

## Revenue target met, but capital expenditure very low

The government has met the target of revenue collection but spending in development projects remains very low.

A total of Rs 336 billion were collected in revenue in the first six months of the fiscal year, according to daily budgetary status till Sunday, the last day of the first half of the fiscal year.

Until the first five months, revenue collection had been dwindling below the monthly target.

The amount is only a little over the target of Rs 334 billion and the achievement is mainly due to the government's surveillance on collecting non-tax revenues, which includes land registration and vehicle registration among others.

The collection of non-tax revenues has posted a growth of 150 percent, to Rs 39 billion against the target of Rs 26 billion, in this period.

The government has targeted to collect a total of Rs 730 billion in revenue for the budget of Rs 1278 billion for the current fiscal year.

With the slowdown in revenue collection, tax officials had stepped up market monitoring. They collected about Rs 5 billion from undistributed amount from the registration fee of land transfer to achieve the target of revenue collection. Revenue Secretary Shishir Dhungana attributed this achievement of non-tax revenue to the dedication of civil servants and coordination between ministries.

"But the tax revenue still remains below the target, only Rs 296 out of targeted Rs 307 billion," Dhungana added.

He said that they have collected additional advance taxes to meet the target. The government has not yet collected cash dividend of Rs 7.54 billion from Nepal Telecom as 55 percent dividend of its investment, and this will come in the treasury in the seventh month, according to Dhungana.

In comparison to the corresponding period of last fiscal year, the half-yearly collection of tax revenue and the non-tax revenue have posted growths of 116 and 115 percent, respectively.

Like in the past years, spending of the capital budget was only Rs 14.45 percent out of total allocation of Rs 335 billion. "This spending is an improvement from the same period of the last fiscal year but it is lower than the expected 20 percent," said Arjun Prasad Pokharel, spokesperson for the Ministry of Finance. "This spending does not cover all development spending as fiscal transfer of Rs 150 billion given to local levels is not reported in capital expenditure. It means none of such spending comes in the count of capital spending of the government," added Pokharel. Government officials say that at least the local levels should have spent minimum 8 percent of the allocated amounts and this may have increased the capital spending.

"And both last phase of local level elections and twin elections of federal and provincial parliaments affected development works in the beginning of the fiscal year," argued Pokharel, adding that the tender processes have recently expedited indicating the spending will slowly take pace.

Source: My Republica, 17<sup>th</sup> January 2018