

The state budget and the standard of living of Nepalese people.

Prof. Dr. Gopal Paudyal

Finance Minister Dr. Yuvraj Khatiwada presented a budget of 14 trillion 74 billion in Parliament on Thursday. In which the goal is to maintain an economic growth of 7 percent and the same inflation rate. From time to time, the government has done a few bad things and many good things, but it has not been able to show much of the good things. I don't think this year's budget will give much relief to the people. Unable to control smuggling in the border area, it is our destiny to keep reading the sad news of border smugglers beating our policemen. In this budget, the government has increased the fuel duty so as to put a heavy burden on the consumers. The shameful thing is that when the price of oil is falling all over the world, the government raises the price and the Ministry of Finance says that the customs duty has been increased to reduce the price difference across the border. It is becoming like an astrologer and says that after the end of the Covid-19 infection, the price of fuel will definitely increase. In such a global oil market, the price of oil is at zero. Oil industries are saying to take oil for free, but Finance Minister Yuvraj Khatiwada claims that the increase in fuel duty will not be a burden on consumers. The government is going to give up to 75 percent income tax exemption to small, domestic and small businessmen, which is respectable, but will it lose its market? Where to sell those poor poor women? Presenting the budget for the next financial year on Thursday, the finance minister has announced that 75 percent income tax will be given to taxpayers who do business up to 2 million rupees, 50 percent to those who do business between 20 to 50 million rupees and 25 percent to those who do business between 5 million to 1 crore rupees. That should be welcomed. The government has increased the period of income tax exemption for small enterprises by two years and made it seven years. The tax exemption period for small enterprises run by women has been increased by three years to 10 years, but will the market system be lost? What is better than drowning by producing without a market? It is evident that the poverty-stricken poor have a tendency to sink into debt. The government has removed the value added tax (VAT) imposed on micro insurance. The government has given tax exemption for five years to special industries established in industrial areas or villages. Industries established in those areas will get 25 percent income tax exemption for 5 years from the date of commencement of business. The limit of personal income tax for the coming year has been kept unchanged. Excise duty on more than a dozen items has been removed for the coming year. However, the health risk tax has been increased on cigarettes, cigars, gutkha, pan masala, but the surprising thing is that in the coming year, the health risk tax will be charged at the rate of 50 paise per kg on cigarettes and cigars, and 40 rupees per kg on edible tobacco, khaini, gutkha, pan masala. The tax rate has not been increased on bidi and liquor. It seems that the bidi and liquor industry is the brother of the government and the others are the enemy. Why was such favoritism done? In this government's current budget, the customs rate of industrial raw materials has been reduced, while the customs rate of petrol and diesel has been increased by Rs 10 per liter. Customs duty on gold and gold jewelry has been increased. The rates of aviation fuel and LP gas remain the same. "Pollution control fee will be charged at the rate of 50 paise per liter on petrol and diesel sold and distributed within Nepal," the Income Tax Act states. The customs rate on the import of electric powered private vehicles has been increased while that of public vehicles has been kept constant. Are the Nepali people who ride private vehicles not Nepali citizens? Hasn't their investment brought some comfort to the common people? The government has reduced the customs duty on

the import of machines and raw materials, agricultural machinery and equipment, seeds etc. imported by micro-household and small industries, agricultural livestock, animal treatment and mask making industries. Customs duty has increased on the import of primary agricultural produce. This is fine, but the main thing is that the government has made the country laugh by imposing higher tariffs on the import of primary agricultural products. If they really love Nepali people, why couldn't they increase 50% in vegetable products imported from abroad? And why does the Nepalese economy always continue to make it dependent? Air services, transportation services, hotels, travel and trekking businesses, which are most affected by the Covid-19 infection, have received a 20 percent discount in the coming year. The period for filing value added tax (VAT) returns for tourism transport and movie theaters has been extended to quarterly, but this is also not satisfactory. this. To make Nepal a tourism country and squeeze the veins, ribs, heart, liver and lungs of tourism? The government has given VAT exemption on the import of raw materials required by pharmaceutical industries. The government has also announced that the VAT paid will be refunded if such raw materials are purchased from domestic industries. The government has reduced the customs duty on Ayurvedic raw materials. Excise duty exemption has been given on domestically produced ethanol and PPE, which are used as raw materials for sanitizers. But if the price had been set during the distribution of sales in the country, maybe some relief would have been given to the poor people, but that did not happen. Which is a sad thing. What to do if the medicine is not sold in the Nepali market but goes directly to the Indian market? Did you talk about the lost budget for monitoring it? A discount of up to 50 percent has been given on the charges of internet service providers when providing fixed broadband services. The service fee to be paid by radio and television broadcasting organizations that produce their own programs has been reduced from two percent to one percent. If the advertising money is collected by lobbying with Janata Sang and all the ministries of the government, equal to the private media, but we don't have to pay tax? The government has canceled the 15 percent forest yield fee that was levied by community forests when selling sal and khair timber outside the consumer group. But all types of furniture imported from abroad are subject to excise duty. It's not perfect, but it's okay. Special industries to be established in the industrial sector will be exempted from income tax for 5 years from the date of commencement of business. It has been arranged that the drinking water and sanitation product group, which operates according to its purpose, will not be charged income tax from the coming year. The government has also said that such groups have been given income tax exemptions up to FY 075/76. This is also a good thing, but why is it not calculated which industry can be opened and run within the industrial sector? Even if the alcohol industry and cigarette industry are opened and sold within the industrial area, will they get tax exemption for 5 years? The budget has spoken a lot of double talk, which has made a mockery of the value of fair democracy, recognition, rule of law and human rights. Income tax exemption has been given to all types of cooperatives operating in the rural municipality. However, 5, 7 and 10 percent income tax has been set for all types of cooperatives operating in municipalities, sub-metropolitan cities and metropolitan cities respectively. This is surprising and biased. Although this decision has benefited some people, it has hurt the hearts of many. The government should never impose taxes on the basis of region, caste, religion and profession. If this happens, the government cannot be democratic. It has been arranged that when the consumer pays for the purchase of goods and services through electronic devices, the amount received as an incentive does not have to be taxed in advance. Students studying abroad have also been charged a 2 percent education service fee in exchange for foreign exchange. Encouraging business through electronic media is good but adding 2% tax by squeezing

poor students is wrong. In this way, how to produce the skilled manpower that the country needs? In the country, only 40 people are given seats, while in other countries, up to 60-80 people are given seats. Did the budget talk about this? This budget has done the work of not allowing Nepali people to study in their own country and also to go abroad. The government is going to charge Rs 500 to the subscribers for the telephone ownership fee. In case of mobile telephone, it is said that telephone ownership fee will be charged at the rate of two percent of each SIM card and recharge fee. Similarly, if the amount of the approved retirement fund in various agencies is transferred to the social security fund within 077 Chait, the tax levied for retirement payment will be exempted. The government has also said that such funds will be phased out gradually. Why tax 500 on the mobile phones that the poor buy for their children? Is this directly deceiving the people or not? They will not create jobs that will not allow them to do anything, they will tax the raw materials of the industry and they will put a tax on the mobile phones that can be used by everyone worldwide. And the funds will be closed gradually. Even by taxing people's backs? And the funds will be closed slowly! This is also a serious matter. Because there are many such public funds in Nepal. Those who have a direct relationship with the people. To create a tendency to close those funds is to kill the people. If a person earned taxable income in the past but did not pay tax on it, the fee and interest will be exempt if he pays tax now. For this, it is the government's policy to give this discount if the person pays the tax till 077 February. This is a show and a game that gives immunity to the grandfathers who do not consider the state to be a state, who are involved in politics, and who think that paying taxes in life is a sin. No people can be happy with such a decision. To give exemptions to those who have to pay taxes and squeeze those who want to do new work? Therefore, in my personal opinion, the budget for the financial year 2077/78 is traditional. Most of the targets set in the budget are challenging to achieve. The targets of economic growth, internal revenue, foreign aid and public expenditure set in the budget are ambitious. It is not just me that the former finance ministers who participated in the post-budget virtual interaction (webinar) organized by the Nepal Economic Journalists Association (SEJAN) on Friday said that the budget was brought in a traditional and more ambitious manner even in the harsh situation of Covid-19. The former Prime Minister who is also the former finance minister. Baburam Bhattarai has said that the next year's budget has been prepared in a traditional manner, saying that we need to have some long-term dreams to develop economically and socially. The situation has come that the government has to take responsibility for the education and health sector, but it is not visible. Qualitative change, crisis resolution is not possible with traditional budget for new possibilities. In this budget, the budget has also been increased in the Prime Minister's Employment Program, but as in the past, if weeding is done by wearing a helmet, neither the target group will benefit, but the government's budget will be saved. It can be increased to 60/65 percent, you should not be afraid to take loans in difficult situations. In my opinion, the government could not come up with a budget to solve the unemployment problem and brought it to a halt. Moreover, this fiscal year's budget is full of hype and promises. Even though many assurances have been given in employment, agriculture and enterprise, there is no implementation. The budget is too ambitious and almost certain to fail to provide direction for future generations. I also object to the target of domestic debt in this budget because "in the past, it was not customary to take more than 2 to 3 percent of the GDP." Now it is more than 5 percent. As the internal debt increases, there will be a lack of liquidity in the market, and there will be a direct impact on the expansion of enterprise business from job creation. This budget did not even talk about where and how to resettle the 2.5 million youth who want to

do something in the country after returning from abroad. Therefore, in such a situation, the target of economic growth of 7 percent is ambitious. Even if the government has not reduced the corporate tax, it is not appropriate to increase the customs duty on electric vehicles. Even if the budget is brought into consideration the condition of the country, human health and the health of the economy, it will prove to be a lie. How to say the reduction in ordinary expenses is good? In the current situation, increasing the budget of the health sector to 92 billion rupees is positive, but it is not only by building a hospital but it is very challenging to make it possible for doctors to stay in the hospital. Everyone knows this. It is never good to give hollow assurances. The government did not take positive steps in the employment sector either. Although the budget increased in the agricultural sector, it was only a way to feed the workers. In the next year's budget, the target of revenue is about 9 trillion and it may be difficult to meet the current expenses, so how can I call the budget good, which causes this serious problem? The government has high expectations of foreign aid, but past practice has not shown so well. Is it believable to say that economic growth of 7 percent will be achieved in the difficult situation of Corona? Implementation is challenging. The target of receiving foreign aid set by this government in the next year's budget is also very challenging. The budget has set a target of increasing foreign aid by 135 percent compared to the current year. This is also ridiculous. That is almost impossible to achieve. In the current situation, setting such a lofty goal is ambitious. In my opinion, 40 percent less foreign aid than our target can be received because the economy of all countries is in turmoil in the current situation. On the other hand, industries are at a standstill, remittances have decreased by 20 percent, and in this situation, is the goal of 7 percent economic growth ambitious or not? How is that possible? According to the current situation of Covid-19, even though we have brought a budget of appropriate size, it would have been better if everyone had agreed on this budget. This budget giving more priority to Corona is something positive. Relief came in spades The private sector has been demanding to bring a stimulus package through the budget so that it does not fall to 5 percent of the gross domestic product (GDP). However, even if relief is sought in the current budget, the representatives of the private sector have come scattered and cannot be called a stimulus package. Representatives of the private sector say that even if it is sought, it is scattered and cannot be called a stimulus package. In the budget of the next financial year, it is said that a fund of 50 billion will be established for tourism and small and domestic industries along with 1 billion refinancing fund for employee salary and business resumption. Similarly, although some things including income tax exemption for small industries have been included in the budget, they have said that it has been very scattered. Shekhar Golchha, senior vice president of Federation of Nepal Chamber of Commerce and Industry, said that the next year's budget has come in an extraordinary manner. He says that 2/3 percent of the GDP has gone to a deficit, 1.5 million people have become unemployed and the budget has not been liberal, but it has come to a conservative (old) style. Golchha said that the budget is silent on issues such as documenting property, VAT exemption, etc., while mentioning that those who want to close the industry have been asked to facilitate labor management, but there has been no hearing. He said that if the government had calculated the risk this time, the economy would have revived soon, but that expectation was not met from the budget. Kamlesh Agarwal, vice president of Nepal Chamber of Commerce, commented that the budget came under the pressure of MPs and political pressure. He clarified that refinancing is different from stimulus by saying that the government did not take the stimulus package suggested by the private sector seriously. He said that the demand of the private sector was 5 percent, but now there is only one and a half percent of the stimulus package. Bishnu Agarwal, senior vice president of Nepal Industry

Confederation, commented that despite the huge impact on demand in the market due to Corona, the budget has not brought programs to increase demand. He said that even if the private sector demanded a stimulus package, it would not boost the economy as it was scattered. He said that the demand will decrease next year, which will reduce VAT and income tax etc. He says that the revenue target set by the government is challenging. Are they all talking without studying? A few months ago, infrastructure tax was increased by Rs 5 to Rs 10. Even then, the price is different across the border, so what's the difference? "Tariff increase will only increase the import price. Minister Khatiwada's statement that common people are not burdened is wrong. Although he claims that it will not be a burden on the general public, when the price is adjusted, it will be added to the retail price. The retail price is determined by adding the purchase price, customs duties, taxes and profit. So that ultimately the burden will be on the consumer and not on others. Nepal Oil Corporation is a trading company. Even if the general public is not burdened immediately, when the price is adjusted, everything is fixed together. When the cost increases, the price will increase by two/four rupees,' this is something that even Lata knows . When the price increases in the international market, the fee should be reduced to give relief to the common people, but now when the price of oil has fallen in the international market, it is ridiculous to bring a budget to rob the people who are affected by Covid-19. According to Nepal Oil Corporation, currently, the corporation buys petrol at an average price of Rs 21.36, diesel at Rs 25.93 and kerosene at Rs 20.22 in Raxaul/Barauni. Along with road maintenance tax, pollution charge, price stabilization fund, value added tax, infrastructure tax, 42 rupees 73 paise on petrol, 26 rupees 15 paise on diesel and 2 rupees 88 paise on kerosene. The corporation has also fixed the retail price of petrol at Rs 96 per litre, diesel at Rs 85 per liter and kerosene at Rs 85 per litre, including administrative expenses, insurance, transport charges and profit. Now after the additional fee of 10 rupees, will the retail price also increase automatically or not? Will the people get relief by doing this? Even if you buy at 21 and sell at 96, will it still increase by 10 rupees? Generally speaking, this budget is traditional, it only works to raise the standard of living of Nepalese and not to lower it.

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