

Khatiwada defends budget share for provinces, local levels

Finance Minister Yubaraj Khatiwada has claimed that the budget allocation for the provinces and local units was reduced in view of the inability to spend under the federal setup.

Defending the budget at the National Assembly meeting on Friday, Minister Khatiwada said that the Rs 225 billion budget allocated for the provinces and local units in the current fiscal year has remained unspent .

Urging the lawmakers to see the budget in line with the changed federal structure of the country, Khatiwada claimed that the budget respects the authority of the provinces and local governments to choose their plans on their own.

“We have to understand that there are 753 local governments and seven provincial governments now and the budget has been distributed to all these 761 governments,” he said .

Claiming that the Rs 1.2 trillion budget of the current fiscal year has sourced for only Rs 1.04 trillion, Khatiwada said the budget for the next fiscal year has been increased 40 percent to Rs 1.46 trillion .

Refuting allegations that the budget allocation was against the spirit of federalism, he said the budget aims to institutionalize federalism, enhancing the capacity for budget management and expenditure on the part of the provinces.

He also said that the target for revenue collection has been increased by up to 35 percent, including the taxation powers of the local and provincial governments.

“There might be confusion that the revenue collection target has been increased only by 14 percent.” He said. “We need to know that Rs 152 million will be collected by the local and provincial governments, increasing the revenue target by up to 35 percent from this fiscal year.”

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He claimed that revenue has been distributed to provinces and local units on the basis of the revenue distribution law endorsed by parliament. He suggested amending the law if lawmakers want more revenue for the provinces.

He further claimed that the government has adopted a policy of protecting national level industries for the first time and waiving tax on returns from industrial investment .

Refuting criticism from the opposition, Khatiwada said the budget aims to make economic strides without losing touch with the ground rather than settling for snail-pace progress. The minister also refuted the accusation from the opposition about tax increment . “People have the right to earn without any limits, but the state will have the authority to tax that income with the consent of parliament,” he said.

Claiming that he was among the architects of the elderly allowances and that the government feels responsible for their timely revision and expansion, he asked the opposition not to worry about this.

Khatiwada clarified that the budget for the Prime Minister's Office has reached 12 percent of the total budget as a Rs 156 billion budget for the National Reconstruction Authority has remained unspent . He urged lawmakers not to doubt the democratic commitment of the government.

Earlier, Nepali Congress (NC) lawmaker Radheshyam Adhikari criticized the government motive in allocating 12 percent of the budget to the Prime Minister's Office.

Meanwhile, former prime minister Baburam Bhattarai criticized the budget for failing to meet expectations from a two-third majority government. Taking part in the budget discussion in the

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House of Representatives on Friday, Bhattarai said this powerful government has let the people's hope die and it will not bring about economic take-off .

“Although the two-third majority government has a huge opportunity to lift the national economy to new heights the budget will fail to generate the capital needed for economic take off,” he said . He, however, praised some good aspects and programs of the budget including the prime minister's employment program, agriculture modernization program and loans against educational certificates .

Source : MyRepublica, 2nd June 2018