

GOVERNANCE

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Nepal Grapples with Escalating Debt and Declining Revenue

WEEKLY

Photo by Kantipur

Nepal finds itself at a critical crossroads in its economic trajectory as it contends with the dual challenges of soaring debt and dwindling revenue, raising concerns about the nation's overall financial stability. Recent fiscal data reveals a worrisome trend, with the total debt skyrocketing from NRs. 523 billion in the fiscal year 2011/12 to an alarming NRs. 2297 billion in 2022/23.

The debt escalation is accompanied by a rare downturn in revenue, presenting a significant strain on Nepal's Gross Domestic Product (GDP). The fiscal year 2022/23 marked a noteworthy event as the country witnessed a decrease in revenue compared to the previous year, breaking a 15-year streak of consistent growth.

Adding complexity to the economic challenges is the structural composition of the debt. Over the past two decades, domestic debt has outpaced foreign debt significantly. The interest rate on domestic debt stands at 6.19 percent, a notable contrast to the lower 0.93 percent interest rate on foreign debt. This composition translates into substantial financial obligations for Nepal, requiring payments of NRs. 330 billion in FY 2080/81, NRs. 435 billion in FY 2081/82, and NRs. 520 billion in 2082/83.

Addressing these pressing challenges demands a strategic and comprehensive approach from the government. A realistic budget, grounded in a thorough analysis of the country's potential and capacity, is imperative. Furthermore, proactive measures to boost revenue, trim unnecessary expenditures, and strategically invest in long-term returns should be prioritized to ensure a sustainable economic future for Nepal.

Read more: [Kantipur](#)

Governance Issues of the Week

1. A month since the earthquake, bureaucratic delays and data verification issues have halted the disbursement of NRs 500 million allocated by the government for temporary housing in Rukum West and Jajarkot. With only a fraction of the funds utilized, victims continue to suffer, facing dire conditions and slow progress in shelter construction.

Read more: [EKantipur](#)

2. The Nepali Embassy in Moscow confirms the deaths of three Nepali nationals serving in the Russian Army during the Ukraine conflict. The soldiers, reportedly serving as assistants or mercenaries, lost their lives in an explosion on November 15. Efforts are underway to verify details and facilitate the repatriation of their bodies. The government is also collecting information on Nepali citizens serving in the conflict.

Read more: [The Kathmandu Post](#)

3. Axiata Group Berhad has made a decision to exit Ncell, citing declining returns and challenging business conditions in Nepal. In a quarterly report, Axiata revealed that the diminishing performance of Ncell has adversely impacted the overall financial standing of the group.

Read more: [My Republica](#)

4. Nepal records its first same-sex marriage as Ram Bahadur Gurung and Surendra Pandey officially registered their marriage from Dordi Rural Municipality, Lamjung, Nepal. The landmark decision follows a Supreme Court interim order to make arrangements for the registration of same-sex marriages.

Read more: [Seto Pati](#)

5. Nepal Police secured the first position in Interpol's 'Interpol 100 Global Video' competition at the 91st General Assembly in Vienna. The winning video, titled 'Let's save the planet,' emphasizes Interpol's role in addressing future challenges. The video earned Nepal the distinction of being the best among Interpol's 195 member countries. The achievement marks the centennial celebration of Interpol's founding.

Read more: [Nagarik News](#)

6. Disputes arise as construction companies exploit "legal loopholes" in the Nepal Army's tender process for NRs 25 billion Kathmandu-Terai/Madhesh fast-track project. Allegations of misconduct surround the exclusion and subsequent revaluation of Kalika Construction, prompting lobbying from various parties. The Ministry of Defense emphasizes adherence to the law in the ongoing tender evaluation process.

Read more: [My Republica](#)

Nepal Governance Weekly is an analytical update of Nepal's current affairs based on media and real sources mining, to sensitize the communities on hot news on various governance issues from the perspective of accountability.

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