

Nepal's Policies and Programs

Fiscal Year 2083/84 (2026/27)

A Sector-Wise Strategic Analysis

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Government of Nepal | 2083 B.S.



**Nepal's
Annual
Policies
and
Programs
(2083/84)
2026/27:**

**Strategic
Push for
Transformation**

The Government of Nepal's 2083/84 Policies and Programs deepen the reform agenda of 2082/83, targeting economic transformation through green energy, digital economy, diaspora capital, and governance reform.

IT & Digital Economy – AI, cloud, cybersecurity declared strategic national industry

Economic Reform – 7% GDP growth via 100-point reform, Investment Express policy

Agriculture – Minimum Support Price (MSP) enforcement, land bank, agro-processing, organic certification

Energy & Climate – 30,000 MW hydropower, green hydrogen, Net Zero 2045

Healthcare – Minimum standards, telehealth platform, mental health national policy

Governance – e-KYC, Citizen App, anti-corruption zero tolerance

Tourism & Diaspora – 'Devbhumi Nepal', investment visa, diaspora Investment and knowledge Centre

Economic & Institutional Reform

Economic & Institutional Reform – Key Policy Areas



Fiscal Reform

Cashless economy, green tax consolidation, automated VAT refund, customs digitisation, TDS tightening, reduce tax burden to individuals and corporate.



7% GDP Growth

100-point governance reform. Reduce production costs, simplify business registration, predictable policy.



Capital Markets

Pension & mutual fund participation. Bond markets, risk tools, NRN capital market access expanded.



Diaspora Capital

Nepal Investment Visa. Remittance-to-investment fund. Diaspora expert network & knowledge bank.



Industrial Villages

SEZs with shared infrastructure. Startup Nepal Portal: same-day company registration & tax incentives.



IT National Industry

Software, cloud, AI, cyber exports. Digital parks, data centres. R&D tax incentives for IT firms.

***Agriculture,
Environment
& Energy***

Agriculture, Environment & Energy – Strategic Direction



Agriculture Modernization

MSP for major crops enforced digitally. AgrTech, land bank, contract farming, agro-processing zones.



Forest & Carbon Economy

Nepal Carbon Authority formed. Reducing Emissions from Deforestation and Forest Degradation (REDD+) expansion. Community forests earn direct carbon credits.



30,000 MW Hydropower

One-door approval system. Private sector participation. Affected communities receive equity shares.



Green Energy & Hydrogen

Green hydrogen & ammonia pilot projects. Off-grid solar for remote areas. Net Zero 2045 AD roadmap.



Water & Irrigation

Groundwater irrigation in Terai. Lift irrigation in hills. Universal drinking water by 2030 AD.



Climate Finance

Green Bond Framework. International climate funds mobilised for forests, agriculture & renewables.

***Infrastructure, Social
Development & Governance***

Infrastructure, Social Development & Governance



Roads & Railways

KTM-Terai fast links completed. Kerung & Raxaul railway study progressed. Integrated Transport Masterplan.



Aviation & Tourism

'Devbhumi Nepal' campaign launched. Gautam Buddha & Pokhara intl airports activated. 'Visit Nepal 2028 AD' prep.



Health & Wellbeing

Minimum healthcare standard in all facilities. Telehealth for remote areas. National Health Accreditation Authority.



Education & Skills

AI-based learning in 10,000 schools. Apprenticeship ('Earn While You Learn'). Remote Work Policy law, 'Internal Employment Promotion Decade' prep.



Social Protection

Making Nepal a street children-free nation, Child-labour-free Nepal by FY-end. Gender violence zero tolerance. Disability rehab centres established.

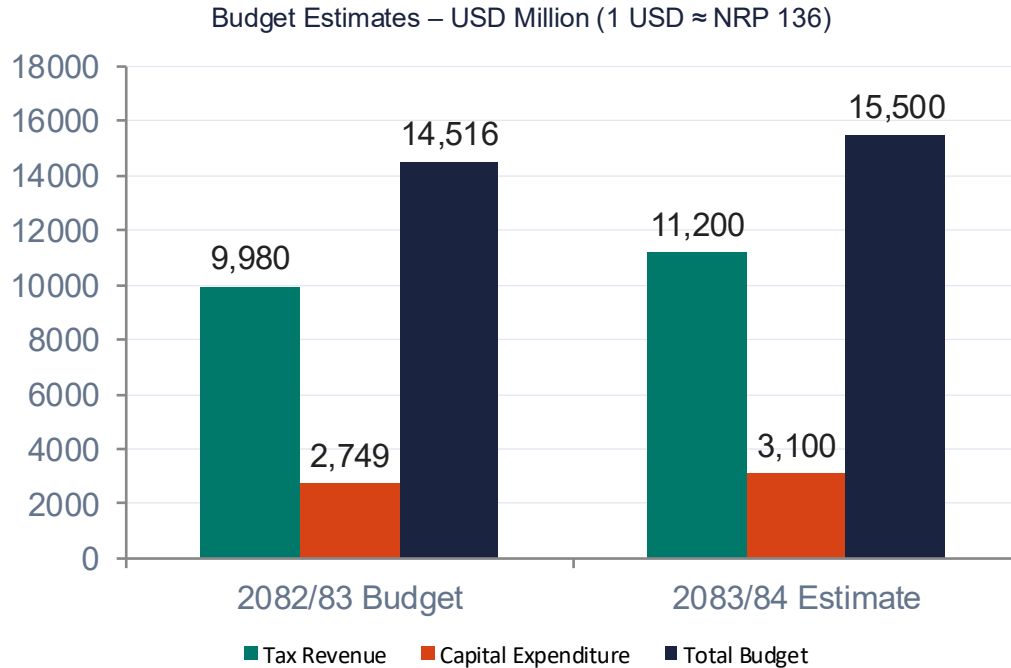


Governance & Security

e-KYC, Citizen App (100+ services). Asset disclosure for senior officials. Anti-corruption unit restructured.

Can Nepal Afford Its Ambitions?

Nepal's 2083/84 agenda includes an Employment Decade (Year 2), digital economy drive, green hydrogen pilots, 30,000 MW hydropower, AI-enabled education, and a new Diaspora Investment Authority. Fiscal execution and project delivery remain the decisive tests.



Indicator	2082/83	2083/84 (Est.)
GDP Growth Target	6.0%	7.0%
Inflation Target	4.0%	4.5%
Budget Size (\$ Mn)	14,516	~15,500
Hydropower Output	~3,000 MW	30,000 MW (LT target)
Employment Decade	Launched	Year 2 in progress
Diaspora Initiative	Policy	Authority established

Expected Budget Allocation & Revenue Sources

2026/27

EXPENDITURE ALLOCATION

Head	USD (mn)	Change
Current Expenditure	5,400	-2.5% est.
Capital Expenditure	3,360	+12% est.
Financial Provisioning	1,970	-28.4% est.
Intergovt. Transfers	2,250	-16.8% est.
Total	13,290	+3.7% est.

REVENUE & FINANCING SOURCES

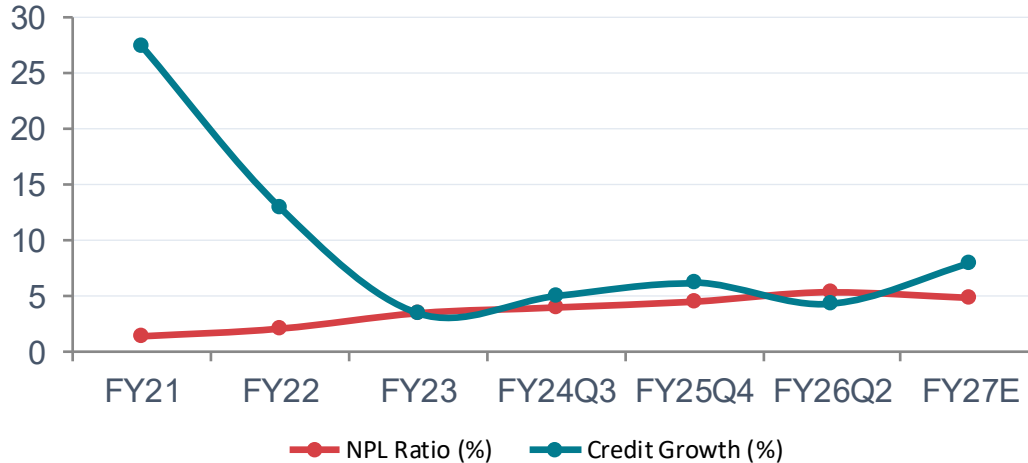
Source	USD (mn)	Change
Tax Revenue	8,460	-12.5% est.
Foreign Grants	560	High (42%)
Domestic Borrowing	2,270	+4.2% est.
Foreign Borrowing	1,600	-7.3% est.
Fiscal Deficit	4,930	+3.1 est.

Budget Estimates – USD Million (1 USD ≈ NRP 136)

Note: The 2083/84 budget figures are indicative projections based on the 2082/83 budget announcement and the estimated resource requirements necessary to achieve the policy goals and strategic directions outlined by the Government. However, the most appropriate and realistic budget size is presented in this slide. The final budget figures will be formally announced by the Government on 29 May 2026.

Financial Sector Outlook

NPL Ratio vs Credit Growth (%)



6.8%

Lending Rate

Low, stimulus mode

5.24%

NPL Ratio

Above 4.23% target

5.7%

Pvt. Credit Growth

vs 12% target

8.5%

Deposit Growth

Rs 7.78 trillion

Key Recommendations

Introduce Prompt Corrective Action (PCA) with NPA thresholds (7%, 9%, 11%). Raise P&L provisioning to 9%. Strengthen NPA resolution via Asset Reconstruction Companies. Align with Basel III. Monetary easing must be complemented by targeted credit measures for productive sectors. Amend NRB Act to strengthen independence and enforcement authority.

Strategic Assessment – SWOT

STRENGTHS

- 100-point governance reform agenda
- Digital economy & AI leadership drive
- Hydropower & green energy long-term vision
- Political stability post-2026 general election
- Diaspora capital mobilisation framework

WEAKNESSES

- Weak project execution & delivery capacity
- Bureaucratic inertia in public service
- Fiscal constraints & low tax-to-GDP ratio
- Brain drain & skilled labour shortage
- Poor capital expenditure utilisation record

OPPORTUNITIES

- Hydropower export earnings from India & Bangladesh
- IT & remote work service exports
- International climate finance & carbon markets
- Tourism recovery via spiritual & wellness segment
- NRN investment bonds & diaspora co-investment

THREATS

- Political instability risk
- Global economic slowdown impacting remittances
- Climate disasters: GLOF, flooding, drought
- Regional geopolitical competition
- Informal economy resistance to fiscal reform

Fiscal Position & Risk Assessment

Baseline Scenario

Fiscal Deficit: 5.8% GDP
Public Debt: 48% GDP
GDP Growth: 4.5%

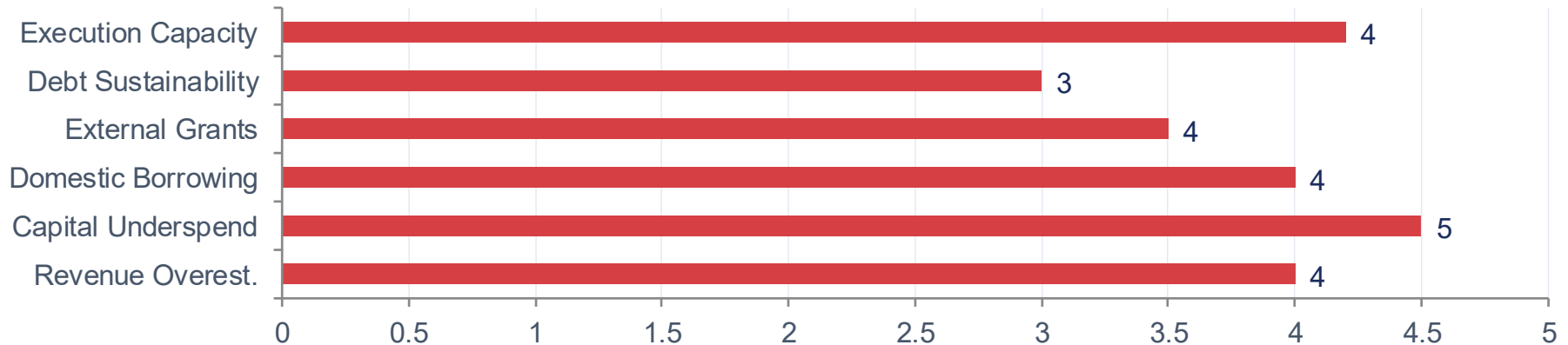
Adverse Scenario

Fiscal Deficit: 7.9% GDP
Public Debt: 55% GDP
GDP Growth: 2.3%

Reform Scenario

Fiscal Deficit: 3.5% GDP
Public Debt: 40% GDP
GDP Growth: 6.0%

Fiscal Risk Assessment (Score)



Strategic Recommendations & Roadmap

Immediate (FY 2083/84)

- Launch Diaspora Investment Authority
- Fast-track hydropower transmission
- Activate Investment Express (30-day)
- Digitise all tax & customs systems
- Expand international air connectivity

Medium-Term (2084–2087)

- Industrial & logistics corridors operational
- Nepal as regional digital services hub
- Green hydrogen pilot projects scaled
- Sovereign Green Finance Framework
- Employment Decade Year 3 milestones

Long-Term (2087–2092)

- South Asia clean energy export hub
- Spiritual tourism & wellness capital
- Knowledge & digital services economy
- Net Zero 2045 – halfway milestone
- Middle income country graduation

Strategic Recommendations & Roadmap

Fiscal Credibility

Binding fiscal rules, deficit anchors at 3–4% GDP, rationalize recurrent spending, protect capital budget.

Capital Execution

Target 80%+ utilization. Launch Project Prep Facility. Real-time monitoring. Simplify procurement laws.

Export Diversification

IT exports (USD 1.5bn target), hydropower, agro-processing, tourism. Reduce structural 1:10 trade imbalance.

Revenue Reform

Broaden tax base via digitization, address 30% compliance gap, reduce reliance on import taxes.

Private Investment

Regulatory predictability, FITTA reform, automatic FDI thresholds, simplify repatriation provisions.

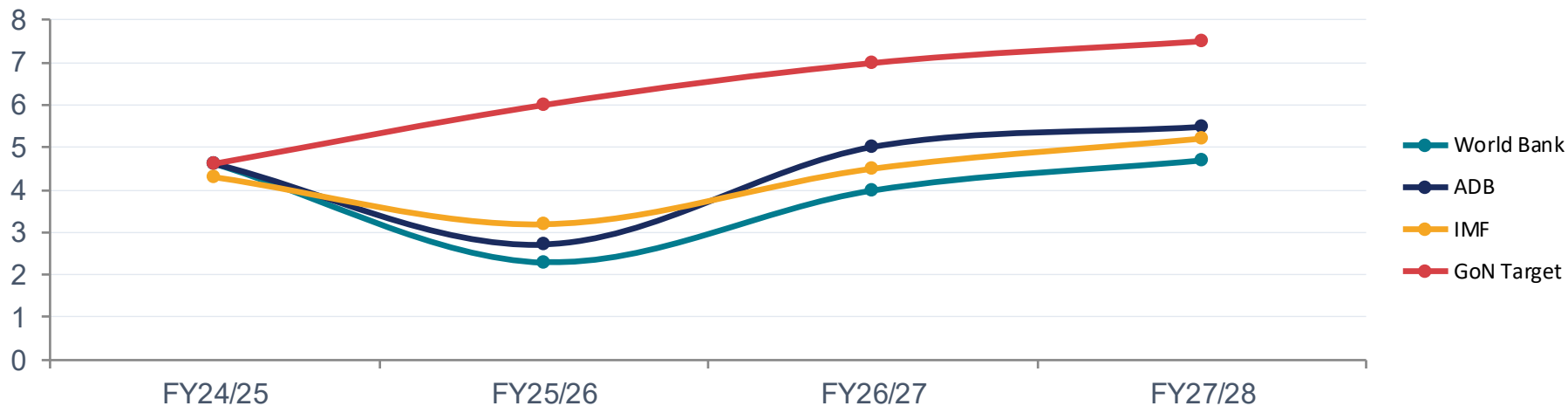
Social Protection

Targeted youth employment programs, TVET reform, NRN Act, 100-day quick wins to restore public confidence.

" The budget is likely to be guided more by pragmatism than populism, with the Government expected to emphasize greater clarity, consistency, and conviction in its fiscal governance and financial management approach".

Growth Projections & Economic Outlook

GDP Growth Projections by Institution (%)



Gulf Crisis & Remittances

Gulf tensions threaten USD 12.6bn remittance base; 1.8mn workers at risk

LDC Graduation 2026

Loss of trade preferences; higher borrowing costs post-Nov 2026

Capital Execution Gap

Only 27.3% of capital budget spent; reduces GDP by 0.5–0.7pp

Financial Sector Stress

NPL at 5.24%; rising accrued interest; cooperative sector crisis

Conclusion

The Government of Nepal's 2083/84 Policies and Programs represent a continuation and deepening of the most ambitious reform agenda in recent decades. Building on the 2082/83 framework, the new policies place sharper emphasis on the Employment Decade, digital economy leadership, green industrialisation, and diaspora-driven investment.

Success hinges not on the ambition of policy announcements — but on institutional execution, regulatory predictability, private sector confidence, and governance credibility.

If implemented effectively, Nepal could meaningfully reposition itself as South Asia's green energy hub, a spiritual and wellness tourism capital, and a rising digital services and innovation economy.