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Government scales down 2004-2005 budget

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✦ **Thimphu : 9 October 2004** - The government has announced an "urgent" scale down of the 2004-2005 budget as the "government was going through a difficult financial phase" according to a notification from the Ministry of Finance.

The decision to cut the budget was approved by the council of ministers but it is not clear by how much.

Earlier in the National Assembly, the finance ministry had announced a budget of Nu. 13,622 million for the 2004-2005 financial year, which represented an increase of around nine percent over the previous year and approximately around 20 percent of the Ninth Plan outlay.

The notification says that all government agencies should review their capital budget "budgeted for financing from the royal government of Bhutan's own resources".

The notification specifically lists several expenditure heads to cut down "current expenses". Entertainment budget will be sliced by 10 percent, travel and daily allowances (TA/DA) by five percent, vehicle maintenance budget by 20 percent, office stationery budget by 10 percent, mobile phone allowances by 50 percent, and telephone budget by five percent. "All agencies are requested to plan their operations expenses accordingly," the notification states.

Elaborating further, the notification points out that the agencies must reduce foreign guest entertainment expenses by holding not more than one entertainment activity for one guest and that too by the most relevant agency.

Government agencies, according to the notification, must stop mandatory travel required for field personnel like extension officers, substitute executive class travel for government bureaucrats by economy class air travel, reduce travels abroad, and enforce travel "entitlement rules strictly".

All agencies must also replace comprehensive insurance with third party insurance for government vehicles, and keep pool vehicle management with respective administration and finance division and "strictly" curtail its movement before nine in the morning and after five in the evening, including on weekends and holidays. All pool vehicles will also be required to

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bear the name of their respective ministries and departments.

Expenditure for inaugural and other ceremonial expenses in workshops, annual meetings and seminars must also be reduced and new loan project proposals must not include procurement of vehicles, cameras, laptop computers, study tours, human resource development, and any other current expenditure.

The notification points out that the agencies must reinforce the policy of encouraging printing of materials inside Bhutan only.

Government agencies are also required to review the need for new divisions shut down some offices where possible and to explore means of privatisation of commercial activities in the agencies, if any. The agencies are to find cheaper alternatives to existing pool vehicle system and explore the possibility of outsourcing some of the services.

The notification also calls for reviewing government financing of trainings abroad, standardising the procurement of stationery and furniture and to find ways to set rates for the items to ensure proper cost recovery.

Meanwhile, the finance ministry is welcoming any other "cost-cutting measures" and suggestions from government agencies.

Finance ministry officials were not available for comment as to how much of the budget would be saved with the cost cutting measures.

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