261.05	1.20	2.91
2015/16	2,253,200.00	79,494.40	34,455.90	45,038.50	43.34	56.66	34.96	(27.41)	1.53	2.00
2016/17	2,674,500.00	196,087.70	58,013.00	138,074.70	29.59	70.41	68.37	206.57	2.17	5.16
2017/18	3,031,034.00	315,746.90	92,232.70	223,514.20	29.21	70.79	58.99	61.88	3.04	7.37
2018/19	3,458,800.00	227,961.30	124,372.50	103,588.80	54.56	45.44	34.85	(53.65)	3.60	2.99
2019/20	3,767,100.00	349,608.40	116,643.90	232,964.50	33.36	66.64	(6.21)	124.89	3.10	6.18
Total	**22,501,679.00**	**1,371,867.10**	**492,300.60**	**879,566.50**	**37.37**	**62.63**	**31.62**	**57.74**	**1.89**	**3.46**
Grand Total	**33,303,265.00**	**1,873,253.30**	**701,628.50**	**1,171,624.80**	**48.20**	**51.80**	**15.27**	**33.53**	**2.81**	**2.77**
2020/21*	4,266,320.00	487,904.40	165,100.20	322,804.20	33.84	66.16	41.54	38.56	3.87	7.57
2021/22**	4,901,690.00	432,600.10	309,293.20	123,306.90	71.50	28.50	87.34	(61.80)	6.31	2.52
Total	**9,168,010.00**	**920,504.50**	**474,393.40**	**446,111.10**	**52.67**	**47.33**	**64.44**	**(11.62)**	**5.09**	**5.04**

Source: Various Economic Surveys, MOF

GDPC- Gross Domestic Product at Current Price, BDF- Total Budget Deficit (Resource Gap), FL- Total Foreign Loan, IL*- Total Internal Loan Including Drawdown of Cash Balance, SFL- Share of Foreign Loan in Total Deficit, SIL- Share of Internal Loan in Total Deficit, GRFL- Growth Rate of Foreign Loan, GRIL- Growth Rate of Internal Loan, FLGDP- Foreign Loan as Percentage of GDP, ILGDP- Internal Loan as Percentage of GDP.