

**1<sup>ST</sup> PARLIAMENOTOF BHUTAN  
9<sup>TH</sup> SESSION**



Resolution No. 09

**PROCEEDINGS AND RESOLUTIONS OF  
THE NATIONAL ASSEMBLY OF  
BHUTAN**

**(JUNE 9 – JULY 11, 2012)**

Speaker: Dasho Jigme Tshultim

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## **PROCEEDINGS AND RESOLUTIONS OF THE 9<sup>TH</sup> SESSION OF THE 1<sup>ST</sup> PARLIAMENT**

### **I. OPENING CEREMONY**

The 9<sup>th</sup> Session of the First Parliament of Bhutan commenced on the 19<sup>th</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 8, 2012. His Majesty the Druk Gyalpo was received with elaborate *Chipdrel* and *Serdrang* ceremony to the Parliament Hall, followed by the traditional *Zhugdrel Phuensum Tshogpai* ceremony.

### **II. ADDRESS BY THE HON'BLE SPEAKER**

In his Opening address, the Hon'ble Speaker informed that His Majesty the Druk Gyalpo granted assent to 8 Acts, which were deliberated and endorsed in the past Sessions. This would not only greatly benefit the people but also enable the agencies to discharge their functions smoothly. Further, with the strengthening of the Rule of Law, peace and happiness in the country will also be enhanced.

The Speaker said that, unlike in some other countries around the world who have been experiencing natural disasters and related problems, our country has not experienced major disasters due to the blessings of the *Triple Gem*, magnanimity of His Majesty and the collective merit of the people. Further, His Majesty and

the government have always strived and continue to endeavor in resolving the problems faced by the people within the shortest possible time. Although the rupee problem may have affected some sections of the people, the government has immediately formulated policies and strategies to address the problem. During such time the people are expected to understand the situation and render cooperation.

In conclusion, the Hon'ble Speaker expressed his hopes that with the blessings of the *Triple Gem*, noble grace of His Majesty the Druk Gyalpo, collective merit of the people coupled with strong cooperation and support rendered by the Hon'ble Prime Minister, Cabinet Ministers and Members of the Parliament, the 9<sup>th</sup> Session would conclude fruitfully and successfully.

*(A copy of the Opening Address is annexed in Annexure I)*

### **III. EXPRESSION OF APPRECIATION**

The Hon'ble Prime Minister on behalf of the people and the government offered *Tashi Delek* on the occasion of Her Majesty the Queen's Birthday which fell on the 15<sup>th</sup> Day of the 4<sup>th</sup> Month of the Bhutanese calendar coinciding with the Lord Buddha's Parinirvana, signifying greater peace and happiness in our country. He also expressed his gratitude to His Majesty the Druk Gyalpo for gracing all the Opening Sessions of the First

Parliament from its inception till the 9<sup>th</sup> Session. The Hon'ble Prime Minister also expressed his gratitude for the wise and noble guidance of His Majesty the King which has greatly benefitted the deliberation of important policy and legislative matters.

Providing quality education and gainful employment to the students is one of the concerns of His Majesty the Druk Gyalpo. Therefore, His Majesty the King personally visited schools and met with the students encouraging and urging them to study hard and embrace wholesome education. The Prime Minister thanked His Majesty the King for granting *Kidu* and financial support to students from less privileged families enabling them to pursue higher education.

The Hon'ble Prime Minister said that the current Rupee problem mentioned by the Hon'ble Speaker in his address should be a strong reminder to both the people and the government. He said that the government is working on different strategies to resolve the issue. Recognizing this problem, Lyonpo Khandu Wangchuk, recently visited India as a special envoy of the Hon'ble Prime Minister, during which the Government of India agreed to increase the Rupee Credit Line to 10 billion at five percent interest rate. The Prime Minister said that, this positive response from the Government of India is attributable to the strong Indo-Bhutan friendship established by the Third and Fourth King which has

been further strengthened by His Majesty the Druk Gyalpo.

The Hon'ble Prime Minister said that every Tuesday starting from June 5, 2012 has been declared as the Pedestrians' Day. On this day, no vehicles will be allowed and people will walk to conserve the environment, improve health, reduce general expenses and instill community belonging and harmony. This initiative was well received with much enthusiasm from the general public primarily due to the support, guidance and noble example demonstrated by His Majesty the King. To this, the Prime Minister once again thanked His Majesty the Druk Gyalpo and offered prayers for long life of His Majesty the King and Her Majesty the Gyaltshen.

Further, the Hon'ble Prime Minister congratulated Mr. Kinzang Wangdi on his appointment as the new Secretary General of the National Assembly Secretariat and expressed the support of the House.

**(19<sup>th</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 8, 2012)**

#### **IV. INTRODUCTION OF NEW SECRETARY GENERAL TO THE HOUSE**

The Hon'ble Speaker on behalf of the Hon'ble Members of the Parliament welcomed and congratulated the former Sarpang Dzongda, Mr. Kinzang Wangdi on his



appointment as the new Secretary General of the National Assembly Secretariat by His Majesty the Druk Gyalpo. The Hon'ble Speaker expressed his hopes that the new Secretary General would endeavor to render full support to the Hon'ble Members of the Parliament.

Further, the Hon'ble Speaker informed the House that the former Secretary General has been transferred as the Director General of the Department of National Properties by the Royal Civil Service Commission in line with the Bhutan Civil Service Rules and Regulation. He said that during his tenure of more than six years since 2006, Mr. Nima Tshering has not only rendered excellent service in strengthening the National Assembly but also ensured smooth functioning of the Sessions in accordance with the Rules of Procedures of the National Assembly. Therefore, on behalf of the First Parliament, the Hon'ble Speaker expressed their appreciation for his unfailing service.

**(22<sup>nd</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 11, 2012)**

**V. REPORT BY THE HOUSE COMMITTEE ON THE CONSULTATIVE MEETINGS HELD WITH THE LOCAL GOVERNMENT**

As per the provision of the Constitution and the responsibility entrusted to the Hon'ble Members in accordance to the National Assembly Act, the Hon'ble Members held consultative meetings on the 10<sup>th</sup> Five

Year Plans (FYP) with the Members of Local Government and Dzongkhag officials in 2010.

Apart from planned developmental activities, law and policy, constraints in activity implementation and the means to deal with such problems were also freely discussed resulting in profound benefits towards the planned outcomes.

Therefore, the Local Governments had set forth that such useful programmes should be frequently organized. Consequently, as per the directives of the Hon'ble Speaker, consultative meetings were held not only in Dzongkhags but also in Gewogs between March and April 2012. The meetings were greatly ascribed and welcomed by the Dzongkhags, regions, agencies, Gewog administrations and communities which resulted in very successful consultative meetings.

The consultative meetings were focused on the outcomes, problems and means to deal with problems of the 10<sup>th</sup> Plan. It was also focused on preliminary consultation on the 11<sup>th</sup> Plan, standards set by the Royal Government during the Mid-Term Review of the 10<sup>th</sup> Plan and other general issues pertaining to 5 subject matters for discussions. In addition, the 6 priority programmes identified by the Government to mitigate rural poverty were also discussed.

It was submitted that in general 75- 90 percent of the planned activities were achieved. Works not included in the plan but of urgent nature were also implemented in all the Dzongkhags and in some Gewogs which deserve appreciation.

It was reported that rural water supply scheme was being emphasized and implemented to achieve 100% coverage within 2012 in line with the directives of the Royal Government. However, concerns were raised on the question of availability of adequate budget for most of the planned activities with financial year nearing its end and possible problems due to budget ceiling even if the budget is available.

Many similar issues and challenges were resolved during the consultative meetings as it was within the purview of the Local Government. Further, issues related to Dzongkhags, regions, relevant Ministries, departments, agencies and corporations were being resolved by the respective Members in consultation with the agencies concerned.

It was reported that one of the most common problems that needs to be apprised to the Royal Government was land issues which could be submitted during the deliberation on the Land (Amendment) Act. It was further reported that if the system of management could be revised, the problem of shortage of engineers could be solved.

It was submitted that the delegation of authority to the Local Governments have facilitated the shortening of the procedure for seeking approval for the renovations of Lhakhangs and Goendeys and timber permits. Further, it was stated that it would be beneficial if the contract works in the communities could also be revisited.

It was emphatically reiterated that the Gewogs and Dzongkhags submitted that the consultative meetings were very useful and should be frequently conducted henceforth. It was also reported that ever since the institution of Democratic Constitutional Monarchy, developmental activities have commendably taken shape without compromising the peace and happiness of the people. Therefore, the people have profound faith and appreciation for the democratic system.

It was also submitted that the noble philosophy of the Royal Government based on equity and justice could lead towards the achievement of Gross National Happiness if every work was done with unity and harmony.

To this, the Members expressed that such consultative meetings provided an excellent opportunity for both the Members of the Local Government and the Hon'ble Members to exchange views and experiences. It was further submitted that this turned out to be very useful in understanding each other's problems.

It was submitted that one of the main problem faced by the Local Government was Sections 27 and 35 of the procedures pertaining to award of work to the community contractors which needs to be reviewed and revised by the Government. It was made known that the Constituency Development Grant not only helped in upholding the religious culture but also helped in fostering relationships between communities.

It was pointed out that the consultative meetings will facilitate in sustaining the 10<sup>th</sup> and 11<sup>th</sup> Plan. In addition, it was reported that the budget allocated to the Gewogs will not suffice the rural water supply scheme, an activity at the end of the financial year which needs to be addressed. It was also reminded that it was imperative to allocate budget taking into consideration the conditions of the Gewogs.

To this, the Hon'ble Speaker expressed that everyone was aware of the work done by the Government in the democratic set up and the Hon'ble Members were also elected by the people with trust. Hence, it was important to consult with the people on the planned activities and should be emphasized as well. He added that the outcomes of the planned activities were also noticeable during the Mid-Term review of the 10<sup>th</sup> Plan initiated by the Hon'ble Prime Minister.

However, though the Local Government Act was enacted, there were coordination problems between Gewogs and Dzongkhags which hampered the implementation of planned works. The Hon'ble Speaker said that it was important for the Department of Local Government under the Ministry of Home and Cultural Affairs to look into this problem. It was also pointed out that it was imperative for the government to look at the full implementation of community contract up to Nu.15 Lakhs.

To this, the Government acknowledged that such report by the Chairperson of the House Committee was very useful and important. The House was informed that the consultative meetings between the Hon'ble Members and the Members of the Local Government were acknowledged as an important activity during the Annual Conference of Dzongdags.

It was expressed that some problems faced during the implementation of planned activities in Gewogs and Dzongkhags could be resolved by the formulation of new rules of procedures by the Ministry of Home and Cultural Affairs.

It was informed that the Ministry for Labour and Human Resources in consultation with the Royal University of Bhutan was doubling the intake capacity of engineering institutes of Rinchening and Dewathang. The intake capacity in the vocational institutes was also being

increased and it is hoped that such problems would be solved in a few years. It was further submitted that the report on the consultative meeting has rejuvenated interest and confidence in shouldering responsibility. In addition, it was informed that the problems raised by the Hon'ble Members are being addressed by Government to Citizen (G2C) services.

On this, the National Assembly pointed out that the consultative meetings between the Hon'ble Members and the Members of the Local Government until now have proven very useful for the communities and resulted in commendable outcomes of the planned activities. Therefore, it was resolved that the consultative meetings will be henceforth coordinated by the Dzongkhags and the Local Government as submitted in the report and the government should also provide support.

**VI. REPORT ON THE IMPLEMENTATION STATUS OF THE RESOLUTIONS OF THE NATIONAL ASSEMBLY FROM THE 2<sup>ND</sup> TILL THE 8<sup>TH</sup> SESSION.**

**6.1 REPORT ON THE CREATION OF NEW GEWOGS**

The Hon'ble Speaker informed the House that, as per the resolution number XX (10) of the Second Session of

the First Parliament, the Minister for Home and Cultural Affairs was required to submit a report regarding the creation of new Gewogs in 2012.

Accordingly, the Minister for Home and Cultural Affairs reported that with the current economic development in the country many Gewogs have been provided with roads and farm roads including telecommunication facilities by the government. Therefore, it was felt that there was no need to bifurcate and create new Gewogs. Further, the Minister reminded the House of Article 12, Section 2 of the Constitution of Bhutan and Chapter 5, Section 86 of the Election Act of Bhutan, 2008 which has to be complied for due process of creating new Gewogs.

To this effect, the House was informed that as resolved, studies are being carried out in some Dzongkhags to verify the need to bifurcate and create new Gewogs. The Minister also highlighted the problems that would be faced in creation of new Gewogs such as construction of new office for Gewog Centers, Renewable Natural Resource Centers and Community Service Centers which would entail extra budget.

Further, he reported of a meeting Chaired by the Hon'ble Prime Minister which was organized by the Ministry for Home and Cultural Affairs with the Department of Local Governance on 16<sup>th</sup> February, 2012 regarding the creation of new Gewogs. During the



meeting, the Hon'ble Prime Minister had directed the Department of Local Governance to study the possibility of consolidating the number of Gewogs instead of bifurcation and a report thereof be incorporated in the 11<sup>th</sup> Five Year Plan to be deliberated by the new government. It was reported that as directed, the Department of Local Governance was in the process of carrying out the study.

During the deliberation, some Members on behalf of their Constituencies submitted that considering the population, difficulties posed by distance and remoteness of some villages, it was imperative to create new Gewogs to resolve the problems within 10<sup>th</sup> Five Year Plan. However, other Members suggested that the creation of new Gewogs be deferred to the 11<sup>th</sup> Five Year Plan as there are other priorities to be addressed in the current plan which otherwise would require additional budget.

The House resolved that, since there were many other priorities to be addressed in the 10<sup>th</sup> Plan, the Ministry of Home and Cultural Affairs, based on the issues and problems pointed out by the Members should conduct a detailed study of the bifurcation and creation of new Gewogs and look into the possibility of prioritizing it to be incorporated in the 11<sup>th</sup> Five Year Plan.

## **6.2 REPORT ON THE FORMULATION OF A STANDARD LAND COMPENSATION RATE**

The Hon'ble Speaker informed the House that the Hon'ble Finance Minister will present a report in accordance with resolution number 17.1 passed in the Fifth Session of the 1<sup>st</sup> Parliament. The House was informed that the report pertains to the need to study and revise the different land compensation rates for private lands acquired by the Government, in both urban and rural areas to promote equity and justice. Moreover, it was mentioned that, a report on the same was required to be presented this year, as per Section 154 of the Land Act, 2007 which states that the Property Assessment and Valuation Agency (PAVA) shall revise the compensation rate after every three years.

In this regard, the Finance Minister informed that uniform rates of Nu. 35,000.00 per acre and Nu. 20,000.00 per acre for wet land and dry land respectively was fixed earlier in the 1996 Land Compensation Rates. However, valuation of land entailed various physical attributes such as location, topography, proximity to social amenities, road connections and its economic viability. Further, Section 151 of the Land Act of Bhutan 2007 also states that PAVA will fix the value of land considering, "...the total registered area, registered land category,

its current use, location in relation to accessibility to vehicular road, immovable property, local market value, and other elements such as scenic beauty, cultural and historical factors, where applicable.” Based on the above rationale, it has been found unrealistic and impossible to formulate uniform land compensation rate, leading to fixation of different rates.

With regard to fixation of land compensation rate for Green areas in Thimphu at market rate and paying monetary compensation adequate to purchase a plot in Thimphu, the Hon’ble Finance Minister explained that PAVA had fixed the rates as per the factors mentioned in the Land Act 2007 among which local market value was one of the factors. PAVA did not find it possible to purely base the rates on market rates because of the following reasons.

1. In the absence of active land market, most of the market rate data were found to be driven by speculative forces.
2. Speculation factors could not be considered for compensation payment
3. Considering compensation rate at the market rate, driven by speculation, would result in exorbitant compensation costs, which would be expensive for the public exchequer.

On the need to revise the compensation rates at par with

other 20 Dzongkhags because the Land Act, 2007 does not stipulate provisions relating to Green areas, the Finance Minister clarified that various land uses such as commercial, residential, institutional, industrial, recreational, defense, etc are valued logically depending on land use sanctions such as whether construction is allowed, ground coverage, building height, set - backs, services etc. Based on these factors different rates have been established to make the compensation rate more realistic.

On the subject of the need for different land tax rate as there was only one uniform rate based on three categories, the Hon'ble Finance Minister informed the House that uniform rural and urban land tax throughout the country was fixed at Nu. 12 per acre for Kamzhing, Nu. 24 per acre for Chhuzing and Nu. 0.25 per sq.ft. and Nu. 0.50 per sq.ft for residential and commercial lands respectively. He informed that the Land Commission has conducted meetings with the stakeholders to levy tax based on land value and it is their responsibility to recommend to the government. Currently there are different rates under Class A Thromde (Thimphu, Gelephu, Phuentsholing and Samdrupjongkhar) as they have detailed structural plans. The plans designate various land use and land use sanctions, owing to which different rates exist. Reduction of the rates to just three to four rates would be reverting to the earlier practice of having just three categories, viz urban core, urban hub

and urban periphery. Therefore, the Finance Minister recommended that the rates be maintained status quo as the present rate is more detailed having taken into consideration all possible aspects. The House was informed that the report on the same was also submitted to the Cabinet, which directed that the same rates be retained and applied for the time being.

The House resolved to endorse the recommendations submitted by the Finance Minister thus concluding the deliberation on the report on the formulation of standard land compensation rates.

**(23<sup>rd</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 12, 2012)**

## **VII. THE ANNUAL PUBLIC ACCOUNTS COMMITTEE REPORT, 2011 BY THE CHAIRPERSON OF PUBLIC ACCOUNTS COMMITTEE**

In accordance to Article 25 (5) of the Constitution of the Kingdom of Bhutan, the Hon'ble Speaker directed the Chairperson of the Public Accounts Committee to present the Audit Reports received from Royal Audit Authority for the year 2011. The Committee Chairperson, in accordance to Article 25 (6) of the Constitution of the Kingdom of Bhutan, presented the following reports to the House;

1. Annual Audit Report 2011,

2. Review of past Annual Audit Reports till 2006 and 2010,
3. Implementation status of 7<sup>th</sup> Session resolutions, and
4. Performance Audit Reports - on operations of National Pension & Provident Fund Board, Civil Service Trainings, Human Resource Management of the Ministry of Education, Drinking Water Supply & Sanitation Scheme and Issues in Forestry-National Forest Inventory, Forest Fires & Watershed Management.

It was reported that in the year 2011, the Royal Audit Authority (RAA) had conducted a total of 743 audits covering 633 financial audits, 104 certification audits required by donor funded projects, 5 performance audits and 1 special audit. The Royal Audit Authority had recovered a record high of Nu.87.411 million in the year 2011. The recoveries during the year had increased by 39.21% over the recoveries made in 2010 and is highest of all the recoveries made till date.

Further, it was reported that in 2011, the RAA had issued a total of 824 Audit Reports, besides 289 follow up reports from the past audits and 21 statutory audit reports. The number of reports issued in 2011 stands highest in terms of reports issued by the Royal Audit Authority over the years. Besides the increase in number

of audits carried out during the year, the issuance of separate audit reports for Gewog LC and CD Accounts had increased the number of reports issued during the year.

Regarding the Annual Financial Statements, the balance amount of the loans availed by the RGoB from India, country's reserves maintained by RMA and in-kind benefits and other direct disbursements made by donors and also Government's huge expenditure incurred on the purchase of assets are not accounted for in the Annual Financial Statements. Therefore, it was submitted that the same needs to be disclosed in the overall nation's Annual Financial Statements (AFS).

It was submitted that the Ministry of Finance should review the adequacy of disclosure of information and appropriateness of AFS presentation and take appropriate measures to develop one inclusive of RGoB's AFS and also needs to disclose the complete and full information about the nation's financial operations.

The Committee reported that in the AAR 2011, the issue of total unresolved irregularities had increased to Nu. 770.141 million, which was the highest figure among the reports issued in the past years. Of the total unresolved irregularities in AAR 2011, the irregularities under the category of Shortfalls, Lapses and Deficiencies is the highest with 46.51% involving Nu.

358.208 million, followed by the Mismanagement with 37.02% amounting to Nu. 285.113 million. While the irregularities under Violation of Laws, Rules and Regulations constitutes 14.73% equivalent to Nu. 113.466 million, the irregularities under Fraud, Corruption and Embezzlement is 1.74% equivalent to Nu. 13.353 million which is lowest among the different categories of unresolved irregularities in the year.

It was informed that in AAR 2011, five ministries viz. Ministry of Foreign Affairs, Ministry of Works and Human Settlement, Ministry of Agriculture & Forest, Ministry of Economic Affairs, 3 agencies viz. National Land Commission, Centre for Bhutan Studies and the National Commission for Women and Children, 2 financial institutions viz. Bank of Bhutan Ltd. and Bhutan National Bank Ltd., 3 Dzongkhags viz. Dagana, Punakha and Trashiyangtse, and 4 Gewogs viz. Khebisa and Deorali Gewogs under Dagana Dzongkhag; Chengmari and Sipsu Gewogs under Samtse Dzongkhag have unresolved irregularities of fraud, corruption and embezzlements. Among others, Ministry of Foreign Affairs has the highest cases of unresolved irregularities of fraud, corruption and embezzlements followed by Punakha Dzongkhag.

The PAC acknowledged the five Ministries along with the other 17 Dzongkhags and 202 Gewogs, and those non-budgetary agencies for not having any unresolved



irregularities under the category of Fraud, Corruption and Embezzlement.

It was also reported that Political Parties are mandated to maintain proper books of accounts as per Chapter 8, Article 149 and 150 of the Election Act and as per the Generally Accepted Accounting Principle (GAAP) and further maintain proper rules, accounting & reporting format. Therefore, the Election Commission of Bhutan is requested to monitor compliance by the political parties.

It was reported that out of the total unresolved irregularities of Nu. 898.617 million for the AARs up to 2010, total irregularities of Nu.381.454 million constituting 42.45% was resolved as on 30<sup>th</sup> April 2012 leaving unresolved irregularities of Nu. 517.16 million constituting 57.55%. In the AAR 2010, the Ministries and its Departments and units have the highest amount of unresolved irregularities amounting to Nu. 331.538 million (64.11%) followed by Corporations and Financial Institutions with 131.428 million (25.41%).

The Committee submitted that out of the total unresolved irregularities of Nu. 517.163 million, Nu.39.405 million constituting 7.62%, and twenty-three (23) cases involving Nu.26.680 million are under sub-judice with the Judiciary, Anti Corruption Commission and Office of the Attorney General, while the balance unresolved irregularities of Nu. 491.059 million are still

pending with agencies and have not been referred to any concerned authority and therefore needed immediate action and resolve it at the earliest.

The Committee expressed appreciation to the efforts and hard work put in by the Royal Audit Authority, Ministry of Finance and Finance & Audit Committee and also for the cooperation extended by the auditee agencies in resolving some of the pending issues of the AAR up till 2010.

It was reported that RAA had issued five Performance Audit Reports on Operations of National Pension and Provident Fund, Human Resource Management of Ministry of Education, Civil Service Trainings, Drinking Water Supply and Sanitations Scheme, Audit of IT controls in Revenue Accounting System.

The Performance Audit Reports on Operations of National Pension & Provident Fund, Civil Service Trainings and Human Resource Management System were submitted and deliberated in the Joint Sitting of the 7<sup>th</sup> Session of the First Parliament in May-July, 2011.

During the same year, the Committee received two more Performance Audit Reports which were not mentioned in the AAR 2011 namely Performance Audit Report on Drinking Water Supply and Sanitation Scheme and the Environmental Issues in Forestry – National Forest Inventory, Forest Fires & Watershed Management.

It was submitted that the Committee did not receive the

Performance Audit Report on “Audit of IT control in Revenue Accounting” and therefore will only be submitted to the House after having received the Report.

Lastly, it was submitted that the successful presentation of the Report to the House was chiefly attributable to the dedicated efforts put in by the RAA led by the Auditor General. The PAC expressed hope that the House would deliberate at length and provide wise guidance on the recommendations of the Committee. The House extensively deliberated on the above reports on 13<sup>th</sup> – 14<sup>th</sup> June, 2012 and resolved the following:

1. On the levy of 24% penal interest pertaining to the expenditure and advances as per Resolution No. 4 of the 3<sup>rd</sup> Session of the First Parliament, the House resolved to amend the Resolution as under:

**Impose penalty of 24% on financial dues to the government relating to outstanding advances, excess payments, inadmissible payments, embezzlements and misuse of funds and such other irregularities. The Ministry of Finance is to incorporate this stipulation into the Government’s Financial Rules and Regulations.** The Royal Audit Authority and Ministry of Finance should jointly develop the policy framework and implement effectively by 1<sup>st</sup> January, 2010 upon an executive order.

However, the Corporations and Financial Institutions shall execute as per their respective standing norms.

2. The House resolved that irregularities reflected in the Annual Audit Reports up to 2006 and Annual Audit Report 2007 be resolved by the Finance and Audit Committee and submit a report thereof to the Public Accounts Committee. The PAC will submit the same to the National Assembly in the same Session.
3. The House resolved that the Finance and Audit Committee should try to resolve the unresolved irregularities reflected in the Annual Audit Reports (AARs) 2008, 2009 and 2010 and submit a report thereof to the Public Accounts Committee before the 10<sup>th</sup> Session of the First Parliament. The Committee is to submit a report on these irregularities in the 10<sup>th</sup> Session.
4. On the Resolution No. 15 (4) of the 7<sup>th</sup> Session to formulate the investment policy for sustainability of pension scheme to benefit the Hon'ble Members, the House resolved that it will be discussed during the time of deliberation on the amendment of the Parliamentary Entitlement Act 2008.
5. The House directed that as resolved in the 7<sup>th</sup> Session, the Ministry of Works & Human

ettlement should resolve the case pertaining to the leased land of Trowa Theater, Changjiji as per the relevant laws of the country.

6. On the recommendations submitted by the Committee, the House directed that the recommendations may be deliberated in the 10<sup>th</sup> Session of the First Parliament after proper study. The House also directed the Government to look into the six recommendations submitted by the Royal Audit Authority in the Annual Audit Report 2011.
7. On the audit report of the Royal Audit Authority, the House resolved that the Committee should submit the report in the 10<sup>th</sup> Session as the same was not included in the Committee's Report.  
(24-25<sup>th</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to 13-14 June, 2012)

**7.1. Continuation of deliberation on the Public Accounts Committee Report on the pending unresolved irregularities up to 2006 since 1981 and of 2007**

Pursuant to heightened deliberation by the House on the Annual Audit Report 2011 and the report on pending unresolved irregularities on the 13<sup>th</sup> & 14<sup>th</sup> June, the Hon'ble Speaker had directed the Finance and Audit Committee to settle all the pending unresolved irregularities up to 2006 since 1981 and 2007 and

furnish the resolved report to the Public Accounts Committee (PAC). The Hon'ble Speaker also directed the PAC to table a report thereof to the House in the same Session. The PAC, after having received the report from the Finance & Audit Committee, tabled before the National Assembly the summary report of the resolved pending issues on 28<sup>th</sup> June, 2012 as follows:

**Firstly, the total number of 40 cases of unresolved irregularities amounting to Nu. 5.130 million reflected in the Annual Audit Reports up to 2006 since 1981** was reported to the House under 6 different categories. Under the first category, the Committee reported that Nu. 0.796 million was recovered from 2 cases of unresolved irregularities; under the second category, 19 cases were resolved/dropped amounting to Nu. 2.886 million; it was reported that 3 cases involving total amount of Nu. 0.107 million was with the Royal Court of Justice under category third; under the fourth category, 8 cases totaling Nu. 1.119 million were to be referred to Royal Court of Justice; under category five, 3 cases involving Nu. 0.342 million would be forwarded to Office of the Attorney General and; under category six, 3 cases of irregularities amounting to Nu. 0.483 million were to be complied with Court's verdict. The Committee submitted that, with this, the entire pending unresolved irregularities up till 2006 has been fully settled.

**Secondly, a total of 27 cases of unresolved irregularities amounting to Nu. 4.397 million reflected in the Annual Audit Report 2007** was also reported to the House under 7 different categories. The Committee reported that a total amount of Nu. 0.221 million was recovered from 2 cases of irregularities under first category; 6 cases amounting to Nu. 0.348 million were resolved/dropped under second category; no case with the Royal Court of Justice under third category; 10 cases involving Nu. 1.547 million would be referred to the Court under fourth category; 1 case amounting Nu. 0.129 million to be forwarded to Office of the Attorney General under fifth category; 5 cases involving Nu. 1.266 million to be complied with Court's verdict under sixth category and; 2 cases involving Nu. 0.753 million to be pursued with RCSC under seventh category. The Committee submitted that, with this, the entire pending unresolved irregularities of AAR 2007 have been fully resolved.

The House acknowledged the immediate initiatives of the Finance and Audit Committee in conducting meetings and settling all the unresolved irregularities up to 2006 since 1981 and 2007 as directed by the House to settle and report accordingly. The House directed that henceforth the irregularities pertaining to audit reports up till 2007 will not be raised further and also reminded that those cases forwarded to the Court should be settled at the earliest.

The Hon'ble Speaker and Members of the National Assembly expressed appreciation to the RAA and the Finance & Audit Committee for their dedicated efforts and for the commendable results. Furthermore, the House noted that the settling of all the unresolved irregularities up to 2006 since 1981 and that of year 2007 was one of the significant achievements of the present Parliament and PAC under the Democratic Constitutional Monarchy.

(9<sup>th</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 28, 2012)

**VIII. REPORT ON THE ANNUAL ANTI-CORRUPTION REPORT 2011 BY THE DEPUTY CHAIRPERSON FOR THE ETHICS AND CREDENTIAL COMMITTEE**

The Hon'ble Deputy Speaker informed the House that the Deputy Chairperson for the Ethics and Credentials Committee shall report on the Annual Anti-Corruption Report, 2011, in accordance with Article 27, Section 4 of the Constitution of Bhutan.

Accordingly, the Deputy Chairperson for the Ethics and Credentials Committee presented the summary of the report in five parts.

Part 1 of the report dwelt on the 6 General assessment of activities vis-à-vis the directions set for 2011; ACC's risk management outcome; Bhutan's ranking in the



Transparency International; the Royal Audit Authority's (RAA) management appraisal and financial auditing of Anti-Corruption Commission (ACC) ; Implementation status of Parliamentary resolution and ACC's direction for 2012.

Part 2 of the report highlighted the general overview of the ACC's institutional development plan, its human resource situation and collaboration with its development partners. Recognizing good governance and anti-corruption as global developmental priorities, the Government of India, the Swiss Agency for Development and Cooperation, Danida and Asian Development Bank have assisted ACC in its institutional development and capacity enhancement in the 10<sup>th</sup> Five Year Plan. However, it was also reported that ACC was facing manpower crunch as there was reluctance of civil servants to join the Commission while increasing number of staff were leaving their jobs. There is a need to look into this despite the staff being offered a series of training opportunities, allowances and huge financial support provided by the development partners.

Part 3 of the report reflected on the performance of the ACC in the past one year. They looked at the mid-term review and details of ACC's annual performance in the broad service areas. These were public education and advocacy, prevention, legal services and investigation

including the status of RAA reports that it received during the reporting period.

Part 4 of the report highlighted the challenges of mainstreaming anti-corruption measures in the programs of agencies despite the government having adopted the National Anti-Corruption Strategy (NACS) Framework in 2009. This part of the report also mentioned that only 35 entities have responded to the ACC's request of sharing the implementation status of NACS.

The last part of the report focused on Bhutan being considered as one of the most effective countries in fighting corruption in the region. It was reported that general public awareness on various aspects of corruption has been created and a perception of deterrence from corrupt behavior also prevails. However, it was reported that in the face of economic growth and material prosperity, major challenges still remain in fighting corruption in Bhutan. Based on the report, the Committee recommended that:

1. The ACC should collect implementation status reports based on the National Assembly resolutions from various ministries and include it in the Annual ACC Report, failing which, the ACC should clearly state the names of the specific ministries in the report itself.

2. The ACC should further intensify monitoring of the outcome of the implementation of ACC related resolution of the National Assembly. During the deliberation, the Members said that creation of awareness should be continued in order to curb and prevent corruption. In addition, some Members said investigations in procurement, construction and contract should not hinder implementation of activities. The Members also urged that pending court cases relating to corruption of the Ministries and agencies be expedited to enable them to complete their planned activities on time. Further, the Commission was reminded to establish a time frame within which a case should be resolved in order to avoid recurrence of discussion in the Assembly. The advantages and disadvantages of the Commission taking on cases based on whistle blowers were also questioned.

It was pointed out that the worst form of corruption was seen in recruitment especially in the Corporate and the Private sector. Therefore, it was imperative to stringently implement the Human Resource Management rules and regulations. In addition, it was also necessary to screen the candidates before a person is selected for a position of Division Chief and above by making it mandatory for them to get clearance from the

ACC, RAA and RCSC. Members also opined that the collusion of civil servants and private employees led to corruption; therefore, the Commission should promote and create awareness amongst the private sectors.

The Members noted that every year the report comprises of corruption in procurement and construction, therefore, it was necessary for the House to take a definite decision on it. Further, it was recommended that the Cabinet and the Ministry of Finance should review the Procurement Rules and Regulations if it was established as the root of corruption.

Some Members urged the concerned agencies to complete investigations involving the Members of the parliament, if any, before the end of their term. It was pointed out that it was imperative to verify the alleged cases of corruption committed both before and after the institution of a Democratic Constitutional Monarchy. It was also raised that reports of land corruption cases in the media have caused a lot of concern for both the Members and the people, therefore the ACC was called upon to investigate and clarify such cases in order to remove such doubts. Similarly, the Members felt that the land surveyors misused their authority in the resurvey of land conducted by the Land Commission of Bhutan.

With regard to recruitment problem, it was recommended that officers from within the Commission

be given the opportunity to apply for senior vacant posts if there were no other applicants. The Members also opined that employees leaving the office after having availed training opportunities, should reimburse in accordance with the existing rules. On the issue of the Commission establishing a separate service conditions for its employees, Members suggested that it would be best to conform to the Bhutan Civil Service Rules and Regulations. The Members said that the problem of lack of human resource could be eased if the Commission prepared its work plan and priorities within its existing capacity. In addition, in order to temporarily solve the problem of lack of investigators in the Dzongkhags, Members suggested that the concerned Dzongkhag administration could take on this additional responsibility.

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During the deliberation, some of the Members said that it was important for officials from the Commission to be present during the deliberation of an important issue such as the Annual ACC report. Meanwhile, some Members felt that the Commission officials disregarded the rights of the accused when they were being questioned and investigated. Such abuse of authority is also a form of corruption; therefore, if such practice exists the House should issue a directive for strict implementation. Besides, it is also unclear if the Commission is allowed to arrest an accused without a Court Order. In addition, Members said that the

accused should be compensated if found innocent after investigation. Further, the Members also felt it imperative to examine cases where the ACC have intervened after a verdict has been passed by the Court.

On the subject of establishing a surveillance and intelligence infrastructure the Members said, it was important to deliberate the benefits and drawbacks of having such a system for the country. Further, on the report stating that the hydropower projects are vulnerable to corruption, some Members felt that the matter should have been first discussed with the concerned agencies and ministries as there have been no reports of corruptions in projects that have been completed. Moreover, it was pointed out that if the Commission carried out its responsibilities in line with its rules of procedures, Bhutan's Transparency International's Corruption Perception Index could rise above the current ranking of 7 out of 35 countries in the Asia Pacific Region.

As per Anti-Corruption Rules and Procedures, 2009, every agency has to designate a disclosure administrator. However, only the Ministry of Economic Affairs has appointed such a person while the rest of the Ministries and Institutions have not. This is an indication of lack of support in fighting corruption. During the deliberation, it was highlighted that, the Members of the Parliament, Ministers and institution heads

should strictly and honestly carry out their responsibilities to curb corruption. Further, corruption could also be reduced to a great extent if the concerned heads strictly reviewed the asset declaration of the Armed forces and government officials. Members also said that naming and shaming of people involved in corruption in the Local Government would help in reducing corruption.

Some Members raised their concern regarding the ambiguous work procedure of the Royal Bhutan Police (RBP). In response, the Minister for Home and Cultural Affairs clarified that with support from the Ministry, the procedures of the RBP are continually being improved and rectified. He appealed to overlook the incorrect observation and instead focus on the daily public service rendered by the RBP. He also informed that the concerns raised by the Members would be discussed in the meeting of police officers from all over the country scheduled later that day.

During the deliberation, some Members suggested that it was crucial for the Annual ACC report to clearly spell out its plans and priorities in preventing and curbing corruption. In addition, it was imperative to succinctly present its recommendations to facilitate the House in decision making. Others suggested that the ACC submit a report to the House in the next session on the land corruption cases with more details and specifics.

Members directed the Ethics and Credentials Committee to make critical assessment of the report reflecting both the positive and negative aspects of the report when presenting it to the House. Further, the Members felt that it would be beneficial if the Committee could submit a report on the time frame, if there was any, for investigating a case and the investigation procedures of the Commission. Further, it was suggested that the Committee fix a time frame for the Commission to complete an investigation. The Members also recommended to the Ethics and Credential Committee to submit a report in the next session regarding court cases related to corruptions in coordination with the ACC and the Judiciary.

The House resolved that since resolutions have already been passed in the past on the issues raised above, a separate resolution was deemed unnecessary. However, the House directed the ACC to clearly report on the number of corruption cases received and solved and the reason behind unsolved cases in addition to inclusion of recommendations from the Commission. Further, the House advised that efforts be made to dispense off pending court cases related to Corruption as soon as possible. The House pointed out that it was imperative that each and every citizen take up the responsibility to curb corruption. As reported, people should remember that “National Prosperity hinges on quality of



governance and quality of governance on quality of leadership.”

(29<sup>th</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 18, 2012)

#### **IX. THE ROYAL KASHO OF THE DRUK GYALPO ON THE LAND BILL 2012**

In accordance to Section 74 of the National Assembly Act 2008, the Hon’ble Speaker directed the Secretary General to read out the Royal Kasho issued on the 26<sup>th</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 15, 2012 to the House. The House fully embracing and appreciating the Royal Kasho, affirmed that it was imperative to keep in mind the provisions in the Royal Kasho while deliberating the Land Bill 2012 and meaningfully fulfill the noble aspirations of the Druk Gyalpo.

Further, both the ruling and the opposition parties expressed their gratitude for the Royal Kasho and expressed that successive Monarchs have always initiated developmental activities in the country for the benefit of the *Tsawa Sum*. In addition, it was submitted that the Fourth Druk Gyalpo has undertaken several initiatives for the peace and socio-economic development of the country. The House also expressed its gratitude towards the Druk Gyalpo, the very embodiment of compassion for issuing the precious Royal Kasho for the benefit of present and future. The

House further affirmed that it would focus and strive to the best to comply with the historic Royal Kasho.

*(A copy of the Royal Kasho is annexed in Annexure II)*

**(30<sup>th</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to 19<sup>th</sup> June 2012)**

**X. REPORT ON THE NATIONAL BUDGET FOR THE FINANCIAL YEAR 2012- 2013**

The Hon'ble Finance Minister, in accordance with Article 14, Section 8 of the Constitution of Bhutan, Section 241 of the National Assembly Act, and Section 10 of the Public Finance (Amendment) Act presented the report on the National Budget. The report was presented in the following order: Operational results of the budget for the Financial Year (FY) 2010-11, Past macroeconomic developments, Revised budget estimates for the FY 2011-12, Budget estimates for the FY 2012-13, Tax measures, Macro economic outlook in the medium term, Report on State Owned Enterprises (SOE's) and Government's share holdings, Report on National Pension and Provident Fund (NPPF) and Royal Monetary Authority (RMA) and Report on Trust Funds.

As the last budget of the 10<sup>th</sup> FYP was presented he said that the budgets have always been prepared fully based on the available resources and keeping the fiscal deficits within reasonable limits. He further said that this budget too has been prepared along those principles ensuring

that the deficits are in fact lower than in the past, in the light of Indian Rupee shortage.

### **Operational results for the FY 2010-2011**

The Finance Minister reported that, the approved budget for the FY was Nu.31,586.779m with estimated resources of Nu. 26,774.538 m, projecting a fiscal deficit of Nu. 4,812.241 m and a resource gap of Nu. 3,808.494 m. However, the total realized resources was Nu. 28,171.759m and actual outcome (expenditure) was Nu. 29,842.433m. Therefore, the FY ended with a lower fiscal deficit of Nu. 1,670.674 m and a lower resource gap of Nu. 1,376.706 m. It was reported that the fiscal deficit and resource gap was 2.19% and 1.80% of GDP respectively.

It was reported that, the total current expenditure of Nu. 14,735.058 m was fully covered by the internal revenue of Nu. 17,458.797 m. The coverage of the current expenditure by internal revenue is at 118%. The House was informed that the government received a total grant of Nu. 10,497.727 m while the net borrowings amounted to Nu. 293.968 m. These financed about 72.9% of the capital expenditure. The total expenditure was reported at Nu. 29,521.905 m, registering an increase of 14.3 % over the previous FY and accounted for 38.7% of Gross Domestic Product (GDP).

The current expenditure was reported at Nu. 14,735.058 m, an increase by 14.2% over the previous FY. However, the actual capital expenditure was lower by Nu. 2,481.682 m or 14.4%. The House was informed that the domestic revenue in the FY 2010-11 was Nu. 17,458.797 m, surpassing the previous year's collection by Nu. 1,820.363 m or an increase of 11.64%. The tax revenue constitutes 66.40 % of the total revenue. The tax and non-tax revenue for the year stands at Nu. 11,593.486 m and Nu. 5,865.311 m respectively. Further, during the FY, the government received a total grant of Nu. 10,497.727 m including assistance in-kind of Nu. 1,596.591 m. The total grant received constituted about 37.3% of the total resources, and financed 35.6% of total expenditure in the FY.

It was reported that the total government debt outstanding (*internal and external debts*) as on 30<sup>th</sup> June 2011 was Nu. 48,619.178 m representing about 64% of GDP. The total *principal loan repayment* was Nu. 2,816.042 m, of which Nu. 674.677 m was on account of internal borrowing including the redemption of Treasury bills. The internal debt outstanding at the start of the FY was reported at Nu. 1,051.815 m. With the repayment of Nu. 175.302 m and redemption of Treasury bills, the internal loan stands at Nu. 876.513 m. The total external debt was reported to be Nu. 47,742.665 m. It constituted 98% of the total debt and about 63% of GDP. The external debt in convertible

currency, other than Government of India (GoI), was about USD 513.682 m, equivalent to Nu. 23,095.125 m, constituting about 48.4% of the total external debt. The Rupee debt from GoI on account of hydro-power projects was Rs. 24,647.540 m which is about 50.7 % of the Government's total outstanding debt.

### **Revised Budget Estimate of FY 2011-2012**

The Finance Minister reminded that as reported the FY started with a fiscal deficit projection of 6.37% of GDP and a resource gap of 6.31 % of GDP. During the year, the Government continued to mobilize additional resources and rationalise expenditures to reduce the resource gap. After ascertaining the implementation progress of the activities and the receipt of additional resources from donors and changes in the domestic revenue projections, the budget has been revised. Accordingly, a supplementary budget of Nu. 3,819.897 m consisting of Nu. 3,129.838 m under external funding and Nu. 690.059 m under RGoB-funding was incorporated. Simultaneously, there was a budget reduction of Nu. 3,679.153 m from donor-funded activities and Nu. 268.381 m from RGoB funded activities after considering the implementation capacity of agencies and the current Rupee situation of the country. Thus, the total outlay decreased by 0.3% to Nu. 42,047.103 m from the original budget of Nu. 42,174.740 m.

It was reported that the current expenditure was projected to increase Nu. 17,336.340m from the original estimate of Nu. 17,185.309 m. The capital expenditure was estimated at Nu. 20,556.189 m representing a small decrease of Nu. 278.668 m or 1% from the original estimates. For the externally-funded activities, there was a reduction of Nu.3,679.153 m and a supplementary incorporation of Nu. 2,980.690 m. The government financed Nu. 87.672 m. Nu. 600.504 m was incorporated for the adjustment of previous year's advances. The budget withdrawal from RGoB financed activities was Nu. 268.381 m. He explained that the revision (*external and RGoB*) was done based on the Mid- year Budget Review and expenditure rationalization carried out by the agencies.

It was reported that with the implementation of the first tax bill passed by the 7<sup>th</sup> session of the parliament, it was expected that tax of Nu. 400 m would be collected. The total revenue estimate was revised to Nu. 19,154.759 m, an increase of 2.9% from the original estimate of Nu.18,606.980 m.

Further, the original external grant was estimated at Nu. 13,859.122 m based on the commitments and agreements signed with the development partners. It was now revised to Nu. 13,496.858 m, which is lower by 3%. The decrease was due to low disbursement expected by about Nu. 270.264 m.

With the budget revision, the fiscal deficit increased to Nu. 3,752.437 m as compared to the original estimate of Nu. 5,377.222 m. It is estimated at 4.32% of GDP as against 6.37% in the original budget. Similarly, the resource gap was expected to decrease to Nu. 3,986.629 m or 4.59% of GDP. The improvement in the fiscal balance is due to enhancement of the domestic revenue and fall in expenditure.

The revised budget is likely to draw on the foreign exchange reserves by an amount of approximately USD 43.798 m assuming that the entire revised budget will have been spent. He informed that as required by the Public Finance Act, 2007 a supplementary appropriation Bill have been circulated to the Hon'ble Members.

### **Budget estimate for the Financial Year 2012-13**

The Finance Minister said that since the FY 2012-13 marks the last year of the 10<sup>th</sup> FYP all activities are expected to be completed by the end of December 2012. The second half of FY would focus on the consolidation of the Five Year Plan (FYP) activities. He explained that the budget was prepared with the objective to complete the 10<sup>th</sup> FYP ongoing activities in line with the following fiscal guidelines.

1. Expenditure rationalization measures
2. Sustainable fiscal balance

3. Sustainable resource gap
4. Promote sustainable socio-economic development.

He reported that the total resources for the FY 2012-13 were projected at Nu. 31,891.042 m, comprising of domestic revenue of Nu. 21,157.457 m and external grants of Nu. 10,691.241 m. The domestic revenue growth in FY 2012-13 was estimated to be around 10%. The ratio of tax to non-tax revenue was projected to improve to 72:28 from 69:31 in the original estimate of FY 2011-12. The estimated domestic revenue of Nu. 21,157.457 m was projected to cover current expenditure fully. The growth in tax revenues (direct and indirect taxes) was estimated at 13.66 % while non-tax revenue was projected to increase by 2.92 %.

He reported that the total grant disbursement in the FY 2012-13 was estimated at Nu.10,691.241m which constitutes 34% of the total resources. This was expected to cover 66% of the total capital expenditure. The expected disbursement was based on the agreement signed with the development partners. In the FY, the total disbursement from our major development partner GoI was expected to be Nu. 7,504.326 m which constituted about 70% of the total grants. Of the total grant from GoI, Nu. 1,400 m is program grant and Nu. 6,104.326 m is project-tied



grants which includes Nu. 1,173.280m for Small Development Project (SDP). From other development partners, the program grant is estimated at Nu. 675.725 m and project-tied at Nu. 2,511.190 m.

He reported that the total expenditure outlay (i.e. total expenditure + net lending) for the FY 2012-13 was estimated at Nu. 33,486.239 m, a decrease of 9% from that of the revised expenditure outlay of the FY 2011-12. The current expenditure was estimated at Nu. 18,262.630 m, which is about 5% increase over the revised estimate of FY 2011-12. Capital expenditure is estimated at Nu. 16,252.919 m, which is about 47 % of the total expenditure outlay. During the FY, lending to corporations was estimated at Nu. 1,009.632 m. Of the total, Nu. 986.132 m will be on-lent to Bhutan Power Corporation (BPC) for rural electrification projects, and the balance of Nu. 23.500 m for rural credit to Bhutan Development Bank (BDB).

The total recoveries from corporations are estimated at Nu. 2,038.942 m, of which, the recoveries from GoI hydropower loans (*Tala and Kurichhu*) account for 77.58%. The recovery from Druk Air amounts to Nu. 33.811 m. Therefore, the Net Lending (*lending – recoveries*) is estimated to be negative Nu. 1,029.310 m.

With regard to Financing, external loan disbursement (project-tied) during the FY 2012- 13 was estimated at Nu. 3,443.781. Internal borrowing was estimated at

Nu. 670.431 m representing 0.65% of GDP assuming that all the budgeted activities are implemented fully. The total principal repayment was estimated to be Nu. 2,519.015 m, of which Nu. 2,343.712 m (93.04%) is on account of external loans and the balance of Nu. 175.303 m is for domestic loan.

The sector wise allocation for the FY 2012-13 in accordance with the commitment of the government towards socio-economic development and poverty alleviation is shown below.

#### **Sector budget for the FY 2012-13**

|                                       |                  |                  |                   | <i>Nu in millions</i> |
|---------------------------------------|------------------|------------------|-------------------|-----------------------|
| <b>Sectors</b>                        | <b>Current</b>   | <b>Capital</b>   | <b>Total</b>      | <b>%</b>              |
| <b>Social Services</b>                | <b>6,067.367</b> | <b>3,313.036</b> | <b>9,380.403</b>  | <b>25</b>             |
| Health                                | 1,788.858        | 817.967          | 2,606.825         | 7                     |
| Education                             | 4,278.509        | 2,495.069        | 6,773.578         | 18                    |
| <b>Economic &amp; Public Services</b> | <b>3,592.953</b> | <b>9,770.601</b> | <b>13,363.554</b> | <b>34</b>             |
| Agriculture                           | 1,847.716        | 2,703.578        | 4,551.294         | 12                    |
| Mining & Manufacturing                | 449.263          | 437.351          | 886.614           | 2                     |
| Roads                                 | 330.542          | 3,391.610        | 3,722.152         | 10                    |
| Housing & Community                   | 437.331          | 1,293.766        | 1,731.097         | 4                     |
| Communications                        | 459.577          | 1,278.850        | 1,738.427         | 5                     |
| Energy                                | 68.524           | 665.446          | 733.970           | 2                     |

|                                |                   |                   |                   |            |
|--------------------------------|-------------------|-------------------|-------------------|------------|
| <b>Cultural Services</b>       | <b>584.690</b>    | <b>644.812</b>    | <b>1,229.502</b>  | <b>3</b>   |
| <b>Law and Order Services</b>  | <b>2,560.608</b>  | <b>722.944</b>    | <b>3,283.552</b>  | <b>9</b>   |
| <b>General Public Services</b> | <b>3,415.707</b>  | <b>1,801.526</b>  | <b>5,217.233</b>  | <b>14</b>  |
| <b>National Debt Services</b>  | <b>2,041.305</b>  | <b>3,528.647</b>  | <b>5,569.952</b>  | <b>15</b>  |
| Repayment                      | 2,041.305         | 2,519.015         | 4,560.320         | 12         |
| Lending                        | 0.000             | 1,009.632         | 1,009.632         | 3          |
| <b>Total</b>                   | <b>18,262.630</b> | <b>19,781.566</b> | <b>38,044.196</b> | <b>100</b> |

### **Budget for Legislative, Judiciary and Constitutional bodies.**

#### **National Assembly**

*Nu. in millions*

|              | <b>Proposed</b> | <b>Recommended</b> |
|--------------|-----------------|--------------------|
| Current      | 124.128         | 114.122            |
| Capital      | 41.071          | 12.140             |
| <b>Total</b> | <b>165.199</b>  | <b>126.262</b>     |

#### **National Council**

*Nu. in millions*

|              | <b>Proposed</b> | <b>Recommended</b> |
|--------------|-----------------|--------------------|
| Current      | 83.835          | 74.180             |
| Capital      | 32.176          | 2.850              |
| <b>Total</b> | <b>116.011</b>  | <b>77.030</b>      |

### **Anti-Corruption Commission**

*Nu. in millions*

|         | <b>Proposed</b> | <b>Recommended</b> |
|---------|-----------------|--------------------|
| Current | 34.154          | 33.199             |
| Capital | 54.743          | 50.364             |
| Total   | 88.897          | 83.563             |

### **Election Commission**

*Nu. in millions*

|         | <b>Proposed</b> | <b>Recommended</b> |
|---------|-----------------|--------------------|
| Current | 639.761         | 32.003             |
| Capital | 129.229         | 6.880              |
| Total   | 768.990         | 38.883             |

### **Judiciary**

*Nu. in millions*

|         | <b>Proposed</b> | <b>Recommended</b> |
|---------|-----------------|--------------------|
| Current | 211.223         | 192.066            |
| Capital | 561.720         | 265.184            |
| Total   | 772.943         | 457.250            |

### **Royal Audit Authority**

*Nu. in millions*

|         | <b>Proposed</b> | <b>Recommended</b> |
|---------|-----------------|--------------------|
| Current | 107.775         | 103.410            |
| Capital | 63.457          | 61.327             |
| Total   | 171.232         | 164.737            |

## Royal Civil Service Commission

*Nu. in millions*

|         | <b>Proposed</b> | <b>Recommended</b> |
|---------|-----------------|--------------------|
| Current | 32.588          | 31.701             |
| Capital | 162.970         | 156.342            |
| Total   | 195.558         | 188.043            |

In addition to the report on sector allocation and different constitutional bodies, the Finance Minister also reported on the macro-economic outlook in the medium term; State Owned Enterprises and Companies with government share holdings; the National Pension and Provident Fund and the Royal Monetary Authority and Trust Funds.

The Finance Minister also introduced the Tax Revision Bill, 2012 to the House. In view of the economic development and conservation of the environment, he proposed that a green tax be levied on vehicles with engine capacity of 1,800 cc and above, fuels, refrigerators and air conditioners. He informed that, however, light vehicles that are of pick-up types shall be exempted from the levy of green tax irrespective of the engine capacity.

**The proposed green tax rates are as shown below:**

| Items                                                         | Green Tax |
|---------------------------------------------------------------|-----------|
| Passenger vehicles with engine capacity of 1,800 cc and above | 40 %      |
| Kerosene and LPG                                              | 5 %       |
| Petrol, Diesel and Lubricants                                 | 5 %       |
| Refrigerators, freezers and air conditioners                  | 10 %      |

**Proposed sales tax on Alcohol.**

The Finance Minister proposed a uniform sales tax of 100 % be made uniform on all alcohol products whether domestic or imported. The tax rates are as shown in the table below:

| Alcohol                                  |          | Sales Tax | Customs Duty | Excise Duty | Total    |
|------------------------------------------|----------|-----------|--------------|-------------|----------|
| Domestic alcohol products excluding beer | Present  |           |              | 30% - 75 %  | 30%-75 % |
|                                          | Proposed | 100 %     | -            | 50 %        | 150 %    |
| Domestic Beer                            | Present  | 100 %     | -            |             | 100 %    |
|                                          | Proposed | 100%      |              | 50 %        | 150 %    |

|                                                                   |          |       |       |      |       |
|-------------------------------------------------------------------|----------|-------|-------|------|-------|
| Imported Alcohol including beer (from India)                      | Present  | 100 % | 0%    |      | 100 % |
|                                                                   | Proposed | 100 % | 0%    | 50 % | 150 % |
| Imported alcohol including beer (from Countries other than India) | Present  | 100 % |       |      | 200%  |
|                                                                   | Proposed | 100%  | 100 % | 50 % | 250 % |

### Revised excise duty on alcohol 2012

| Alcohol                                                           |         | Sales Tax | Customs Duty | Excise Duty |
|-------------------------------------------------------------------|---------|-----------|--------------|-------------|
| Domestic alcohol products excluding beer                          | Present |           |              | 30% - 75 %  |
|                                                                   | Revised | 100 %     | -            | 50 %        |
| Domestic Beer                                                     | Present | 100 %     |              |             |
|                                                                   | Revised | No change | -            | 50 %        |
| Imported Alcohol including beer (from India)                      | Present | 100 %     |              |             |
|                                                                   | Revised | No change | -            | 50 %        |
| Imported alcohol including beer (from Countries other than India) | Present | 100 %     | 100 %        |             |
|                                                                   | Revised | No change | No change    | 50 %        |

### **Proposed sales and customs duty rates on other items**

It was proposed that sales tax for meat, fish and egg be revised from 0 % to 5 %.

| Product        |          | Sales Tax | Customs Duty |
|----------------|----------|-----------|--------------|
| Silk Fabric    | Present  | 5 %       | 30%          |
|                | Proposed | 15 %      | 50 %         |
| Furniture      | Present  | 10 %      | 50 %         |
|                | Proposed | 15 %      | No change    |
| Power chainsaw | Present  | 0%        | 10 %         |
|                | Proposed | 20 %      | 30 %         |

### **Revised sales tax and custom duty rates 2012**

| Product            | Sales Tax | Customs Duty |
|--------------------|-----------|--------------|
| Meat, Fish and Egg | 5 %       | No change    |
| Silk Fabric        | 15 %      | 50 %         |
| Furniture          | 15 %      | No change    |
| Power chainsaw     | 20 %      | 30 %         |

The Finance Minister informed the House that, the revised rates shall be inserted in the existing Customs



Tariff and Sales Tax Schedule 2012. Further, the Minister submitted the Budget Appropriation Bill for the FY 2012-13 and the Supplementary Budget Bill for the FY 2011-2012 for adoption.

( 1<sup>st</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 20, 2012)

#### **10.1. Report on the Financial Statement for the Financial Year 2010-2011**

During the deliberation on 26 June, 2012, the Hon'ble Speaker observed that as per the financial statement some of the Gewogs, Dzongkhags and Constitutional bodies have not fully utilized the budget. Therefore, he reminded the House to keep this in mind when discussing the budget.

During the deliberation, the Members of the concerned Dzongkhags and Gewogs explained why the budget provided for the financial year was underutilized. Some Members informed the House that although the government had approved direct award of contract of works below Nu.1500,000 (fifteen lakhs) to community contractors in the Gewogs, it was not implemented by the Gewogs and Dzongkhags. In this regard, the House directed the government to look into the matter.

The Finance Minister further explained that some agencies could not fully utilize the budget for the FY

mainly due to delay of funds from donors which constitutes a major portion of the budget. There was also the problem of shortage of skilled workers and poor responses from bidders especially in the remote areas. Further, non execution of works due to non-confirmation of estimates and drawings and delay in submission of Bills also contributed to underutilization of the budget. He further clarified that, this did not mean that there have been no output as development works for the benefit of the people have been carried out.

In concluding the deliberation, the House commended the Gewogs and the Dzongkhags for successfully carrying out the planned activities.

## **10.2 Report on the National Budget for the Financial Year 2012-2013**

During the deliberation on the report, some Members said that it was necessary to study both the advantages and disadvantages of importing goods into the country. The member also raised their concerns regarding the rate of economic development, women unemployment, foreign exchange reserve and foreign aid. In addition, the House also discussed the drop in the earning and profitability of the Druk Holdings and Investments (DHI) and the budget for the Bhutan Broadcasting Service (BBS). Further Members suggested that the pros and cons of privatization versus the benefits of retaining BBS as a corporation be studied. Similarly, Members

felt that it was imperative to look into the profit of the Druk Air Corporation.

Members recommended that sufficient budget be allocated for private sector development. They also pointed out that the temporary suspensions of loans by the banks have adversely affected the construction works. Further, the Members said that budget allocation for public transport in the villages would benefit the farmers.

In response, the government clarified that there was a Committee which scrutinized the policy of import of goods. The Committee comprised of Members from the Finance Ministry, Ministry of Economic Affairs, Royal Audit Authority, Royal Monetary Authority and National Statistic Bureau. With regard to the profitability of the DHI, the government explained that since a large percent of DHI's total revenue came from Druk Green Power Corporation (DGPC), any variation in the dividend from the DGPC directly influenced the revenue of the company.

Further, loans were temporarily suspended because the number of borrowers had exceeded the limit as per the policies of the Royal Monetary Authority. On the issue of unemployment rate, it was explained that the data would be clearer in the future as the Ministry was still collecting information at this stage. On the issue of private sector development, it was submitted that it

would not face any problem as the government is providing trainings in accordance with the agreements signed with other countries. The House was also informed that, since hydro-power projects have great potential to meet the policy of self-sufficiency, loans for a period of 12-13 years has been taken on it. This, the Minister assured, was not a cause of concern as these loans were self liquidating. With this the deliberation on the national budget for financial year 2012-13 concluded.

### **10.3. Supplementary Budget Appropriation Bill for the Financial Year 2011-12**

While submitting the Supplementary Budget Appropriation Bill for approval to the House, the Finance Minister informed that a total budget of Nu. 42,174.740 m was approved for the FY 2011-12. The supplementary appropriation was for a sum not exceeding Nu. 3,819.897 m. The appropriation rationalized through downward revision was for a sum not exceeding Nu. 3,947.543m. He submitted that the revised total budget after the rationalization and the supplementary appropriation are for a sum not exceeding Nu. 42,047.103m.

During the deliberation on the Bill, Members proposed that Section 8 under Expenditure which read as, “ The expenditure shall be undertaken in accordance with the provision of the Public Finance Act 2007& amendments

thereto ....,” be amended to read as “ the expenditure shall be undertaken in accordance with the provision of the **Public Finance (Amendment) Act, 2012...**”

The Members present voted by show of hands and based on majority, the bill was passed by the House.

#### **10.4. Budget Appropriation Bill for the Financial Year 2012-13**

The Finance Minister submitted the Budget Appropriation Bill for the Financial Year 2012-13 to the House for endorsement. He submitted that the appropriation was proposed for a sum of Nu. 38,044.196m out of which Nu. 18,262.630m and Nu. 19,781.566 m was for current and capital expenditure respectively.

During the deliberation, the House resolved that Section 8, under Expenditure be amended to read as , “.....in accordance with the provision of the **Public Finance (Amendment) Act, 2012.....**”. Out of the 41 Members present and voting with show of hands, the House passed the Bill based on majority.

#### **10.5. Tax Revision Bill, 2012**

During the deliberation on the Tax Revision Bill, 2012, the Hon’ble Speaker said that it was imperative to increase taxes for socio-economic development of the country and to attain self sufficiency. However, he

reminded the House to keep in mind the constraints faced by the country to produce all goods domestically.

While discussing the Bill on Green Tax, some Members proposed that different rates be levied on all the vehicles. Further, it was submitted that tax on essential items such as kerosene, LPG, petrol, refrigerators, freezers, air conditioners, silk fabrics, furniture and power chainsaws was uncalled for. However, many Members expressed their support for increasing the tax on alcohol as it was injurious to health.

During the prolonged deliberation where Members expressed their doubts and voiced their opinions on the revision of taxes, majority of the Members agreed to levy a tax of 5% on vehicles which earlier had 0% tax and 20 % on vehicles with engine capacity of 1800 and above. The Members also supported the proposal submitted by the government on taxation of alcohol while agreeing not to revise taxes on other essential items. The Hon'ble Speaker acknowledged the submissions made by the Members; however, he opined that taxes on alcohol should not be revised as it was raised last year.

The Finance Minister submitted the Tax Revision Bill, which was proposed for the benefit of the country's economy and especially to resolve the problem of shortage of Indian Rupee 2012 to the House for endorsement.

The House passed the Tax Revision Bill, 2012 through a secret ballot. Out of the 41 Members present and voting 33 voted for the Bill, 4 voted against and 3 abstained.

**Green tax on vehicles**

| Items                                                                                                                      | Proposed green tax | Approved green tax |
|----------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Passenger vehicles with engine capacity of 1800 cc and above                                                               | 40 %               | 20 %               |
| Passenger vehicles with engine capacity below 1800 cc, public transport buses and light vehicles that are of pick up types | 0%                 | 5 %                |

The deliberations on the Annual Budget Report concluded with the Hon’ble Speaker expressing his appreciation to the Finance Minister on presenting a comprehensive Budget Report and the Tax Revision Bill considering the welfare of the people and the country.

**(7<sup>th</sup> Day of the 5<sup>th</sup> Month of the Water Male dragon Year corresponding to June 26, 2012)**

## **XI. WANGDUEPHODRANG DZONG GUTTED BY FIRE**

The Hon'ble Speaker expressed that all of us were saddened and shocked by the unexpected fire incident which razed the sacred Wangduephodrang Dzong on 24<sup>th</sup> of June 2012. In addition, he said that the Dzong was built by the spiritual leader Zhabdrung Ngawang Namgyal in 1638. Since then several incidents of earthquake and fire had been reported, however, he said that incident like that of 24<sup>th</sup> June never occurred for the last 374 years.

The Hon'ble Speaker further expressed that although the edifice of Dzong had been completely burnt down, we are consoled that most of the sacred relics were saved from fire. He also expressed gratitude on behalf of the Bhutanese people to His Majesty the Druk Gyalpo as no incident of death occurred because of His Majesty's personal presence and intervention at the disaster site. On behalf of the Parliament, the Hon'ble Speaker pledged full support and expressed hopes and prayers that the Dzong would be reconstructed with added glory as a tribute to Zhabdrung Nawang Namgyal at the earliest. It was also directed that henceforth extra care and precaution should be taken to secure the other numerous sacred Dzongs in Bhutan from fire disasters.

To this, the ruling and the opposition parties along with Hon'ble Members from Wangduephodrang expressed



that the fire disaster which engulfed the sacred and old Dzong of Wangduephodrang at around 4pm on 24<sup>th</sup> June 2012 was a great loss and source of unprecedented sorrow for the people of the entire country.

However, due to the collective merit of the Bhutanese people, His Majesty the Druk Gyalpo and Her Majesty the Gyaltshen out of their magnanimous concern immediately visited the disaster site. The Army, fire fighting units of Police and Punatsangchu Hydro Project, Desung and monastic body, government officials and business community of Wangduephodrang Dzongkhag salvaged the precious and sacred relics despite risks to their lives from the fire. This was attributed to the farsighted guidance of His Majesty the Druk Gyalpo at a time when everyone was helpless and shocked and nothing could have been done. On behalf of the people of *Shar Dargye*, gratitude was expressed for the Royal command to reconstruct the Dzong to its original glory.

In addition, gratitude was also offered to His Holiness the Je Khenpo, the Central Monastic Body and other religious bodies for their prayers. Besides, gratitude was expressed on the assurance of financial support from GoI by the Ambassador of India for the reconstruction of the Dzong.

**(7<sup>th</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 26, 2012)**

**XII. WELCOME SPEECH BY THE HON'BLE SPEAKER ON THE OCCASION OF THE VISIT OF THE HON'BLE SPEAKER OF THE STATE LEGISLATIVE ASSEMBLY AND THE DELEGATION FROM BIHAR**

On behalf of the National Assembly of Bhutan, the Hon'ble Speaker extended a warm welcome to the delegation led by the Hon'ble Speaker Shri Uday Narayan Choudhary of Bihar State Legislative Assembly and Hon'ble Deputy Chairperson Shri Salim Parvez of Legislative Council of Bihar for their visit to the National Assembly Chamber. The Hon'ble Speaker further expressed his confidence that the visit by the Hon'ble Members of the Legislative Assembly and Council of Bihar will greatly benefit in further strengthening the relations between Bhutan and India.

(8<sup>th</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 27, 2012)

**XIII. MOTION TO INSTITUTE SPECIAL COMMITTEE TO ADDRESS LAND RELATED ISSUES**

The Poverty Reduction Committee moved the motion to institute a special committee in accordance with Article 10(2) of the Constitution and Section 5 of Chapter 2 of the National Assembly Act to address land related issues which was a major problem faced by the people. It was

submitted that such special committee could work with the relevant institutions to mitigate the problem and benefit the people.

Deliberating on the motion, the Members acknowledged that there was no harm in instituting such special committee. The Members submitted that the motion moved by the Poverty Reduction committee was mainly to address land related issues faced by the people. However, some Members submitted that rules of procedure should also be in place while instituting such committee. To this, the Hon'ble Speaker directed that rules of procedure should be formulated and presented the next day.

Consequently, during the continuation of deliberation on 28<sup>th</sup> June 2012, some Members submitted that there was enough justification to institute such special committee as per the rules of procedure. However, concerns were raised on how the committee could meaningfully execute its work given the paucity of time. On the other hand, some Members submitted that there were many other institutions entrusted with accountability to deal and address land related issues. Therefore, it was imperative to contemplate the pros and cons of instituting a special committee.

Besides, some Members suggested that instead of instituting a special committee, the Members could consult the people of their respective constituencies on

issues related to land after the 9<sup>th</sup> session concludes and submit a report.

To this, the House acknowledged that while there was no reservation in instituting a special committee to address land related issues as per the motion moved by the Poverty Reduction Committee, the House also accepted that given the paucity of time, works could not be executed fruitfully by the committee. Therefore, the deliberation concluded with the House resolving that such special committee will not be instituted for the time being.

**(8<sup>th</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 27, 2012)**

#### **XIV. RESOLUTION TO OBSERVE GROSS NATIONAL HAPPINESS DAY**

The Hon'ble Member, Nidup Zangpo of the Environment Committee moved a resolution to declare 20<sup>th</sup> March each year as Gross National Happiness Day. He said that, in a world where everyone aspires for happiness and well being, His Majesty the Fourth Druk Gyalpo through His far sighted vision propounded the noble vision of Gross National Happiness and proclaimed that Gross National Happiness is more important than Gross Domestic Product as far back as in 1974. Based on this development paradigm, our country has not only achieved remarkable socio-economic development but has also been able to conserve our

age old culture and pristine environment. He also submitted that, the Hon'ble Prime Minister, Lyonchen Jigme Yoeser Thinley further promoted this noble philosophy in various international highlevel conferences attracting international recognition and placing our small land locked nation in the global spotlight. On June 28, 2012 a 193 member of the General Assembly of the United Nations declared March 20 as the International Day of Happiness realizing that pursuit of happiness is a fundamental human goal.

Therefore, in line with the United Nations declaration of the International Day of Happiness and as a mark of tribute to the Fourth Druk Gyalpo, it was proposed that henceforth 20<sup>th</sup> March be observed as a Gross National Happiness Day in Bhutan.

During the deliberation, the Members commended and supported the resolution proposed by the Environment Committee. The Members also expressed their deep gratitude to His Majesty the Fourth Druk Gyalpo for the noble philosophy of Gross National Happiness (GNH) which has enabled Bhutan to become an exemplary nation in the world as it pursues a path of balanced development confirming to the principles of GNH. The people of Bhutan are also grateful to the Druk Gyalpo for the continued emphasis placed on this philosophy

under which the country will witness enhanced socio-economic development.

In addition, the Hon'ble Speaker said that the Permanent Mission of Bhutan in New York on June 28, 2012 on behalf of the government of Bhutan expressed support and appreciation to the President and the international community for declaring March 20, as the International Happiness Day as proposed by the President of the General Assembly. He also said that it was a moment of great pride for Bhutan when the United Nations acknowledged the proposal submitted by Bhutan.

Further, it was proposed that the day be declared as Gross National Happiness Day, in order to express our deep gratitude to His Majesty the Fourth Druk Gyalpo. The 1<sup>st</sup> Parliament also proposed to honour His Majesty the Fourth Druk Gyalpo as the **Most Benevolent King of the Century** and Lyonchhen Jigme Yoeser Thinley as the **Happiness Ambassador for Life** in the 10<sup>th</sup> Session in January 2013.

The National Assembly endorsed the proposal on declaration of Gross National Happiness Day and resolved to transmit it to the National Council for endorsement. The House expressed its hope that the National Council would pass the proposal which has also received support from the government. Further, it was proposed to put up the proposal to honour His

Majesty the Fourth Druk Gyalpo and the Hon'ble Prime Minister in the 10<sup>th</sup> Session for deliberation.

**XV. RE-DELIBERATION ON THE TAX REVISION BILL, 2012**

The Hon'ble Speaker opened the floor for the re-deliberation of the Tax Revision Bill, 2012. The Finance Minister said that although there was no need to discuss the tax on vehicles and other items, he proposed that the House re-deliberate on the tax on alcohol.

However, since the National Council had rejected the Tax Revision Bill in to-to without any recommendation, the Rules of Procedures of the National Assembly and the National Assembly Act did not allow for re-deliberation. The House advised that the tax revision be resubmitted in the future sessions, if felt necessary.

Therefore, the House resolved to uphold the Tax Revision Bill, 2012 passed on June 26, 2012.

**(17<sup>th</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to July 5, 2012)**

**XVI. FOURTH ANNUAL REPORT ON THE STATE OF THE NATION BY THE HON'BLE PRIME MINISTER**

In the Hon'ble Prime Minister's State of the Nation Address, he said that the celebration of the Royal Wedding and the declaration of March 20 as the

International Day of Happiness by the United Nations General Assembly have been a source of immense happiness and pride. However, he also said that the country has also suffered from past earthquakes and the tragedy of a great edifice burnt and reduced to rubble in reference to the Wangduephodrang Dzong fire incident. Despite this, the Hon'ble Prime Minister expressed his hopes and prayers that with the blessings of the triple gem, the wise guidance of our beloved King and by virtue of the collective merit of the people, the country will continue to flourish in peace and happiness.

The Hon'ble Prime Minister presented the report based on the four pillars of Gross National Happiness.

**First Pillar: Enhancing sustainable and equitable socio-economic development**

The Hon'ble Prime Minister said that economic development is steered by the fundamentals of sustainable and equitable socio-economic development as always. Based on this, equitable development, human resource development, overall development, community development, people's participation, environment development and green economy has been prioritized. He also reported on the macroeconomic state of the nation and the achievements made in the minimum program to accelerate poverty eradication which included provision of motorable roads, bridges,



electricity distribution, drinking water supply, health and education, and communication facilities. The Prime Minister also said the government took the initiative called Accelerating Bhutan's Socio-economic Development (ABSD) to accelerate the pace of socio-economic development by improving the efficiency and effectiveness of public service delivery. He also reported that the country was on track with regard to meeting the millennium development goals. The Prime Minister also reported on the sectoral progress and highlighted its achievements under this pillar.

### **Second Pillar: Reinforcing environmental conservation**

The Prime Minister said that the good health of the natural environment is a source of pride for Bhutan. Therefore, the goal of the 10<sup>th</sup> Plan with regard to natural environment is to sustain, preserve and fortify the ecological integrity. He reported that a range of activities and measures have not only been formulated but are also being implemented. He informed that Her Majesty the Gyaltsuen received the recognition and appointment as the United Nation's Environment Protection ambassador for Ozone. He said that Her Majesty would inspire and motive the people of Bhutan to have greater commitment to preserve our environment. He further reported on the outcome of the Rio +20 Summit, the levy of green tax,

institutionalization of the national pedestrian day, reinforcement of conservation of environment, strengthening of environmental legal framework, disaster management and other environment related matters.

### **Third Pillar: Preservation and promotion of culture**

The Prime Minister while reporting on the third pillar of Gross National Happiness said that, our cultural heritage is the source of peace, stability and sovereignty in the country. Therefore, its preservation and promotion was vital to the continued wellbeing of our people. The Prime Minister also reported on the measures taken to preserve and promote culture under spiritual growth and nourishment; traditions and values; preservation of intangible and tangible culture and protection of moveable cultural properties.

### **Fourth Pillar: Consolidating good governance**

The Prime Minister reminded that Bhutan Vision 2020 calls for the Bhutanese people to be self confident and proud citizens of a self reliant nation. The government under the noble guidance of our selfless monarchs has taken many initiatives required for good governance. Towards this, the government has formulated and implemented numerous measures to mainstream GNH, strengthen the rule of law, improve the administration of justice, maintenance of law and order, enhance

transparency and accountability and improve public service delivery.

In concluding, the Prime Minister submitted that the past year has been successful due to the blessings of the Triple Gem and Guardian Deities, the wise counsel of His Majesty the King and the collective merit of the Bhutanese people for which he expressed his gratitude.

The Prime Minister also expressed his deep appreciation to His Holiness the Je Khenpo, Dratsangs and religious bodies for performing *Kurim* for the benefit of the people and the country.

He also offered his gratitude to the development partners for their continued support and generous assistance. Furthermore on behalf of the Bhutanese people and the government, he expressed special gratitude to the Government and the people of India for their unstinted support.

The Prime Minister offered prayers for the Long Life of His Majesty the Druk Gyalpo and the Her Majesty the Gyaltshen. He also acknowledged the civil servants, local government leaders and to the armed forces for their dedication and loyalty in the service of the *Tsa-wa-Sum*.

*(For details refer the Fourth Annual Report on the State of the Nation distributed to the House)*

(21<sup>st</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to July 9, 2012)

**XVII. MOTION ON THE ESTABLISHMENT OF A PERMANENT SECRETARIAT OF ASSOCIATION OF SAARC SPEAKERS AND PARLIAMENTARIANS BY THE FOREIGN RELATIONS COMMITTEE**

In moving the motion, the Chairperson for the Foreign Relations Committee informed the House that the Speakers of Parliaments of SAARC Countries had first met in Sri Lanka in June 1992 where they resolved to set up an Association of SAARC Speakers and Parliamentarians. The association endeavors to strengthen people-to-people contact with a view to achieving mutual understanding, trust and friendship among the peoples of the SAARC countries. The objective was also to promote contact, coordinate and exchange experiences among Parliaments and parliamentarians of SAARC countries. He said that till date, five rounds of meetings had been held.

The fifth meeting of the Speakers Council was held in July 2011 at New Delhi. The meeting decided that a committee of the Secretaries General of the Parliament of SAARC countries should be formed headed by the Secretary General of the Lok Sabha and Secretary General of the Speaker's Council to explore the viability of a permanent Secretariat. A report thereof was then

required to be submitted to the sixth conference scheduled to be held in Islamabad, Pakistan in September 2012.

In this regard, the Committee reported that the motion was submitted since the SAARC member countries had to submit the views of their Parliament on this matter.

During the deliberation on the motion moved by the Foreign Relations Committee, many Members said that it was imperative to establish a **Permanent Secretariat for the Association of SAARC Speaker and Parliamentarians** to promote and strengthen relationships between the countries especially in a new democratic set up in the country. Similarly, the government also expressed its full support to the proposal.

The House endorsed the motion submitted by the Foreign Relations Committee for the **establishment of a permanent Secretariat of Association of SAARC Speakers and Parliamentarians.**

#### **XVIII. RATIFICATION OF RESOLUTION**

The Secretary General of the National Assembly Secretariat read out the resolutions to the House on the 19<sup>th</sup> Sitting Day of the 9<sup>th</sup> Session of the 1<sup>st</sup> Parliament.

With regard to the proposal of honouring His Majesty the Fourth Druk Gyalpo as the **Most Benevolent King of the Century** and the Hon'ble Prime Minister as the **Happiness Ambassador for Life**, the Opposition Leader said that it was just submitted as proposal for discussion in the 10<sup>th</sup> session and had not been approved or discussed by the House. The other Members also agreed that the House had not yet endorsed the proposal.

The House endorsed the proposal to rectify the resolution to read as, to put up a proposal to honour His Majesty the Fourth Druk Gyalpo and the Hon'ble Prime Minister in the 10<sup>th</sup> session for deliberation.

(22<sup>nd</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to July 10, 2012)

#### **XIX. LAND BILL OF BHUTAN 2012**

The Agriculture Minister introduced the Land Bill of Bhutan 2012 and gave a brief background on the Bill. He reported that the Ministry of Agriculture was directed to review the Land Act of Bhutan 2007 and submit it in the 8<sup>th</sup> Session of the 1<sup>st</sup> Parliament. However, considering the importance of the Act and to ensure that the revision benefitted all the people of the country, it was imperative to review the Act in detail. Therefore, since time was required to review the whole Act, it had been submitted that the revised Act would be presented in the 9<sup>th</sup> Session. Further, it was

stated that, the problems faced during the implementation of the Act needs to be streamlined in line with the changing policies and the development of the country.

The Minister reported that in order to achieve the objectives mentioned above further consultative meetings had been carried out with concerned Ministries, Agencies, Chairpersons of the Dzongkhag Tshogdu and Non Government Organisations. During such meetings majority of the participants expressed the need to review the whole Act instead of just making some amendments. He also informed that, in view of the concerns raised and in order to ensure smooth implementation of the Act for both the people and the government, proposal for the revision of the Act had been submitted.

The Minister informed the House that during the review exercise, other sections of the Act were also carefully assessed apart from sections relating to *Tsamdro* and *Sokshing*. In addition, the members from the National Land Commission also ensured transparency and efficiency in carrying out matters related to land administration and management. He said that the Land Act was reviewed taking into consideration pertinent recommendations made by the people affected by the Act. This will not only resolve the problems in land

administration and management but more importantly it will solve the land related problems faced by the people.

The Minister said that the deliberation of the Bill has been included in the Order of Business of the 9<sup>th</sup> session as directed by the Parliament. However, since this Bill is very contentious, it is felt that the Bill cannot be deliberated thoroughly within the two days allocated. Therefore, he said that it was important to distribute the Bill to the Hon'ble Members of the Parliament and the people and get their views before deliberating on it. The Minister further said that His Majesty the King commanded **“that in this modern time, in a small nation where land is scarce and the value of urban land continues to rise along with the possibility of ownership of land and wealth being concentrated in the hands of a few, there is no justification for exempting particular persons, whether royal family Members or wealthy individuals, from the land ceiling. Except for institutions of State, no individual should be exempt from the land ceiling and other provisions that apply to the general public of Bhutan. Thus, as I have not perused the Land Bill of Bhutan 2012 – the draft may need to be edited to reflect my views stated above, if they are not already contained in the Bill, ”** in the Royal Kasho granted on 26<sup>th</sup> Day of the 4<sup>th</sup> Month of the Water Male Dragon Year corresponding to June 15, 2012.



Therefore, he proposed that the Bill be discussed in the 2<sup>nd</sup> Parliament in order to fulfill the command of His Majesty the Druk Gyalpo and to review the Bill in detail. He informed that earlier the members of the National Land Commission comprised mainly of Government Secretaries. However, keeping with the wishes of His Majesty the Druk Gyalpo and in order to provide timely service to the people, the composition of the Members of the Commission was proposed for amendment as follows:

- (1) Prime Minister or Minister of a relevant ministry appointed by the Prime Minister shall be the Chairperson;
- (2) Members from the Ministry of Agriculture and Forests, the Ministry of Home and Cultural Affairs, the Ministry of Works and Human Settlement and the Ministry of Economic Affairs who shall be either the ministers or the highest ranking officers appointed by the Prime Minister;
- (3) One member from among the elected Thrizins of the twenty Dzongkhag Tshogdus nominated by the Ministry of Home and Cultural Affairs;
- (4) One member from among the elected Thrompons of the Thromdes nominated by the concerned ministry; and

- (5) Secretary, National Land Commission Secretariat, as member secretary appointed by the Royal Civil Service Commission.

He said that the members of the National Land Commission would meet four times every year to formulate policies related to land and review and approve the plans and programs proposed by the National Land Commission. The members of the Commission would not be involved in the daily administration. Land administration and management would be carried out by the Secretariat and the Department of Survey and Land Records. Therefore, he said there was no reason for people to be unduly worried or have doubts. Furthermore, the Bill has provisions to decentralize land administration and management other concerned authorities.

The Minister further clarified that the Gyalpoi Zimpon has been excluded as a member of the National Land Commission because the Zimpon is involved in the investigation of any land dispute cases submitted to His Majesty the Druk Gyalpo.

Further the bill proposes that, if the area measured after cadastral resurvey is in excess of that recorded in the Thram, it shall be dealt as follows:

- (1) Submit to His Majesty to grant as Kidu to the Thram holder if his total land holding is less than five acres of land;

- (2) Allow the Thram holder to buy the land at existing rate if his total land holding is more than five acres but less than 25 acres; and
- (3) Revert to the State if the Thram holder's total land holding is 25 acres or more.

In addition if the area measured after cadastral resurvey is less than that recorded in the

Thram of a person, it shall be dealt as follows:

- (1) Submit to His Majesty to grant an equal area to the difference as Kidu from a nearby government land in another area within the Gewog to the Thram holder if his total land holding is less than five acres; and
- (2) Allow the Thram holder to buy an equal area to the difference from a nearby Government land or from another area within the Gewog if his total land holding is more than five acres but less than 25 acres.

These provisions would help in resolving issues related to excess and inadequate land in line with rural economic development policies.

Rural urban migration has also increased with increasing development taking place in the country. In addition agricultural land has also been reduced because of its inclusion in the town area. To resolve this problem,

Section 157, 311 till 319 have been included in the Bill to protect Chhuzing. Section 312 especially states that, “The Government shall make every effort to allot 13 decimals of Government Reserved Forest land if available in the vicinity to individuals who have no land other than Chhuzhing for construction of a residential house in lieu of conversion of his Chhuzhing. Only if no Government Reserved Forest land is available in the vicinity, conversion of 13 decimals of inherited Chhuzhing for construction of a residential house shall be considered.”

He said that Chapter 11 of the Bill clearly deals with the use of Tsamdro, however in high altitude areas so defined by the Ministry of Agriculture and Forests, the existing rights to use of Tsamdro shall be revoked to the government after payment of cash compensation. The Tsamdro rights thus revoked shall be leased for livestock herding for a period of 30 years with possibility of extension. Provisions have also been included for Tsamdro in low altitude areas. The Minister said that from now on measures have been put in place to resolve problems related to Tsamdro and it is also expected to reduce the financial burden of the government.

A clearly defined use of Sokshing has also been included in the Bill. Further, in order to make our country self reliant through organic farming Sokshing

rights to the Thram holder in accordance with the provisions of the Land Act 1979 has been proposed in the Bill.

The Agriculture Minister clarified that the Bill clearly states that **Granting of Kidu land shall be the Royal Prerogative of the Druk Gyalpo and as per the Constitution of Bhutan, petitions for Kidu land shall be submitted to His Majesty the King while Kidu land shall be registered according to the provisions of the Kasho.** He therefore said that all the doubts in the mind of the people should be removed and that there was no basis for the different accounts reported in the media.

With regard to the provision of Granting resettlement land which states that Land for resettlement can only be granted by **A command of His Majesty the King and A decision of the Cabinet,** He explained that resettlement land would be granted by the Druk Gyalpo if a person wants to resettle in a different Dzongkhag. He said the Cabinet's role was only in that if a private land was taken by the government for some government projects or establishment of public service centers for which substitute land has to be given. This he said was to reduce the burden on His Majesty the King and to uphold the sanctity of the institution of monarchy from land disputes with regard to substitute land if any.

The Minister also said that the government always carried out its responsibilities for the Tsa-Wa-Sum and in case the government failed in its duties there was always the constitutional bodies to provide check and balance. Therefore, he assured that there was no need to be concerned.

The Minister reiterated that the Bill be postponed for deliberation in the 2<sup>nd</sup> Parliament as proposed earlier in order to incorporate His Majesty the King's command, the views of the Hon'ble Members of the Parliament and the aspirations of the people.

During the ensuing deliberation, the Members said that though the issues related to land substitute and compensation have been clearly included in the Bill, it was however proposed that the House issue an immediate directive to resolve the issue of land substitute and payment of compensation for private land acquired by the government for government projects etc. The Members also seconded the proposal to postpone the deliberation of the Land Bill to the 2<sup>nd</sup> Parliament.

Other Members reminded the House that considering that land is a precious and scarce resource in our country our Benevolent Kings have always given special emphasis to protecting state land and resources. In addition, His Majesty the Fourth King issued no less than six *Kashos* all decreeing that only the Druk Gyalpo, and no other person, has the authority to give away

Government land. His Majesty the Druk Gyalpo also has and continues to grant Kidu on excess and resettlement land for the benefit of the poor people. Therefore, since there is no need to amend the Land Act it was proposed that the Bill be withdrawn.

The government in its clarification reminded that the duty of the elected Members is to fulfill the ultimate interest of the people and the government. It was therefore important for the Members to keep in mind the aspiration of the people and the problems faced by them including the country's situation while carrying out their responsibilities. Further, the government always carried out their functions for the best interest of the people. The cabinet ministers led by the Prime Minister carried out their responsibilities keeping in mind the aspirations of the people and in line with the wishes of his Majesty the Druk Gyalpo. He also said that it was important for the people to be aware of the rationales behind the establishment of a democratic system of governance in the country.

The need for the amendment of the Land Act was to resolve the problems faced by the people and to incorporate the wishes of His Majesty the King on the land ceiling for the royal family members similar to the general public.

In order to resolve the problems faced by the people during the implementation of the Land Act, the

fundamentals and principles of the Act should be discussed in detail. Further, the submission the Bill to the Parliament will give the people the opportunity to also submit their views and recommendations in addition to the views of the current Parliament. These would benefit the next Parliament if the deliberation of the Bill is postponed to the 2<sup>nd</sup> Parliament.

To this, majority of the Members submitted their proposal to withdraw the deliberation of the Land Bill in the current session. Further, there was also a need to incorporate the the Royal Kasho granted by His Majesty the King and to carefully review the issues related to Tsamdro for the benefit of herders. The House directed that the issue be incorporated in the draft and House resolved to postpone the deliberation of the Bill to the 2<sup>nd</sup> Parliament.

**(15<sup>nd</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to July 3, 2012)**

## **XX. NATIONAL FLAG BILL 2012**

The Hon'ble Deputy Speaker from Kilkhorthang-Mendrelgang constituency said that the National Flag Bill was a Private Members Bill. He informed that considering the importance of formulating clear procedures on deliberation and endorsement of Private Members Bill, a meeting was held between the Members and officials of the two Houses. The meeting decided that a procedure governing Private Members Bill needs



to be formulated between the 9<sup>th</sup> and 10<sup>th</sup> Session. He therefore submitted that the Bill be withdrawn from the current Session.

During the deliberation, many of the Members agreed that proper rules of procedures were required for the deliberation of Private Members Bills. Besides they said that if the Bill was passed without proper justification on the need for the Bill and without any set criterion, Bills that favour an individual and which goes against the interest of the people and the country could be passed in the future. Therefore, in order to prevent any conflict of interest and considering the importance of the need to formulate proper rules of procedures, the House resolved to withdraw the Bill in accordance with Section 17 to 22 of the Legislative Rules of Procedure.

**(15<sup>nd</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to July 3, 2012)**

**XXI. PARLIAMENTARY ENTITLEMENTS (AMENDMENT)  
BILL OF BHUTAN 2012**

The Hon'ble Member from Dremitse-Ngatshang moved the motion to withdraw the Parliamentary Entitlements (Amendment) Bill 2012. He said that the proposed amendments were not in line with Article 4 of the Parliamentary Entitlements Act of the Kingdom of Bhutan, 2008 which states that *There shall be a National Committee on Parliamentary Entitlements to advise the Pay Commission on Parliamentary Entitlements and to*

*formulate rules and regulations under this Act and Article 7 which states No law shall vary the scales and structure of the salary, allowances, benefits and other emoluments for the services of the members of the Parliament unless the proposal is tabled by the Pay Commission.*

He said that although the amendment of the Act would also benefit the Members of the National Assembly it was important to follow the rules of procedure. In addition, changes have also been proposed in Annexure 1 of the Parliamentary Entitlements Act of Bhutan 2008 and if these changes are to be made, the Bill should be considered as a Money Bill. In accordance with Article 13(2) of the Constitution of Bhutan and Section 234 of the National Assembly Act 2008, Money Bills can only originate from the National Assembly. It therefore does not conform to the rules of procedure as the Bill has been transmitted from the National Council to the National Assembly.

Further he said that many other additional amendments other than those already proposed were also required. He therefore said that the Bill should be withdrawn to avoid amendment of the Act time and again and to ensure that proper rules of procedure are followed.

Moreover, in a meeting held earlier between the Members of the two Houses and officials of the two Secretariats, it was agreed that the National Assembly

could discuss the Bill in accordance with the Legislative Rules of Procedures as the National Council had already adopted the Amendment Bill,

To this, the Members supported the proposal to withdraw the Bill as the reasons provided were pertinent although the amendment of the Bill would have strengthened the democratic system and attracted capable candidates for the future Parliaments.

The House resolved to withdraw the Parliamentary Entitlements (Amendment) Bill 2012 in accordance with Chapter 4, Section 17-22 of the Legislative Rules of Procedure 2011.

**(15<sup>th</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to July 3, 2012)**

## **XXII. CONCLUDING CEREMONY**

The 9<sup>th</sup> Session of the First Parliament concluded on the 23<sup>rd</sup> Day of the 5<sup>th</sup> Month of the Water Male Dragon Year corresponding to July 11, 2012 with the offering of Tashi Moenlam for the good health and long life of His Majesty the Druk Gyalpo and Her Majesty the Gyaltseen, Members of the Royal Family and prayers for the continued peace and prosperity of the Bhutanese people.

In his concluding remarks, the Hon'ble Speaker expressed gratitude to His Majesty the Druk Gyalpo for

gracing the occasion. He also said that Bhutan was enjoying unprecedented socio-economic development, peace and happiness with the introduction of Constitutional Democratic Monarchy in 2008 based on the principles of GNH. In this session, the Druk Gyalpo's Relief Fund Bill and the Education City Bill were endorsed by the National Assembly. In addition, the National Assembly ratified three international conventions and endorsed Domestic Violence Prevention Bill and the Road Bill which have been transmitted to the National Council. Meanwhile, the Alternative Dispute Resolution Bill and Contract Bill of Bhutan which were transmitted by the National Council will be tabled during the 10<sup>th</sup> Session. Furthermore, he said that the that 1<sup>st</sup> Parliament would like to propose to offer tribute to His Majesty the Fourth Druk Gyalpo as the **Most Benevolent King of the Century** when the country observes March 20 in 2013 as the Gross National Happiness Day for the first time. In addition, he said that if it may please His Majesty, the 1<sup>st</sup> Parliament would also like to offer recognition to the

Hon'ble Prime Minister Jigme Y. Thinley, the President of Druk Phuensum Tshogpa, the first democratically elected Prime Minister for having rendered meritorious and dedicated service to the Tsa-wa-Sum and also for having played a vital role in further promoting the GNH philosophy..

*(Copy of the concluding address is annexed in Annexure III)*



**11<sup>th</sup> July 2012**

**(Jigme Tshultim)**

**SPEAKER**

### **XXIII. DOCUMENTS DISTRIBUTED**

1. Domestic Violence Bill of Bhutan, 2012
2. National Flag Bill, 2012
3. Parliamentary Entitlement (Amendment) Bill, 2012
4. Land (Amendment) Bill of Bhutan, 2012
5. Road Bill, 2012
6. SAARC Seed Bank Convention
7. Nagoya Protocol on Access to Genetic Resources and The Fair and Equitable Sharing of Benefits Arising From Their Utilization To The Convention on Biological Diversity
8. Cape Town Convention and Aircraft Protocol (CTC)
9. SAARC Agreement on Implementation of Regional Standards

### **List of National Assembly Members who participated in the 9<sup>th</sup> Session of the First Parliament**

1. Speaker, Jigme Tshultim, Radhi-Sakteng constituency, Trashigang Dzongkhag
2. Prime Minister, Jigme Yoezer Thinley, Nanong-Shumar constituency, Pemagatshel Dzongkhag

3. Lyonpo Yeshe Zimba, South Thimthrom constituency, Thimphu Dzongkhag
4. Lyonpo Khandu Wangchuk, Lamgong-Wangchang constituency, Paro Dzongkhag
5. Lyonpo Wangdi Norbu, Bartsham-Shongphu constituency, Trashigang Dzongkhag
6. Lyonpo Zanglay Durkpa, Khar-Yurung constituency, Pemagatshel Dzongkhag
7. Lyonpo Minjur Dorji, Kanglung-Uzorong constituency, Trashigang Dzongkhag
8. Lyonpo Thakhur Singh Powdyel, Dorokha-Tading constituency, Samtse Dzongkhag
9. Lyonpo Dr.Pema Gyamtsho, Choekhor-Tang constituency, Bumthang Dzongkhag
10. Lyonpo Nandalal Rai, Shompangkha constituency, Sarpang Dzongkhag
11. Lyonpo Dorji Wangdi, Panbang constituency, Zhemgang Dzongkhag
12. Leader of Opposition, Tshering Tobgay, Sombeykha Constituency, Haa Dzongkhag
13. Deputy Speaker, Yangku Tshering Sherpa, Kikhorthang- Mendrelgang constituency, Tsirang Dzongkhag
14. Karma Wangchuk, Chumey-Ura constituency, Bumthang Dzongkhag
15. Ugay Tshering, Bongo-Chapcha constituency, Chukha Dzongkhag
16. Chenchu Dorji, Phuentsholing constituency, Chukha Dzongkhag

17. Sonam Jamtsho, Drujeygang-Tseza constituency, Dagana Dzongkhag
18. Hemant Gurung, Lhamoizingkha-Tashiding constituency, Dagana Dzongkhag
19. Kinley Dorji, Goenkhomey-Lunana constituency, Gasar Dzongkhag
20. Damchoe Dorji, Goenkhatoe-Laya constituency, Gasar Dzongkhag
21. Ugen Tenzin, Bji-Katsho-Uesu constituency, Haa Dzongkhag
22. Karma Rangdol, Minjay-Gangzur constituency, Lhuentse Dzongkhag
23. Tshering Tenzin, Menbi-Tsengkhar constituency, Lhuentse Dzongkhag
24. Ugyen Wangdi, Dremitse-Ngatshang constituency, Mongar Dzongkhag
25. Sonam Penjor, Kengkhar-Weringla constituency, Mongar Dzongkhag
26. Karma Lhamo, Mongar constituency, Mongar Dzongkhag
27. Chencho Dorji, Dogar-Shaba constituency, Paro Dzongkhag
28. Choida Jamtsho, Nganglam constituency, Pemagatshel Dzongkhag
29. Tshering Penjor, Kabji-Talo constituency, Punakha Dzongkhag
30. Namgay Wangchuk, Lingmu-Toewang constituency, Punakha Dzongkhag



31. Ugyen Dorji, Dewathang-Gomdar constituency, Samdrup Jongkhar Dzongkhag
32. Norbu Wangzom, Jomotshangk - Martsala constituency, Samdrup Jongkhar Dzongkhag
33. Prahlad Gurung, Pugli-Samtse constituency, Samtse Dzongkhag.
34. Durga Prasad Chhetri, Sipsu constituency, Samtse Dzongkhag
35. Lila Pradhan, Ugyentse-Yoeseltse constituency, Samtse Dzongkhag
36. Prem Kumar Gurung, Gelephu constituency, Sarpang Dzongkhag
37. Choeki Wangmo, Thrimshing constituency, Trashigang Dzongkhag
38. Lhatu, Wamrong constituency, Trashigang Dzongkhag
39. Dupthob, Bumdeling-Jamkhar constituency, Tashiyangtse Dzongkhag
40. Kesang Wangdi, Khamdang-Ramjar constituency, Tashiyangtse Dzongkhag
41. Rinchen Dorji, Drakteng-Langthel constituency, Trongsa Dzongkhag
42. Nidup Zangpo, Nubi-Tangsibji constituency, Trongsa Dzongkhag
43. Nar Bahadur Gurung, Patalay-Tsirangtoe constituency, Tsirang Dzongkhag
44. Pasang Thrinlee, Athang-Theedtsho constituency, Wangdue Phodrang Dzongkhag
45. Gyem Dorji, Nyisho-Sepu constituency, Wangdue Phodrang Dzongkhag

46. Tshering Dorji, Bardo-Trong constituency, Zhemgang Dzongkhag
47. Lyonpo Ugyen Tshering, Kawang, Lingshi, Soe-Naro Constituency, Thimphu Dzongkhag

## ***ANNEXURE***

### ***Annexure I***

#### **Address by the Hon'ble Speaker of the Parliament during the opening Ceremony of the 9<sup>th</sup> Session of the First Parliament of Bhutan**

1. Today on this auspicious day, I on behalf of the Parliament, would like to welcome and express our gratitude to His Majesty the Druk Gyalpo, the embodiment of our collective merit, for gracing the historic opening of the 9<sup>th</sup> Session of the Parliament in pursuant to the provision of the Constitution of Bhutan. I would also like to extend our warm welcome to the Members of the Royal Family.
2. Further, I would like to thank all the distinguished guests who are present here and all those witnessing the session on television and radio.

3. His Majesty the Druk Gyalpo granted assent to the following acts which were deliberated and endorsed in the past sessions.
  1. Tobacco Control (Amendment) Act,
  2. Consumer Protection Act of Bhutan
  3. Bhutan Institute of Medical Sciences Act
  4. Public Finance (Amendment) Act of Bhutan
  5. Sales Tax, Customs and Excise (Amendment) Act of Bhutan
  6. Adoption Act of Bhutan

Therefore, it is hoped that the acts would not only greatly benefit the people but also enable the agencies to discharge their functions smoothly in further strengthening the rule of law, thereby ensuring peace and happiness in the kingdom.

4. Similarly, this session will deliberate on five Bills and three International Conventions. It is hoped that the House would engage in substantive deliberations based on the rules of the procedures of the House.
5. It is also hoped that the National Council would engage in vigorous deliberation on three acts transmitted by the National Assembly and two new Bills to be tabled in the National Council in pursuant to their rules of procedures.

6. Unlike in some other countries around the world which have been experiencing natural disasters and related problems, our country has not experienced major disasters due to the blessings of the *Triple Gem*, magnanimity of His Majesty and the collective merit of the people. Further, His Majesty and the government have always strived and continue to endeavor in immediately resolving the problems faced by the people. Although the rupee problem may have affected some people, the government has formulated policies and strategies to address the problem. During such time the people must understand the situation.

7. It is a reminder to all of us that we take on extra responsibilities and strive to fulfill His Majesty the Fourth King's vision of self sufficiency, socio-economic development and enhanced rural livelihood without having to depend on other.

It is now time for our people to realize and put more efforts and take added interest in agriculture, the means of our livelihood and strive to become self sufficient and stand on our own feet to minimize our dependence.

8. Lastly, with the blessings of the Triple Gem, grace of His Majesty the Druk Gyalpo, collective merit of the people coupled with strong cooperation and support rendered by Hon'ble Prime Ministers, Cabinet Ministers and Members of the Parliament, it is hoped that the 9<sup>th</sup> session would conclude fruitfully and successfully.

Kadrinchela!

*Annexure II*

**Royal Kasho**

Should the houses of Parliament deliberate the merits and demerits of the Land Bill of Bhutan 2012, it is my hope that Parliament will arrive at a resolution that is in keeping with the aspirations of our people in civil service, private sector, civil society and in the 205 gewogs of our 20 dzongkhags.

Irrespective of whether a new act is found necessary or not, it is my duty as the Druk Gyalpo to ensure that State Land and Assets are preserved in the interest of Bhutanese citizens – present and future generations – so that our people’s aspiration to own land and home may be fulfilled, while their right to share in the wealth and progress of our nation is protected – for all time.

Thus, as a matter of principle, I, the Druk Gyalpo, must state that in this modern time, in a small nation where land is scarce and the value of urban land continues to rise along with the possibility of ownership of land and wealth being concentrated in the hands of a few, there is no justification for exempting particular persons, whether royal family Members or wealthy individuals, from the land ceiling. Except for institutions of State, no individual should be exempt from the land ceiling and

other provisions that apply to the general public of Bhutan.

Thus, as I have not perused the Land Bill of Bhutan 2012 – the draft may need to be edited to reflect my views stated above, if they are not already contained in the Bill.

This Message is hereby granted on the 15th of June 2012 to the Speaker and Chair of the respective houses of Parliament, the Prime Minister and the Leader of Opposition.

**His Majesty The Druk Gyalpo**

*Annexure III*

**Address by the Hon'ble Speaker of the Parliament during the Closing Ceremony of the 9<sup>th</sup> Session of the First Parliament of Bhutan**

1. I on behalf of the Members of the Parliament and on my own behalf, would like to welcome and express our gratitude to His Majesty the Druk Gyalpo, the embodiment of our collective merit, for gracing the closing ceremony of the 9<sup>th</sup> Session of the First Parliament on this auspicious day. I would also like to express our gratitude and happiness to Her Majesty the Queen and the Members of the Royal Family for gracing this occasion.

Further, I would like to thank all the distinguished guests and the media personnel who are present here including all those witnessing the session on television and radio.

2. The 9<sup>th</sup> Session was conducted over the 21 days during which the Druk Gyalpo Relief Fund Bill and Education City Bill were deliberated and endorsed by the House and submitted to His Majesty for assent.
3. Since the consensus could not be drawn on about 11 Sections of the Disaster Management Bill, the National Assembly submitted to His Majesty for the approval to convene a Joint Sitting of the Parliament.
4. In addition, the National Assembly ratified three International Conventions.
5. Similarly, the National Assembly after substantive deliberations endorsed and transmitted the following Bills to the National Council;
  1. Domestic Violence Prevention Bill,
  2. Road Bill
6. The Alternative Dispute Resolution Bill and Contract Bill of Bhutan which were transmitted

by National Council to the National Assembly shall be tabled in the 10<sup>th</sup> Session.

7. Although National Council deliberated and transmitted a Private Bill on National Flag to the National Assembly, it could not be deliberated due to the lack of proper legislative procedure to table such private Bill . Therefore, a Joint Committee of the two Houses will formulate rules of procedure, governing Private Bills based on which it is expected to table it in the 10<sup>th</sup> Session.
8. While the Land Bill was to be tabled in this Session, it was deferred for further comprehensive public consultations. Further, His Majesty vide his Kasha dated 15<sup>th</sup> June, 2012 desired that the Parliament while deliberating on the Bill to arrive at a resolution that is in keeping with the aspirations of our people in civil service, private sector, civil society and the 205 Gewogs of our 20 Dzongkhags. The future sessions of the Parliament while deliberating on the Land Bill would incorporate His Majesty's gracious concerns and adopt the Bill accordingly. However, it is crucial that the government provide timely compensation or land substitution for the private land acquired by the government



and expedite the mitigation of land related problems

9. While deliberating on the Annual Audit Report 2011, it was reported that all the unresolved audit irregularities of last 26 years ranging from 1981 to 2007 were fully resolved signifying as the achievement of the Parliament. Therefore, the House would like to commend the Royal Audit Authority, Finance and Audit Committee and Public Accounts Committee for their dedicated effort.
10. The National Budget 2012-2013 is not only the last year of the 10<sup>th</sup> Five Year Plan but also last year of the 1<sup>st</sup> democratically elected Government. Therefore, the National Budget for the Year was passed to successfully complete the remaining activities of the 10<sup>th</sup> Plan and fulfill the aspirations of the Royal Government and the people.
11. Not many governments across the world have the courage to increase the tax towards the end of their term especially when the next election is round the corner. Inspired by His Majesty the Fourth Druk Gyalpo's coronation address in 1974 where His Majesty said that "*As far as you, my people are concerned, you should not adopt the attitude that whatever is required to*

*be done for your welfare will be done entirely by the government. On the contrary, a little effort on your part will be much more effective than a great deal of effort on the part of the government”* the present government without considering its political interest introduced the tax revision measures to enhance our internal revenue, strengthen self reliance and to preserve our pristine environment. Although, tax revision was proposed on many items by the Royal Government, in the interest of the poorer sections of our society decided not to increase the tax on all the proposed items but levy 20% Green Tax on the luxury vehicles with engine power of 1800 cc and above and 5% on other vehicles.

12. In pursuant to the Constitution the Hon’ble Prime Minister Jigme Y. Thinley presented the Fourth Annual Report on the State of the Nation to the Joint Sitting of the Parliament. In his report, the Hon’ble Prime Minister based on the four pillars of Gross National Happiness highlighted achievements and challenges of the government in the past year.

It was evident from the report that the Royal Government has put forth tremendous effort in meeting the aspirations of the people and in

bringing peace and happiness in the country. This is attributable to the merit of the Bhutanese people and offers opportunity for the people to bestow added trust and confidence in the democracy and the elected government.

13. Unexpectedly, a very important heritage, Wandguephodrang Dzong was struck by fire disaster on June 24. However, due to the presence and guidance of His Majesty at the disaster site, we were very fortunate to recover all the important relics without a single loss of life. As commanded by His Majesty to rebuild the Dzong to original glory and supremacy, the Parliament would like to extend its support in rebuilding the Dzong. As we have many Dzongs as the national heritage, it is important to take extra measures to prevent such disasters in future.
14. With the initiative of Hon'ble Prime Minister, the precious relics of Lord Buddha and his two principal disciples were brought to Bhutan from India and displayed in different places around the country so that the thousands of people were able to receive blessings. Therefore, we would like to express our gratitude to Hon'ble Prime Minister for his noble initiative.

15. The UN declaration of March 20 as the International Day of Happiness on 28<sup>th</sup> June, 2012 is indeed a moment of great pride for the Bhutanese people. Such opportunity is attributable to the philosophy of Gross National Happiness emanated from the farsighted vision and wisdom of His Majesty Jigme Singye Wangchuck.

In line with the UN resolution, it was endorsed to declare March 20 to observe it as Gross National Happiness Day in Bhutan.

With the introduction of Constitutional Democratic Monarchy in 2008 and based on the principles of Gross National Happiness, our country is witnessing unprecedented socio-economic development, peace and happiness. The recognition of GNH philosophy by the United Nations has put our tiny nation on the global spotlight. As we observe March 20 in 2013 as the GNH Day for the first time, that the 1<sup>st</sup> Parliament would like to propose to offer tribute to His Majesty the Fourth Druk Gyalpo as the **Most Benevolent King of the Century**.

The Hon'ble Prime Minister Jigme Y. Thinley the President of Druk Phuensum Tshogpa, the first democratically elected Prime Minister has rendered meritorious and dedicated service to

the Tsa-wa-Sum and has played vital role in further promoting the GNH philosophy, therefore, if it may please His Majesty, the 1<sup>st</sup> Parliament would like to offer recognition to the Hon'ble Prime Minister.

16. With the blessings of the Triple Gem, grace of His Majesty the Druk Gyalpo, collective merit of the people coupled with strong cooperation and support rendered by Hon'ble Prime Minister, Cabinet Ministers and Members of the Parliament, the 9<sup>th</sup> session concluded fruitfully and successfully. Therefore, I would like to express my sincere gratitude and appreciation to all.
17. Lastly, let us offer Tashi Moenlam for the long life and glorious reign of His Majesty the Druk Gyalpo and for the peace and happiness of the Bhutanese people.

Kadrinchela!