

**PROCEEDINGS AND RESOLUTIONS OF THE FIRST
SESSION OF THE SECOND PARLIAMENT**

I. OPENING CEREMONY

The Opening Ceremony of the First Session of the Second Parliament commenced on the 6th Day of the 8th Month of the Water Female Snake Year corresponding to September 11, 2013. His Majesty the Druk Gyalpo was received with elaborate *Chipdrel* and *Serdang* ceremony to the Parliament Hall.

II. OFFERING OF *KUSUNG THUKTEN MENDREL* TO HIS MAJESTY THE DRUK GYALPO

The Governing Party, National Council and the Opposition Party offered *Kusung Thukten Mendrel* to His Majesty the Druk Gyalpo for His Majesty's well being and long life in reverence and unwavering loyalty and dedication on behalf of the people.

III. ADDRESS BY THE SPEAKER

The Speaker in his Opening Address welcomed His Majesty the Druk Gyalpo, Her Majesty the Gyaltshen, Members of the Royal Family, Senior Government Officials and international dignitaries to the auspicious Opening Ceremony of the First Session of the Second Parliament.

He informed that the First Session of the Second Parliament would revisit the 14 Parliamentary Standing Committees established in the First Parliament and accordingly reconstitute the Committees and its Members as deemed necessary. He said that this session would also table the motion to formulate, review and amend the following Bills and Acts to make it more relevant;

1. Right to Information Bill 2013
2. Tenancy Act of the Kingdom of Bhutan 2004
3. National Assembly Act of the Kingdom of Bhutan 2008
4. National Council Act of the Kingdom of Bhutan 2008
5. Local Government Act of Kingdom of Bhutan 2009
6. Multilateral Investment Guarantee Agency (MIGA) Convention.

He informed that the Session would also deliberate on the Double Taxation Avoidance Agreement between Bhutan and India.

The Speaker added that the 11th Five Year Plan, Prime Minister's Report on the State of the Nation, Financial Statements of the Financial Year 2012-2013, National Budget 2013-2014 will be tabled as well. In addition, the Annual Audit Report and Annual Report of the Anti-Corruption Commission will also be deliberated in the First Session.

The Speaker informed the House that on the invitation of the Indian Prime Minister Dr.Manmohan Singh, Prime Minister Tshering Tobgay paid a visit to India on 30th August, 2013. This has further strengthened the existing strong ties of friendship between Bhutan and India. During the visit, India committed INR 45 billion for the 11th Five Year Plan(FYP), INR 5 billion for Economic Stimulus Plan (ESP) and INR 4 billion for the residual plans and programs of the 10th FYP. The Speaker on behalf of the Parliament expressed his appreciation to the people and government of India for their unflinching assistance.

He also expressed gratitude on behalf of the Parliament to His Majesty the Druk Gyalpo, who immediately visited Anakha on 2nd September, 2013 on hearing the news of the tragic explosion incident where 12 Army personnel died and commanded for all possible support and help to the victims and their family Members.

The Speaker also expressed his gratitude to the Zhung Dratsang led by Venerable Je Khenpo for continuously conducting Kurims for the well being of the country and expressed hopes that they would continue to do so in the coming years.

Further, he offered his unforgettable gratitude to the people of Mongar constituency for electing him as a member of the National Assembly, to the Prime Minister and the Members for electing him as the Speaker of the National Assembly and to His Majesty the Druk Gyalpo for conferring the Speaker's Dhaken.

In conclusion, he offered his prayers for the long life of His Majesty and the Members of the Royal Family and prayed for peace, happiness and prosperity of the Bhutanese people.

(The Opening Address by the Speaker is attached in Annexure A)

IV. MOTION OF THANKS

Prime Minister Tshering Tobgay expressed his deep gratitude to His Majesty the Druk Gyalpo for gracing the Opening Ceremony of the First Session of the Second Parliament. He said that His Majesty's presence in the Parliament was a testimony of support that His Majesty has for the Parliament. He also expressed gratitude to Her Majesty the Gyaltshen and other Members of the Royal Family for gracing the Opening Session.

He said that democracy experts have applauded Bhutan for laying a strong foundation of democracy since its institution in 2008 by successfully conducting the first parliamentary election. The second parliamentary elections were also conducted peacefully and successfully without any set back, therefore, experts have opined that the roots of democracy in Bhutan have been firmly planted.

The Prime Minister expressed his gratitude to His Majesty the Druk Gyalpo for his noble initiatives in making it possible for a small country like Bhutan to successfully introduce democracy in the last five years. Further, he expressed his deep gratitude to His Majesty the Druk Gyalpo for personally visiting the victims and

family of the deceased of the unfortunate Anakha incident in Haa. The Royal Command to provide full support and help to the victims and their families had assured the livelihood of the bereaved family and education of their children.

He also informed of his visit to India after the elections upon the invitation of the Indian Prime Minister with some senior government officials. He said that talks held in New Delhi with the leaders of the Indian Government was a success with regard to strengthening the existing mutual ties of friendship and trust between the two countries. The Indian government also committed a total of Nu. 54,000 million of which Nu. 3,900 million was the balance of 10th Five Year Plan (FYP), Nu. 45,000 million for the 11th FYP and Nu. 5,000 million for Economic Development of the country. Such commitment would not have been possible without the wise guidance of their Majesties the Fourth King and His Majesty the Druk Gyalpo.

The Prime Minister also expressed his profound gratitude to the Indian Prime Minister and the Indian government for the immense support committed to the 11th FYP besides being grateful to the Indian Ambassador in Bhutan.

He said that the words of wisdom that His Majesty the Druk Gyalpo shared on 27th July, 2013 with the Members of the Second

Parliament and the Cabinet Ministers will always be remembered. He pledged to uphold and fulfill the aspirations of His Majesty the Druk Gyalpo.

He also recalled how His Majesty had reminded the Members during the Royal Audience of how during the election campaign had denounced fame, wealth and power and vowed to serve the people like a servant. Therefore, His Majesty the Druk Gyalpo had said that it was time to serve the Tsa-Wa-Sum with humility transforming their words into real actions. His Majesty had also reminded that some political differences would be a natural process in a democratic set up but it was important to strive to accommodate, resolve, and harmonize the differences and work as Members of one family. The Members therefore, offered their continued commitment, dedication and loyalty to uphold the noble advice and guidance of His Majesty the Druk Gyalpo.

Chairperson of the National Council, Dasho Dr. Sonam Kinga

The Chairperson of the National Council said that it was a great privilege for the Members of the Second Parliament of Bhutan to assemble in the Gyelyong Tshokhang before His Majesty the King. He said that this was possible because of the blessings of the *Triple Gem* and the Guardian Deities, farsighted leadership of His Majesty the Druk Gyalpo and Gyaltsuen, His Majesty the Fourth Druk Gyalpo and Members of the Royal Family, the blessings and

Prayers of His Holiness the Je Khenpo, Members of the central monastic body and the religious bodies and the collective merit of the Bhutanese people.

He said that for a population of 700,000 people who speak different languages and come from different ethnic backgrounds, it was amazing that we were able to live as Members of one national family and people of one country. This unity was possible because of His Majesty the Druk Gyalpo and the institution of Monarchy. For this, the Chairperson expressed his gratitude to His Majesty the Druk Gyalpo and the institution of Monarchy.

He said that under the system of Democratic politics as Members and parliaments change as governments and the Opposition, the Bhutanese people are blessed and fortunate of the unity and continuity as a nation symbolized in His Majesty the Druk Gyalpo and the institution of Monarchy.

The Chairperson pointed out that Bhutan has one of the world's smallest parliaments with just 71 Members compared to about an average of 245 parliamentarians in other countries. For a country that is small and land locked between two very huge and powerful countries to maintain our sovereignty for all times would be the most important objective of our internal and foreign policies. Although the twentieth century has been a very turbulent century, our Monarchs have ensured that we survived as a sovereign nation.

His Majesty the Druk Gyalpo is not only the symbol of unity of our nation but the symbol of our ability to survive as a nation.

He added that democracy took birth from the womb of monarchy, therefore, monarchy and democracy in our country were not independent but interdependent just like the interdependence of the spiritual and the temporal. He said that the Members assembled in this august hall in front of His Majesty the Druk Gyalpo was testimony of this interdependence.

Leader of the Opposition- Dr. Pema Gyamtsho

The Leader of the Opposition expressed his appreciation for the opportunity to move the motion of thanks in the First Session of the Second Parliament. He congratulated the new government and reminded the government of the projects that lie ahead. He also expressed his gratitude to the previous government for successfully conducting the first democratic government and for its many achievements.

He expressed his hopes that the present government will continue to fulfill the aspirations of the people of a sovereign, peaceful and happy nation. He offered support of the Opposition in strengthening and maintaining the relations with India. He further hoped for a successful outcome of the 21st Border talks with China and said that the Opposition was ever ready to provide any support if need arises.

He added that it was very important to avoid any discrimination between women and men during deliberations in the Parliament on any issue. He said that everyone was equally responsible while deliberating on any issues with regard to women.

He expressed his gratitude to the Government of India and other development partners for providing support during the 10th FYP. On behalf of the Opposition Party, he expressed his gratitude to the Government of India for committing Nu. 45 billion for the 11th FYP.

Bhutan did not have any development infrastructure at the beginning of the 20th century. Yet, today thanks to our monarch, Bhutan has secured a place in the world which is looked upon and praised by other countries as a peaceful democratic country with sustainable development policies and rich natural environment.

He also submitted that some politicians, through ignorance, resorted to political mudslinging based on their vested interest undermining the longstanding values of love, respect and unity which created potential threat of impairing the image of the Golden Throne.

The Leader of Opposition said that if such developments have disturbed the peace of mind of the people, he would like to express his deepest apology to His Majesty the Druk Gyalpo and the

Bhutanese people. Besides pledging to serve in fulfilling the aspirations of His Majesty the Druk Gyalpo with unflinching dedication and loyalty he hoped that the responsibility to serve is acknowledged as the common responsibility of all Bhutanese people and not that of the ruling government alone. He reminded the House that, in order to realize our collective vision of a peaceful and happy country, the time has come for all to forget the differences and grudges arising out of elections.

He submitted that solidarity was important symbol of a country's sovereignty and identity therefore, he urged all to give up regional, religious, gender and political party differences and uphold the ultimate interest of the country and people.

In addition, he urged everyone to respect the choice of the people and embrace the responsibility of serving the *Tsa-wa-sum* with unflinching dedication and loyalty.

The Opening Ceremony of the First Session of the Second Parliament concluded with the pledge made by the Leader of the Opposition to uphold the values of "One Nation One People" and sustain the sanctity of relation between His Majesty the Druk Gyalpo and the people.

V. REPORT ON REVIEW OF COMMITTEES

In accordance with the Article 10 (11) of the Constitution of the Kingdom of Bhutan and Section 293 of the National Assembly Act of Kingdom of Bhutan 2008, Committees need to be established to perform the functions of Parliament.

In view of this, the Speaker directed the Task Force Committee to review whether to retain the erstwhile committees of the National Assembly and its Terms of Reference (TOR) or submit recommendations for change.

The Deputy Speaker, as the Chairperson of the Task Force Committee, submitted to the House, the recommendation to reduce the number of standing committees to nine from fifteen committees (inclusive of the House Committee) that were established by the First Parliament. It was also submitted that to save time during the deliberation on the appointment of the committees and related issues, a list consisting of names of the committee and its Members were submitted to the House for approval. Further approval was sought for the nominees of the Chairpersons and Dy. Chairpersons which was indicated with asterisk marks against the names of the nominees, who have been mutually decided upon by the task force committee based on their experiences, capabilities and suitability.

During the deliberation, the Task Force Committee recommended **Human Rights/ Women and Children Gender Issues Committee** as a single committee. However, the Members expressed their concerns that the committee would have huge accountability and responsibility therefore it should be bifurcated into two committees as the Human Rights Committee ; and Women and Children and Gender Issues Committee.

Few Members pointed out the importance of having a woman member as the Chairperson of the Women and Children and Gender Issues Committee for the welfare of the women and children. In addition, Members also submitted that nomination of Members to committees should be based on their potential and interest. In addition Members also submitted that a practice of submitting annual work reports of the committees should be made. This submission was supported by other Members.

The House resolved to establish a separate Human Rights Committee and Women and Children and Gender Issues Committee.

The 10 Standing Committees resolved by the House were as follows:

- 1) Public Accounts Committee;
- 2) Ethics and Credential Committee;
- 3) Good Governance Committee;
- 4) Foreign Relations Committee;
- 5) Human Rights Committee;
- 6) Women and Children and Gender Issues Committee;
- 7) Economic Development and Private Sector Committee;
- 8) Legislative Committee;
- 9) Environment and Social Welfare Committee; and
- 10) House Committee.

The House resolved that the Chairperson, Deputy Chairperson and the number of Members in each Committee should in accordance with the relevant rules and regulations. With regard to the practice of submission of Committee reports, it was resolved that the same would be discussed during the deliberation of Rules of Procedures of the National Assembly in the Second Session.

(7th Day of the 8th Month of the Water Female Snake Year corresponding to September 12, 2013)

VI. ANNUAL ANTI-CORRUPTION REPORT 2012

Reporting on the Annual Anti-Corruption Report 2012, the Chairperson of Ethics and Credential Committee of the National Assembly pointed out that the main objective of the report was to highlight the anti-corruption policies and particularly place accountability by Anti-Corruption Commission (ACC) for failures or non-performance by the agencies in general. The report covers the period from April 2012 to April 2013 under five sections.

Section I of the Report provides an assessment of the ACC's general performance concerning the direction set for 2012, ACC's direction for 2013 and implementation of the parliamentary resolutions. It was reported that the Transparency International Corruption Perception Index, people's perception of the ACC's effectiveness, RAA's reports, and midterm review of the annual work plan and implementation of corruption risk management were some of the indicators of the ACC's performance.

Section 2 focuses on the Eleventh Five Year Plan, implementation of the Institutional Development Plan i.e. the Change Management Plan. This includes organizational restructuring and is expected to generate greater synergy between the three primary functions of public education, prevention and investigation with a focus on sectors, human resource planning, media strategy and development

of a tool that diagnoses the health of an agency called the Integrity Diagnostic Tool. It also included the delinking of ACC from the civil service, human resource management and development, collaboration with national and regional stakeholders and generous assistance provided by the development partners. For the first time it included diagnosis of its organizational integrity.

Section 3 assesses the performance of ACC in its efforts towards building an awakened citizenry, mainstreaming anti-corruption strategies and to deter acts of corruption, namely through (i) public education and advocacy, (ii) prevention including implementation of anti-corruption measures in various agencies, (iii) strengthening legal framework and (iv) effective investigation and complaints management. It presents the fraud and corruption triangle and systems approach to fight against corruption. It also includes the survey conducted on the impact of value education in schools and some results of the second National Integrity Assessment (NIA) survey. Under the investigation services elaborations were made on few cases on land, departmentally executed works and Constituency Development Grant as they involved larger issues of governance and resources. In future, the reporting will not be along functional services as presented now but will focus on performances along sector lines.

Section 4 highlights the challenge and risks of corruption in the recruitment and selection processes, which largely manifests in the form of nepotism and favoritism.

Section 5 highlights the political and electoral corruption and reiterates the need to take stock of the government's anti-corruption measures and integrity promotion systems and the urgent need to strengthen and enforce the existing systems. It was of paramount importance to develop a comprehensive and effective action plans with a clear hierarchical institutional arrangement to ensure its effective implementation and monitoring.

The four recommendations submitted by the Ethics and Credential Committee were as follow:

1. The established practice of the adoption of National Anti-Corruption Strategy (NACS) in the institutions should be continued.
2. The roles and responsibilities of different legal fraternities should be distinguished.
3. While it was permissible to conduct investigations of the corruption and related offences in public organizations, there were difficulties in carrying out investigations in the non-governmental organizations without the receipt of

prior complaint. It was recommended that investigations may be permitted as per the National Anti-Corruption Strategy to ascertain whether the funds and materials received in the name of a project under the non-governmental organization were being reasonably implemented.

4. ACC faces difficulty as it does not have full autonomy over the human resource administration and related issues. Thus, it was recommended that the House should elaborately deliberate on this issue and acknowledge it.

Deliberating on the Report, the Members submitted numerous opinions and raised concerns regarding the ACC's attempt to curb and eliminate corruption. Following extensive deliberation, the House based on the recommendations submitted by the Committee resolved as follows:

1. The established practice of the adoption of National Anti-Corruption Strategy (NACS) in the institutions should be continued annually. The Report submitted by the Committee of Secretaries to the ACC, should be reported clearly in the Annual Report by ACC.

2. The Legislative Committee of the National Assembly was directed to review and report on the inconveniences and difficulties between the legal fraternities regarding powers, responsibility, and jurisdiction.
3. On the issue of difficulties faced in carrying out investigations in the nongovernmental organizations prior to the receipt of a complaint, the Ethics and Credential Committee was directed to review all relevant legislations and regulations and report in the next session.
4. To address the constraints faced by ACC in not having full authority over their human resource administration and related issues to ensure that the ACC fulfills its responsibility and accountability effectively, the Legislative Committee was directed to review the Constitution and other related legislations and report on giving full autonomy in human resource administration.
5. Acknowledging the dangers of electoral related corruption, it becomes important to draw preventive measures. The Legislative Committee was directed to review the relevant Acts and rules and move the motion for amendment in case of corruptions and difficulties arising out of existing laws.

The National Assembly expressed its appreciation to ACC for its admirable growth over the past years and perseveringly endeavoring to create visible impact in strengthening the system of governance. The result of this endeavor was reflected in the second NIA survey conducted early this year which indicated that 62% of the respondents perceive ACC to be very effective. The deliberation on ACC's Report concluded on September 13, 2013.

(8th Day of the 8th Month of the Water Female Snake Year corresponding to September 13, 2013)

VII. MOTION TO AMEND TENANCY ACT 2004

The Minister for Works and Human Settlement moved the motion to amend the Tenancy Act 2004. The Minister said that the Act was enacted by the erstwhile National Assembly during the 82nd Session on 30th July 2004. Wherein, the Ministry of Works and Human Settlement was designated as the agency responsible for implementing the Act. However, it was uncertain what impeded the implementation of the Act which was left unimplemented till today. It was also not clear whether it was the absence of appropriate regulations under the Act that hampered its implementation. The motion therefore was moved with the aim of clearly delineating the rights and obligations of the owners and tenants.

While deliberating on the motion, Members submitted that the Act was enacted mainly to harmonize the relationship between the owners and the tenants. However, the Act had not been implemented firmly and resulted inconveniences in the urban areas. It was resolved that instead of hastening to amend the Act, the Act as a whole should be reviewed and amended comprehensively.

Similarly, some Members submitted that there was no need to amend the Act since the problem was only with the implementation. They said the rules and regulations should be made more stringent and in case of problems in implementing the Act, it should be discussed with the relevant Ministries, Department and agencies. The report on the shortcomings and recommendations should then be submitted to the winter session of the National Assembly to take necessary action.

The House directed the Ministry of Works and Human Settlement to consult with the relevant Departments and Agencies on the Tenancy Act 2004. The Ministry was also directed to consult with the public and collect their feedbacks and report the recommendations to the Second Session of Parliament. If there were no problems with the Act, the Rules and Regulations as provided under Section 4 (4) of the Act should be drafted and accordingly implemented. **(8th Day of the 8th Month of the Water Female Snake Year corresponding to September 13, 2013)**

VIII. MULTI-LATERAL INVESTMENT GUARANTEE AGENCY CONVENTION (MIGA)

The Finance Minister in his presentation to the House said MIGA was established in 1988 and it was one of the five agencies of the World Bank Group and Bhutan was a member of International Development Association (IDA) and the International Finance Corporation (IFC).

Bhutan has benefitted from IDC and IFC through its support in various sectors. It has also provided finances to investors in developing member countries and also makes direct investments on its own.

In order to encourage Foreign Direct Investment (FDI), Bhutan decided to apply for MIGA Membership. Thereafter, the Convention was signed, on behalf of the Government by the Permanent Representative to the UN in New York on 30th January 2013 as the 180th member country of MIGA.

Although National Assembly endorsed the convention during the 10th Session of the First Parliament, National Council could not endorse due to time constraint. The convention was again tabled for endorsement. All the Members present unanimously endorsed the convention.

The House resolved that since the conventions, treaties and protocols were deemed to be laws, its endorsement should follow the same procedure for passing laws. The Cabinet was also advised to consult the legal experts before signing any of the conventions, treaties and protocols.

IX. ANNUAL BUDGET REPORT 2013-14

The Finance Minister presented the Annual Budget Report for the Year 2013-14 to the National Assembly in line with Article 14 (8) of the Constitution of the Kingdom of Bhutan. He reported that the budget marks the start of the second democratically elected government's term and ushers in the first year of the 11th Five Year Plan (FYP). He said that the new government had the honour and privilege to serve the *Tsa-Wa-Sum* for the next five years. He informed that the budget for the Financial Year (FY) 2013-14 had been prepared in line with the draft 11th Plan and macro-fiscal projections for the medium term. The budget accords emphasis on growth stimulation, employment generation and addressing the Rupee shortage among others. The report was presented under eight different chapters as follows:

Overall Financial Position

The Finance Minister reported that the FY 2011-12 started with an approved outlay of Nu.37,923.257 million and estimated resources

of Nu.32,546.035 million. The fiscal deficit was Nu.5,377.222 million and the resource gap was Nu.5,327.436 million. At the end of the FY, the actual outcome was Nu.33,688.009 million against the total realized resources of Nu.32,646.355 million, resulting in a fiscal deficit of Nu.1,041.654 million and resource gap of Nu.2,048.801 million.

Past Macro Economic Performance

The House was informed that, as per the National Statistics Bureau (NSB), the real GDP growth for FY 2011-12 was 8.6%. The main driver of economic growth was the expansion of the electricity sector which accounted for 17.9% of GDP followed by construction sector with 13.5%. In terms of sectoral growth, the primary sector registered a growth of 1.7%, secondary sector (industry) at 7.3% and tertiary sector (service) at 11.8%. As per the *Labour Force Survey Report*, the unemployment rate in 2012 was estimated at 2.1% as compared to 3.1% in 2011. The youth unemployment was 7.3% in 2012 as compared to 9.2% in 2011.

Revised Budget Estimates for FY 2012-13

The Finance Minister submitted that the FY 2012-13 was the last year of the 10th FYP. It started with an estimated budget of Nu.38,044.196 million. The fiscal deficit was projected at 1.6% of GDP and the resource gap at 0.7% of GDP. During the year, the

budget was revised to Nu.43,781.222 million. There was a net increase of Nu.5,737.026 million, which was mostly due to incorporation of donor funded programs. With the above revisions, fiscal balance and resource gap as of June 30, 2013 was estimated at 0.9% and 0.2% of GDP respectively.

He informed the House that, as the Government consolidated fund position was negative most of the time during the year, Ministry of Finance (MOF) resorted to issuance of T-bills amounting to Nu.12.893 billion and availed overdraft from Royal Monetary Authority (RMA) and Bank of Bhutan (BoB). Interest expenses on account of overdraft amounted to Nu.147.62 million, the overdraft amount of Nu. 5.816 billion was carried forward.

Budget Estimates for the FY 2013-14

Presenting the Budget Estimates for the FY 2013-14, the Finance Minister said that, this Budget was of great significance because it is the first budget of the new Government. It was of paramount importance for laying down a sound foundation to achieve the hopes and aspirations of the people. Therefore, adequate budget have been allocated towards economic growth and basic infrastructures in line with the priorities of the 11th FYP.

In spite of the high level of economic growth, Bhutan still faced many challenges, such as, poverty, unemployment, rural-urban migration, narrow revenue base, widening current account deficit, Rupee shortage and liquidity crunch.

The House was informed that budget was provided for spillover works and important capital works such as rural water supply, schools, hospitals, improving the existing infrastructure, etc. which are ready for implementation. It will be revised as and when more resources are mobilized. In addition, he submitted that an annual grant of Nu.2.00 million for every Gewog was also allocated.

The total resource for the FY 2013-14 is estimated at Nu.29,982.834 million comprising of domestic revenue of Nu.21,860.885 million, and other external grants of Nu.8,109.513 million. The domestic revenue estimated at Nu.21,860.885 million is about 3.3% more than that of the previous year. Of the total revenue, Nu.15,324.769 million is on account of tax revenue and the balance of Nu.6,536.116 million is non-tax revenue. The tax revenue to GDP ratio is 13.5%.

While tax revenue is estimated to be at the same level of previous year, indirect tax is expected to be lower by 17.4% due to receipt of only one import year's claim for excise duty refund unlike the previous fiscal years where claims were received for two import years. The total external grant estimated is Nu.8,109.513 million which will cover about 48% of the capital expenditure. The estimated grant is based on 11th FYP requests made to Government of India (GoI) in the recent plan talks between the two countries.

The GoI has been the largest development partner from the very beginning of our development plans and in view of the special relationship maintained by our successive Monarchs, GoI has agreed for the continued support during the 11th FYP as well. As agreed during the last plan talks with regard to the funding modalities of the Project Tied Assistance (PTA) grant, RGoB will co-finance 10% of the total projects cost under PTA for new infrastructure projects, for which Nu.300 million has been budgeted. He also reported that the GoI has generously committed Rs. 45 billion for the 11th FYP.

The total expenditure outlay for the FY 2013-14 is estimated at Nu.34,215.836 million. Out of the total expenditure outlay, 56% constitutes recurrent expenditure and 49% is capital expenditure.

Out of the total expenditure outlay, the current expenditure for the FY 2013-14 is estimated at Nu.19,160.114 million which is an increase of about 5% from the FY 2012-13. Salary and wages account for 43% of the total recurrent expenditure and 36% of the total domestic revenue.

The capital expenditure is estimated at Nu.16,953.751 million which accounts for about 50% of the total outlay. Based on the resource envelope, the capital expenditure has been maintained at last year's approved budget level.

During the FY, lending to corporations is estimated at Nu.656.189 million, of which Nu.556.189 million will be lent to Bhutan Power Corporation (BPC) for rural electrification projects. The Government will provide the balance of Nu.100 million to National Housing Development Corporation Ltd. (NHDCL) as interest free loan for continuation of construction of low income housing in various Dzongkhags. The recoveries from on-lending to corporations is estimated at Nu.2,554.218 million of which 86.2% is from Tala and Kurichhu hydropower projects. Since on-lending is less than the recoveries, there is a negative net lending of Nu.1,898.029 million.

External loan disbursement (program and project-tied) during the FY 2013-14 is estimated at Nu.2,666.588 million out of which Nu.1,597.938 million is on account of project-tied borrowings. About 38% of the disbursement amounting to Nu.1,068.650 million is expected from Asian Development Bank (ADB) under Strengthening Economic Management Program and SASEC Trade Facilitation Program.

If the programs and activities are implemented as planned and budgeted during the FY, then the resource gap of Nu.4,324.516 million will have to be mobilized from the domestic market. In order to finance infrastructure works such as housing projects, possibilities of issuing government bonds will be considered. To ensure that private sector credit is not crowded out, internal borrowing by the Government will be kept minimal.

Sector allocations

For the FY 2013-14, total budget outlay for various sectors is estimated at Nu. 39,528.156 million. Of the total sector allocations, Nu. 19,160.114 million was budgeted for current expenditure and Nu. 20,368.042 million for capital expenditure.

Likewise, the total budget outlay for Legislative, Judiciary and Constitutional offices was estimated at Nu. 1,011.968 million out of which Nu. 596.567 million account the total current expenditure and Nu. 415.401 million account the total capital expenditure. The macro economic outlook in the medium term, report on state-owned enterprises and companies with government shareholdings, report on the Royal Monetary Authority and the National Pension and Provident Fund & the report on Trust Funds were also presented in detail to the House. It was added that further extensive detail on the budget was stipulated in the budget booklet which was distributed to the House in both Dzongkha and English versions.

In conclusion the Finance Minister said that, the Budget for Financial Year 2013-14 was formulated bearing in mind the requirements of the various agencies and expressed hope that the budgeted programmes and activities would be successfully completed within the fiscal year. He offered prayers for long life and good health of His Majesty the Druk Gyalpo and Members of the Royal Family. He prayed that the guardian deities of the glorious Palden Drukpa forever protect the nation and people for peace, prosperity and happiness.

The Hon Members led by the Hon Opposition Leader raised queries and concerns during the deliberation on the Report. Members submitted concerns regarding the reduction in budget of the Election Commission from the proposed budget of Nu. 383.079 million to Nu. 40.248 million as compared against the budget hike of the Anti-Corruption Commission which they felt was unfair. Elucidation was also sought on the budget for the FY 2013-14 being less by Nu. 4 billion as compared to the budget for the FY 2012-13.

Likewise, it was asked to elucidate on the various development and other activities that will be authorized under the Economic Stimulus Plan (ESP) for which Nu. 5 billion has been committed. Members pointed out that the indicated increase in debt stock contradicted with the Government's pledges and that the salary increase for the civil servants was not reflected in the budget of the current financial year. Members requested the Government to heighten its efforts in tourism related development activities since tourism sector contribute substantially to our national revenue and were a major means to foreign currency earnings. Submission was also made on the non-inclusion of budget for the procurement of utility vehicles for the Drangpons of the Royal Court of Justice. The need to allocate budget for the construction of rural farm roads outside the overall budget allocated for the Gewogs was also pointed out.

Members submitted that it was imperative to put in place proper rules and regulations and guidelines towards the successful utilization of the annual grant of Nu. 2 million committed to every Gewog. Members also sought correction in the English version of the budget report wherein the allocation of the total expenditure outlay in percentage was reflected as 59% recurrent expenditure and 46% capital expenditure. Concerns were raised on the adequacy of the Nu. 70 million budget allotted to farm machineries, industries, Thromdes and whether budget were also allocated for Local Area Plans (LAPs) in Jungshina, Belpina and Samteling under Thimphu Thromde. Further clarifications were sought on Druk Holdings & Investments (DHI) and DHI owned companies, assets, taxations and on the status of the budget for the economic development of the country in the ensuing years.

The increase in the current budget for the FY by 5% contradicted with the move by the Government to minimize expenditure and whether the budget provided was adequate to improve the existing farm roads and construct new ones. The non-inclusion of budget for farm roads indicated there may not be any new farm road construction in the current FY and that there was no budget reflected for black-topping of farm road in any of the Gewogs up-till the Gewog Centre although it was mentioned in the pledges. Further, it was submitted that new Thromdes were to be established

as per the pledges made by the Government, however, no budget provision was made for such establishments.

Since the construction of offices for Ministry of Foreign Affairs was more pertinent than that of Ministry of Finance, it was submitted that the budget may be re-allocated. Although it was pledged by the Government to grant unemployment allowance, specific budget for the same was not reflected. Members put forth to look into whether it was fair to allocate budget only to Public Accounts Committee and not to other Standing Committees. Concerns were expressed on the increased DHI's expenditure and sought detailed elucidations on its expenditures.

It was imperative that the Government should restrain from providing subsidy to Bhutan Post and further reminded that the Ministry of Finance and Bhutan Post to collectively discuss the matter and ensure that henceforth such inclusion was not made in the report. Members also felt that the Budget Report was made available to them a little late.

Responding to the submission, it was explained that the Budget Report distribution to the Hon Members was based on the earlier practice where it was only distributed prior to the Budget Presentation to the House. This was in line with the past practices shared by the experienced Members of the Opposition during the preliminary Agenda discussion held on August 27, 2013. The House further noted that deliberations will continue on the concerns and queries put forth by the Members and directed the

Finance Minister to furnish response and clarifications. The day one deliberation on the Budget Report for the FY 2013-14 concluded on September 17, 2013 corresponding to the 13th Day of the 8th Month of Water Snake Year.

During the continuation of deliberation on September 18, 2013 on the Budget Report for the FY 2013-14, the Finance Minister on behalf of the Government responded to the concerns and questions raised during the previous day as follows:-

Although the Election Commission had proposed Nu. 200 million and Nu. 77 million in the current FY for the construction of election offices in the Dzongkhags and in the Head Office respectively, it was excluded from the current FY budget since the initial works for carrying out the aforementioned construction activities were not completed. However, it was submitted that Nu. 20 million has been released in the saving account of the Election Commission to conduct bye-election. Likewise, the observed increase in the budget of Anti Corruption Commission was due to the inclusion of Swiss funded Nu. 59 million spill-over activities of the Commission which got extended by one year. Hence, the budget appropriation was a fair case of budget reflection for spill-over works.

It was explained that the present Government has not made any borrowings and that increase indicated in debt stock in the budget

of the current FY was solely due to the continuation of spill over works on the planned activities of the previous Government. With regard to the decrease in the overall budget outlay by Nu. 4 billion as compared to the past year's budget, it was submitted that there was no mistake with the figures and that such downward fluctuations of the budget in the first year of implementing the Five Year Plan was normal. It was informed to the House that recurrent expenditure outlay for the current FY was estimated at Nu. 19 billion and capital expenditure at Nu. 17 billion as against the previous year's recurrent expenditure estimates of Nu. 18 billion and capital expenditure of Nu. 16 billion. It was added that the estimates may be subject to revision during the actual implementation of the activities.

Although it was reported that the erstwhile Government had constructed farm roads in all the 205 Gewogs, it was submitted that on factual assessments of such reports, it was found that there were still Gewogs that not only needed to be connected but existing farmroads were not pliable and required major repairs. Concerning the minimal difference in the budget figures of Tenth FYP from that of Eleventh FYP, it was submitted that the close comparison may have been derived at as the total budget outlay for recurrent expenditure and maintenance costs in the current FY was not increased from that of the previous FY 2012-13.

Keeping in view that the Public Accounts Committee (PAC) is an important Joint Parliamentary Standing Committee comprising of Members from both the Houses, a separate budget was approved for PAC by the previous Parliament. However, with regard to allocation of budget to other standing committees, it was imperative to consider its necessity and also whether there were proposals for separate budget from these other committees. While allocating Budget for the Dzongkhags and Gewogs, it was a fair distribution since it was primarily based 35% on population, 45% on poverty, 10% on topography and 10% on rural access. In keeping with the Government's pledge to pursue Wangtse Chhirpel, the annual grant of Nu. 2 million to every Gewog has been authorized to be judiciously used in areas where additional funds were required. Also, it was submitted that the rules and regulation governing the utilization of the grant was currently being drafted.

Since the growth of industries was dependent on development of economic zones, four Special Economic Zones (SEZs) has been identified to be developed during the Eleventh FYP. These four SEZs are at Bongdema in Mongar (110 acres), Motanga in Samdrup Jongkhar (145 acres), Jigmeling in Sarpang (735 acres) and Damdum in Samtse (175 acres). The SEZs in Motanga and Jigmeling will be initiated in the FY 2013-14 for which Nu. 70 million has been allocated to develop ancillary facilities for these

SEZs. Further, it was submitted that along with the establishment of towns for the greater benefit of the people, it was imperative to carry out detailed feasibility study of the areas for its long-term sustainability which in turn demands a substantial period of time. However, in order to establish towns in all the twenty Dzongkhags in accordance with the Constitution of the Kingdom of Bhutan, four towns have been identified in the Eleventh FYP namely in Kanglung, Nganglam, Bumthang and Paro for which the plans are being prepared that would enable their establishment soon after the review of Local Government Act and other relevant legislations.

It was submitted that although subsidy was continued to Bhutan Post mainly for the purpose of postal services to the general public and for transportation, the relevant Ministry would review the provision. It was also reported that, efforts were underway for the proposal to set up the provision of lunch for senior citizens in and around the vicinity of Lhakhangs, Goendeys and hospitals. As regards provision of unemployment allowances, proposal was being formulated towards seeking funds from the 5 billion budget under the Economic Stimulus Plan (ESP). Similarly, it was clarified to the House that salary increase and housing allowances for civil servants would be automatically updated into the current budget subsequent to setting up of the Pay Commission and after having incorporated its recommendations. The budget for the construction of offices for the Finance Ministry has been

incorporated in the Eleventh FYP since the preparatory works for the construction project was completed and ready to be implemented. Furthermore, it was submitted that adequate funds have also been allocated for reconstruction and renovation of Dzongs.

The Bartsam-Shongphu Member submitted that the various aspects of the budget were not in consonance with the background against which the budget was prepared which was primarily based on economic development, unemployment problem and Rupee shortage, as was presented during the introduction of the budget. He said that the previous year recorded a high economic growth of more than 8% which had entailed high pressure on the demand for Rupees. Therefore, he urged on the need to put a cap on the demands rather than according high priority for the economic stimulus. Further, the allocation of budget for Ministry of Labour and Human Resources was not appropriate with substantial budget cut by 21% as compared to its previous year, besides, the varied approaches to address the issue of Rupee shortages was not mentioned clearly in the report. He added that should the Government seek to finance the heightened resource gap estimates of Nu. 4.325 billion (as compared to its previous year's estimates of Nu. 0.211 billion) through internal borrowings, it would have immense pressure on the Rupee reserves. Although agriculture sector had immense potential to ease the problem of Rupee

shortages, the sector was allocated a budget that is 9% less of the total budget allocated in the previous year. He pointed out that although the Government has repeatedly raised the concerns on mounting debts, there was no new deviations whatsoever from the previous Government's debt policies. Referring to the decrease in sectoral allocation of budget for the Local Governments from the previous year's 27% to 25% in the current FY, he reminded that such cuts were not in alignment with the Government's policy to pursue Wangtse Chhirpel.

Clarifications were sought on resource gap of more than Nu. 4 billion and on budget allocation to agriculture sector by less than 9% in the current FY as compared to the previous year. It was also raised that adequate funds were not at disposal although there were lots of preparatory works to be carried out towards the successful implementation of the Eleventh FYP. Also, there was the need to allocate adequate budget to promote women participation in the electoral processes. Furthermore, the House felt that priority should be accorded for the construction of Sipsoo-Jomotsangkha national highway including the provision of budget for the construction of Lunana farm road. It was also recommended that a separate budget provisions be included for other Standing Committees. Members submitted their inability to comprehend on the increasing debt stock estimates in the ensuing years as reflected in the report when it was widely informed that the previous Government had made exorbitant debts.

It was mentioned that substantial amount of budget has been allocated to Local Governments which was one of the many initiatives in pursuit of Wangtse Chhirpel as pledged by the Government. However, Members felt that the pledge and the allotted budget did not match since the budget of Nu. 1,171 million allocated to Local Governments in the current FY was only 3.4%. It was submitted that priority while allocating budget for the farm roads, may be given to those Gewogs not connected with farm roads and as per development status of the Gewogs. Also, it was imperative to segregate the budget of the farm roads from the overall budget of the Gewog.

Further responding to the queries, the Government in its elucidations submitted that the Finance Ministry while preparing the budget permits resource gap up to 5% and that it would only pose problems if it exceeded beyond that mark. It was also informed that agriculture sector and related sectors were allocated adequate budget.

It was submitted that the Government shall make timely accomplishments of all its pledges as per the funds mobilized for the Eleventh FYP. It was also submitted that a budget of Nu. 199 million has been allocated for women and gender related programmes. It was also mentioned that an account deficit of more than Nu. 40 billion in FY 2011-12 on account of borrowings other than hydropower loans was projected to be further brought down to

Nu. 33 billion. Hence, as reflected in the accounts statements, it was imperative for Hon Members to look into the figures separately.

With regard to the need for additional budget for other Standing Committees, the House resolved that such expenses shall be met from the Nu. 1.4 million reflected under the National Assembly Secretariat as only eight months remains for the current FY to complete. However, the House directed that the Finance Minister should allocate supplementary budget in the event of inadequacy.

Pertaining to submissions on the importance of a separate budgetary provisions for women and children, the House vested the authority to Finance Ministry to decide whether to allocate budget under a separate project or allocate 10% or 5% from the current plans. Since it was imperative to put in mechanisms to address such issues pertaining to women and children, the House directed the Finance Minister and the Finance Ministry to submit its recommendations to the Cabinet preferably recommending allocation of budget under a separate project.

The House noted that it was imperative for the Cabinet to recognize the capabilities of the Dzongkhags and thereon formulate strong procedures while allocating budget for the Local Governments. The House also noted that henceforth, it was highly imperative for the Government to bear in mind the present and future wellbeing of the

nation while undertaking borrowings towards carrying out the planned developmental activities in the greater good of the nation and its people.

Concerning the salary increase for civil servants, the House directed the Government to set up the Pay Commission as soon as possible and submit a report on its recommendations thereof in the Second Session. The House noted that although there was always the concern of domestic revenue being inadequate to meet recurrent expenditure, the present report that domestic revenue, besides covering the recurrent expenditure, projected to finance at least 20% of capital expenditure was a matter of great confidence and satisfaction for the entire Bhutanese people. As per the report, the domestic revenue in the current FY is projected at Nu. 21,860.885 millions. The House therefore, expressed profound appreciation to both the previous Government and the present Government for their tireless efforts in anchoring to this present success. The House expressed hope and prayers for the success and complete implementation of the planned activities. The House also expressed sincere appreciation to the Finance Minister and Finance Ministry for their hard work in preparing and presenting the National Budget for the FY 2013-14. The deliberations on the National Budget concluded on the 14th Day of the 8th Month of Water Snake Year corresponding to 18th September, 2013.

9.1 Budget Appropriation Bill for the Financial Year 2013-14

It was submitted that the total resources for the FY 2013-14 is estimated at Nu. 29,982 million comprising of domestic revenue of Nu. 21,860 million, and other external grants of Nu. 8,109 million. The total expenditure outlay for the current FY is estimated at Nu. 36,113 million constituting of current expenditure estimates of Nu. 19,160 million and capital expenditure estimates of Nu. 16,953 million.

During the FY, net lending is estimated at Nu. 2,554 million and the overall fiscal balance is estimated at Nu. 4,233 million which is equivalent to 3.4% of domestic revenue. The external borrowing is estimated at Nu. 2,666 million.

The total principal payment is estimated to be Nu. 2,758 million and the resource gap is estimated at Nu. 4,324 million which will be mobilized through issuance of Treasury bills. It was imperative to execute the developmental activities of the current FY at the earliest possible since more than two months of the first fiscal year of the Eleventh FYP had lapsed thus the Finance Minister moved the motion for the adoption of Budget Appropriation Bill.

The House acknowledged that the Bill shall be deliberated based on the majority. During the deliberation, Members submitted that, while appropriating the Budget, priority should be accorded to less developed and remote Gewogs. In order to better understand the

procedures involved in the appropriation of budget, Members asked for a few examples on how budget appropriations were being made. On this, the House acknowledged that under the initiative of the Finance Minister, the Finance Ministry and GNHC shall collectively formulate few examples of the processes involved in the budget appropriations and thereby submit it to the Hon Members.

As submitted by the Finance Minister, the House approved the total budget for the current FY of Nu. 39,528.156 million consisting of current expenditure of Nu. 19,160.114 million and capital expenditure of Nu. 20,368.042 million, thereby adopting the Budget Appropriation Bill on the 14th Day of the 8th Month of the Water Snake Year corresponding to September 18, 2013.

9.2. Supplementary Budget Appropriation Bill for the Financial Year 2012-13

The Finance Minister submitted that the budget for the FY 2012-13 was estimated at Nu. 38,044 million which was further revised to Nu. 43,781 million with a net increase of Nu. 5,737 million.

During the year, the budget estimates was revised to Nu. 37,648 million from the original estimates of Nu. 31,891 million. The revised revenue was estimated at Nu. 21,183 million. The internal grants by the Royal Government was revised to Nu. 10,970 million and external grants estimates was revised at Nu. 15,788 million.

It was submitted that the revised budget estimates increased to Nu. 43,781 million which was mostly due to incorporation of donor funded programs. As the revised budget estimates has to be approved by the House as per the Constitution of the Kingdom of Bhutan and the Public Finance Act, the Finance Minister therefore, moved the motion on the Supplementary Budget Appropriation Bill for FY 2012-13 for kind consideration by the House.

The House deliberated on the Bill after a majority show of hands in favor of its deliberation. A Member raised concerns on the system and appropriateness of the supplementary budget 2012-13 being approved by the current Government when the budget had implemented by the previous Government. Subsequently, the House directed the Government and relevant finance agencies to formulate clear and concrete system on lending since the budget report reflects unrecovered lending of Nu. 414 million. The report also highlights unrecovered lending of Nu. 555 million in one year which is a matter of concern to the general public. The House therefore, directed the Finance Ministry to undertake concerted efforts and initiate appropriate measures towards ensuring that henceforth such perturbing cases were not repeated.

Subsequent to extensive deliberation on the Bill, the House approved the total revised supplementary budget of Nu. 43,781.222 million from its initial budget of Nu. 38,044.196 million with the

net increase of Nu. 5,737.026 million. The appropriation rationalized through downward revision are for a sum not exceeding Nu. 1470.539 million. The House adopted the Supplementary Budget Appropriation Bill for FY 2012-13 on September 18 , 2013.

(14th Day of the 8th Month of the Water Snake Year corresponding to September 18 , 2013)

X. AVOIDANCE OF DOUBLE TAXATION AGREEMENT BETWEEN THE ROYAL GOVERNMENT OF BHUTAN AND THE GOVERNMENT OF REPUBLIC OF INDIA

The Finance Minister informed the House that the Double Tax Avoidance Agreement was the first bilateral tax treaty and it will remove the incidences of double taxation that exist currently, thereby encouraging cross border trade and investment.

The convention once ratified will ensure trust and confidence to both the investors from India and to the domestic tax payers. The agreement will also mitigate tax evasion through exchange of information on taxes between the tax officials.

Before signing the Double Tax Avoidance Agreement, series of negotiations were held. The agreement was then signed on 4th March 2013 by the then Finance Minister Wangdi Norbu and Indian Finance Minister P. Chidambaram.

Article 10 (25) of the Constitution of the Kingdom of Bhutan requires all conventions duly acceded by the government shall be deemed to be the law of the Kingdom of the ratification by the Parliament and thus the agreement was unanimously endorsed by the House on 19th September 2013.

(15th Day of the 8th Month of the Water Female Snake Year corresponding to September 19, 2013)

XI. RIGHT TO INFORMATION BILL OF BHUTAN 2013

The Minister for Information and Communication, Member In-charge of the Right to Information Bill of Bhutan 2013 presented the Bill for the first reading. The Bill was adopted for discussion with the majority show of hands.

During the Second Reading, the Member In-charge, presented the background and objectives of the Bill. He submitted that the bill was drafted in pursuant to Article 7(3) of the Constitution of the Kingdom of Bhutan which states that “A Bhutanese citizen shall have the right to information”. The Bill was drafted in 2006 following which consultations were held with the relevant Ministries, Departments, and Agencies including several joint meetings for the purpose of collecting public opinion. In addition, discussions were also held with the foreign experts and further, the Bill was also uploaded on the website for feedback from the

people. Subsequently, the Bill was elaborately deliberated in the 6th session of the cabinet held on 3rd September 2013.

The Bill aims to reinforce and empower the right of a citizen to public information as enshrined in the Constitution with a view to foster citizen participation in governance, promoting government accountability, combating corruption, supporting fair and competitive business environment and upholding personal dignity.

It was not only the right of the people to information but also the fundamental duty of every person to utilize information to uphold the independence and sovereignty of the nation. It was important therefore to review the Bill diligently.

Members submitted that the Right to Information Bill of Bhutan 2013 would provide people access to needful information as enshrined in the Constitution. Moreover, in a parliamentary democracy, it will not only assign responsibility and accountability to the government but will also promote efficient transparent working conditions. It would also inhibit corruption and enhance good governance. However reservations and concerns were raised whether the Act would foster higher degree of responsibility and accountability in providing services to the people by government ministries and departments. It was therefore submitted that the Act

be deliberated after prior consultation with relevant departments, agencies and the people.

Other Members reiterated that the right to information was a fundamental right bestowed upon the people by the Constitution and that democracy cannot be strengthened if this right was not given to the people. Further, no one has the authority to deprive the people from their rights merely for the reasons that this Act shall cause inconveniences to the working of the government. For this very reason, the need for this Act was important and the Bill must be properly reviewed and endorsed.

The House directed the Legislative Committee to take note of the submissions made by the Members while reviewing the Bill and thereby concluded the First and Second Reading of the Bill on 19th September 2013.

On 24th September 2013, during the Third Reading of the Bill, the Chairperson of the Legislative Committee in his report submitted that the Committee could not review the Bill because it was observed during the deliberation of the Bill that it was important to hold consultations on the Bill with relevant Ministries, Department, agencies, local governments, the media and the public. He also pointed out that a majority of the Members during the first and

Second Reading of the Bill submitted the need to consult with agencies and stakeholder.

The Committee presented the findings of their review discussion on the Bill under the following five observations:

1. The Bill deals with an important fundamental right bestowed by the Constitution to the people. There was a risk that the provisions of the Constitutions may not be adequately addressed therefore proper research and expert opinions are not obtained for a thorough review.
2. There is a clause in the Bill that appeals shall be made to the Ministry of Information and Communications in case of inconveniences at the *Gewog* and *Chiwog* levels, appeal lies with the Ministry. The Ministry of Information and Communications is also the designated implementing agency and if appellate jurisdiction lies with it then issues of conflict of interest would arise. Thus, there is a need to review these issues for which time is required.
3. While deliberating the bill, adequate time was required to review whether clauses of the Bill is consistent with the existing Acts. The Ministry of Information and Communications has also requested for adequate time to hold necessary consultations.
4. There is a need for proper research and discussions on the denial provisions in chapter 3 and exempt official information provisions in chapter 5 of the Bill, to avoid

inconveniences to persons disclosing information and to persons seeking information. Thus, time was sought for reviewing the Bill.

5. As per law, the authoritative text is the Dzongkha text. It was seen that there are a lot of inconsistencies between the Dzongkha and the English text in the Draft Bill and requires proper rectifications.

In view of the above-mentioned 5 points and other inconvenience, leave was sought by the committee to table the bill for Third Reading in the Second Session. This would be done after proper research and review following consultations with the concerned ministries, agencies, local governments, non-governmental organizations and the general public keeping with the principle of decentralization.

The Members were also requested to compile the comments and feedbacks received on the Bill from the people of their constituency and submit to the Legislative Committee. This information would enable enactment of an Act for the welfare of the people of Bhutan which would further strengthen good governance in the country, curb corruption, alleviate poverty and instill transparency and accountability in democracy. Moreover, it would also facilitate the ministries, agencies, non-governmental organizations and media

organizations to provide services with proper check and balance. The support of the House was therefore sought to the submission made by the Legislative Committee and a motion was moved to table the third reading of the Right to Information Bill of Bhutan 2013 in the Second Session.

During the deliberation, the Members reiterated that the Bill was an important fundamental right of the people enshrined in the Constitution and it was vital that the people are consulted from the drafting stage of the Bill. It was also opined that while drafting Bills foreign laws should not be copied, it should rather be based on our nation's culture, tradition and context. It was also raised that since civil servants were important for good governance. It was imperative to review the pros and cons of Bill on how it may impact the service delivery of the civil servants in particular and on the peace and tranquility of the nation in general.

Following an extensive deliberation, the House resolved as follows:

1. The Bill was endorsed as important since it was in accordance with the Constitution which states that, "A Bhutanese citizen shall have the right to information".
2. It was resolved that the Right to Information Bill of Bhutan 2013 shall be tabled for the Third Reading in the Second Session of the Second Parliament.

3. The Members were directed to create awareness to the people on the Right to Information Bill during their constituency visit and the opinions of the people to be submitted to the Legislative Committee.
4. It was also acknowledged that while seeking views on the Bill, it was important that the discussions should not be confined to the legal experts in the country but should also extend to foreign experts.
5. It was resolved that while reviewing the Bill, proper attention must be paid to check for consistency with other legislations and review for consistency with the nation's context and cultural tradition.

(20th Day of the 8th Month of the Water Female Snake Year corresponding to September 24, 2013)

XII. REPORT ON THE 11TH FIVE YEAR PLAN

Presenting the the 11th Five Year Plan, the Minister for Finance reported that the 11th Plan has been formulated based on the developmental philosophy of Gross National Happiness. It was reported that the present government has reviewed and amended the projects and programmes for the 11th Plan to deliver balanced economic development to all the Bhutanese people through devolution of power.

It was reported that the government's immediate goal was to solve the issues of poverty, rupee crunch and youth unemployment. Moreover, the government was also emphasizing on managing the debt of the country in a sustainable manner. Towards this, it was imperative to restore and strengthen the economy. It was further reported that attaining quality education and health services and mitigating corruption are major challenges.

The 11th Plan was formulated in consultation with relevant ministries, agencies, local government, private sector and NGOs based on the provisions of Vision 2020 and the 2010 Report of the Gross National Happiness Commission. Thus, it was reported that hereafter, it was imperative for the government to function according to these goals and provisions.

The two primary goals of the 11th Plan are:

1. Enhancement of economy with minimum impact on natural environment and
2. Emphasis on making Bhutan a Self Reliant country by 2020.

It was reported that in order to achieve the above mentioned goals within 2018, 16 National Key Result Areas (NKRA) were identified based on the four pillars of GNH as below:

First Pillar: Sustainable and equitable Socio-Economic Development

1. To achieve a sustainable economic development, the annual GDP growth rate was targeted at 10% while the target for the 11th Plan was for domestic revenue to finance 85% of the total expenditure by 2017-2018.
2. Poverty reduction will be addressed not just in terms of income but through a multidimensional basis. Encompassing health, education and living standards will be used to reduce poverty as a holistic approach setting uniformity with other developing countries.
3. Agricultural production will be enhanced alleviating food self sufficiency to to 75%.
4. The current unemployment problem in the country will be reviewed in order to address the issue.

Second Pillar: Preservation & Promotion of Culture

1. Strengthening our national identity and enhance community cohesion and harmony.

2. Promote income from indigenous crafts in rural areas.
Enhance indigenous skills of the people.

Third Pillar: Conservation of Natural Environment

1. Implement developmental activities with minimum impact on the natural environment and mitigate possibilities of natural disasters.
2. Sustainable utilization and management of natural resources like land, water, trees herbs and minerals.
3. Address the shortage of drinking and irrigation water both in rural and urban areas and institute proper management of water sources in the country.
4. Emphasize measures to deal with natural disasters.

Fourth Pillar: Good Governance

1. Delivering quality services to the people and civil service would be improved to make it more attractive to serve the people with clear accountability.
2. Strengthening the foundation of democracy and good governance through devolution of power.
3. Creating a gender friendly environment for women's participation.

4. Government will render full support in the effort to eradicate corruption from the country.
5. Society will be made safe by reducing the crime rate.
6. Address the needs of vulnerable people like senior citizens, youth and physically challenged people. Plans were already formulated to provide special support.

Three means to achieve the 16 National Key Result Areas (NKRA) as developed under the purview of Gross National Happiness were:

1. Balanced regional development
2. Formulate special economic Plans to enable government's assistance to potential economic sectors besides hydroelectricity.
3. Socio-economic development enhanced through expansion of existing fundamental infrastructure as well as through identification of new areas for infrastructural development.

Balanced regional development

1. While balanced regional development will be emphasized, government will continue to formulate special economic Plans for poverty stricken places.

2. Initiatives will be put in place to resettle people facing problems with drinking water, electricity and road in consultation with Office of the Gyalpoi Zimpon.
3. Local government will be given financial authority and required facilities to enhance its capacity.
4. Special programs will be in place to assist vulnerable groups like senior citizens, women and children and physically challenged people.
5. Emphasis will be on quality education and health services. Special programs and services related to health and education will be introduced in Dzongkhags in the effort for a balanced regional development.

Assistance to potential economic sectors for enhanced development

1. The government will pump in Nu. 4 billion into the financial institutions to facilitate loans.
2. Employment opportunities will be created by the government in consultation with relevant agencies and the private sector. The government through consultation will increase its revenue while it will also look into maximizing profits for the private sector through consultations. Moreover, a special economic Plan will be formulated by

providing human resource and financial assistance to five potential sectors.

3. The opportunity of the contractors to participate in hydro electric projects will be enhanced. The government will also enhance business opportunities for the people in the locality by encouraging hire of their infrastructure facilities services by the agencies involved in the hydro electric projects.
4. Enhancing laws and system based on science and dependence on businesses infrastructure and services will be emphasized.

Priorities for fundamental infrastructure in Socio-Economic Development

1. Regional development hubs will be established at Kanglung in Trashigang and Nganglam in Pemagatshel. Emphasis will also be made to develop Thromdes in Dzongkhags.
2. National highways and new roads will be constructed connecting hydro power projects besides enhancement of air transport.
3. Emphasis will be put in to provide quality internet connection and construction services across the country.

Works to produce 10,000 megawatt of electricity and rural electrification will be continued.

4. Two dry ports would be set up along with establishment of industrial towns at Bongdema in Mongar, Damdum in Samtse, Motanga in Samdrup Jongkhar and Jigmiling in Sarpang Dzongkhag.
5. Priorities will be given to enhance the quality of schools and a Centenary College of Education will be established at Yongphula in Trashigang. Further, besides Plans to construct new hospitals in Gelephug, Samtse, Thimphu and Dewathang, construction of Dzongs at Wangduephodrang, Trashigang, Sarpang and Pemagatshel have also been prioritized.

To achieve the aforementioned means to key result areas, it was reported that the fund committed by the government of India for the 11th Plan will be allocated for Planned activities, addressing rupee and debt issues and on other important areas of economy as follow :-

1. Current expenditure will be covered from domestic revenue.

2. Fund for important capital works will be met from domestic revenues and grants or from highly concessional loans from regional and international financial institutions.
3. Capital works such as conference halls and infrastructure in industrial areas implemented through Public Private Partnerships.
4. Lendings will be kept below prudent level of 3% of GDP.

Fiscal Projection for the 11th Plan

In the 11th Plan, Nu.198,455.04 million is estimated to be generated through total revenue which was 32% higher than the 10th Plan. Similarly, a total of over Nu.139,816.36 million will be met from domestic revenue while Nu.58,638.70 million from external grants.

It was reported that the government of India had committed Nu.45 billion during the recent visit of the Hon Prime Minister of Bhutan to India. Fiscal projection for the 11th Plan was estimated at Nu. 214 billion which was an increase of 40% from the 10th Plan out of which Nu. 121,291.491million was projected for current expenditure and Nu.92,000.00 million was projected for capital expenditure. Furthermore, Nu.675.2 million was to be sought through loans by the government.

It was reported that the Fiscal deficit of Nu. 15,511.65 million, 2.5% of GDP was projected. The fiscal deficit will be covered through borrowings of Nu. 16,220.30 million from international and regional financial institutions. These borrowings were highly concessional with repayment period ranging from 16 to 30 years; grace period of 5 to 10 years with interest rate below 2 percent per annum.

The Members of parliament were reminded that revenue from Punatsangchu and Mangdechu hydro projects would be generated only towards the end of the 11th Plan. Therefore, it was reported that if the hydro electric projects were not completed on time, it would affect the budget for the 11th Plan.

Current and Capital Expenditure for the 11th Plan

The Current expenditure for the 11th Plan is projected to increase by 63 % compared to the 10th Plan. The current expenditure mainly involves personal emoluments to civil servants, elected parliament Members and local government officials, management and maintenance of basic infrastructure.

National Debt in the 11th Plan

The total debt at the end of the 10th Plan was reported to be Nu. 110,505.00 million, 66 % of which is due to Hydro Power projects. As reported, the national debt is projected to increase to Nu. 259,290.47 million of which 80% is due to Hydropower. As per international norms debt service is considered at risk if debt is higher than 20 % of total exports of a country. However, the total national debt is calculated at 17 % of the nation's export, therefore it was reported that debt repayment is not a problem.

Budget Allocation in the 11th Plan

It was reported that, out of the total capital outlay of Nu. 92 billion, the center, local government and Thromdeys were allocated Nu. 67 billion, Nu. 20 billion and Nu. 5 billion respectively. Of the total budget of 67 billion allocated to the Center, greater part of the budget is allocated for development projects in the health and education. Of the total budget of Nu. 20 billion allocated to the Local Government, 15 billion is to be allocated to Dzongkhags. It was reported that the allocation of budget would be based on the population, poverty rate, basic infrastructure and transportation rate of each Dzongkhags.

The balance of Nu. 5 billion of the total of 20 billion allocated to the Local Government has been earmarked for the provision of important common facilities to the local government such as utility vehicles. The distribution of budget between the Dzongkhags and Gewogs will be based on the fundamental infrastructure.

Monitoring of 11th Plan.

It was reported that in order to facilitate and monitor the implementation and achievements of the 11th Plan, the Gross National Happiness Commission and the Ministry of Finance have developed an integrated Planning and monitoring system. The system would make it possible to monitor both physical and financial progress of programmes and projects online.

The full details of the 11th Plan are reported in the Eleventh Five Year Plan (2013-18) Report distributed to the House.

Conclusion

The Finance Minister in his concluding remark, expressed his deep gratitude to His Majesty the King and the Fourth King for the wise guidance, Gross National Happiness Commission and the Ministry of Finance in formulating the 11th Plan.

He offered his prayers for the successful completion of the Plans and priorities of the 11th Plan with the blessings of the guardian deities, prayers of the religious bodies and the wise and visionary leadership of their Majesties the Kings.

He said that the Finance Ministry on behalf of the Government of Bhutan would like to express their appreciation to all the development partners for their continued support and especially to our closet neighbor and friend, the government and the people of India for their full support to the 11th Plan.

During the deliberation of the 11th Plan many Members raised their concerns and doubts considering that the Plan was an important Plan for the development of the people and the country. Some of the concerns raised were on the national debt of the country projected to increase to Nu. 259 billion in 2017-18 in the 11th Plan from Nu. 33 billion in 2008 and Nu. 110 billion in the current period. The House felt that a debt ceiling needs to be established based on the total income of the country. Therefore, it was submitted that the Ministry of Finance in consultation with the Royal Monetary Authority and Royal Audit Authority should conduct a thorough research and fix a debt ceiling for the country and submit a report in the next session.

It was pointed out that the 11th Plan Report was very brief unlike in the past where there used to be two volumes of the report. The report lacked details on poverty reduction and domestic revenue. Members questioned whether the Royal Monetary Authority was consulted during the preparation of the draft 11th Plan. Members proposed that the recommendations on the Plans and projects in the 11th Plan be incorporated and adopted in Second Session.

While clarifying the doubts and questions raised by the Members, the Finance Minister said that, the Cabinet Ministers had discussed setting a debt ceiling. During the discussion it was found that the debt of the country was attributed mainly to hydro projects and it would be impractical to set a debt ceiling. However, he said that as it was possible to set a debt ceiling for debt not related to hydro power, discussions would be held and a ceiling would be fixed.

The Finance Minister also clarified that the 11th Plan Report was reported to the House as practiced in the past. He said that the brief 10th Plan was reported, deliberated and endorsed by the House five years ago. The Finance Minister informed the House that a detailed report would be made available in October this year in three volumes.

He also informed that the details on poverty reduction would be included in the following reports. He added that as reported on page 20 of the report distributed to the House, income poverty would be reduced from 12% to 5% and multidimensional poverty from 25.8% to 10 % in the 11th Plan.

With regard to domestic revenue, the Finance Minister clarified that 11th Plan fiscal projection does not envision any tax revision. However, should there be tax revision, the fiscal projection is going to improve. He said that domestic revenue is expected to increase with tax revision in the future.

The Finance Minister also informed the House that a committee was formed while drafting the 11th Plan and the Annual Financial Report of which the Deputy Governor from the Royal Monetary Authority is a member. The Committee has always been successfully guided by the Deputy Governor and the House was assured that the past practices are still being followed. He explained that the average fiscal deficit for the 11th Plan period is projected to remain within the target of 3% of GDP.

The House deliberated on the 11th Plan for more than four Hours in which other Ministers also clarified the doubts and concerns raised by the Members.

After extensive deliberation, the House resolved the following:

1. Members considering the importance of the 11th Plan in the socio-economic development of the country raised many concerns and made suggestions. Therefore, the House directed the Gross National Happiness Commission and the Ministry of Finance to include the observations made in the 11th Plan Report.
2. The House noted the importance of not only stipulating the Plans and programs in the Plan but also implementing them to benefit the people.
3. In order to efficiently and effectively implement the Plans and programs, the House acknowledged the importance of developing the capacity of the employees of the Dzongkhags and Gewogs and providing them full support.
4. As reported a Plan or a project results in failure or becomes prone to corruption because a single Dzongkhag Engineer is given the task of monitoring 11-12 Plan projects. In order to avoid such circumstances the House directed the Cabinet to provide guidelines and direction to revisit the existing monitoring rules and regulations. The importance of provision of full support from the government to the Local Government was also reiterated.

5. Budget has been allocated based on poverty, youth unemployment, culture and natural environment. However, if it has been overlooked, the House directed that it be included in the report to be distributed in October.
6. The House observed that the national debt should not be blamed on the inadequacy of domestic revenue and the proposal to fix a ceiling would benefit the government policy. The House directed the Gross National Happiness Commission, Royal Monetary Authority and the Ministry of Finance to conduct a research and fix a debt ceiling based on the country's development. A report thereof is then to be submitted to the government.
7. The House also directed the concerned Ministry to compile and distribute separate document reports for the Dzongkhags, Gewogs and Chiwogs apart from the main 11th Plan document.

The House endorsed the total budget of Nu. 213.966 billion for the 11th Plan. The Parliament commended the Gross National Happiness Commission and Ministry of Finance for successfully drafting the 11th Plan which will benefit the people and country for centuries. The Members also expressed their gratitude to the Secretaries, officers and employees of the concerned ministries.

The House also expressed their appreciation to the donor countries that provided financial support to the 11th Plan. Further, the Speaker and the House expressed their deep gratitude to the unflinching support provided by the Government of India from the beginning of the Five Year Plans till now and especially for providing Nu. 54 billion for the 11th Plan.

The deliberation on the 11th Plan report concluded on September 19, 2013 (15th Day of the 8th Month of the Water Female Snake Year corresponding to September 19, 2013)

XIII. ROYAL KASHO ON JOINT SITTING OF PARLIAMENT TO DELIBERATE ON THE ANNUAL AUDIT REPORT

Translation of the Royal Kasho of His Majesty the Druk Gyalpo

As per the Article 25 (5) of the Constitution of the Kingdom of Bhutan, it is hereby commanded to present Annual Audit Report by the Auditor General and the Public Accounts Committee Report to the Joint Sitting of Parliament on 20th September, 2013. Issued on the 14th Day of 8th Month of the Water Snake Year.

DRUK GYALPO

As directed by the Speaker the Secretary General read out the Royal Kasho granted by His Majesty the Druk Gyalpo to the Joint Sitting of Parliament. The Chairperson of the Public Accounts Committee then proceeded to report on the Annual Audit Report 2012.

XIV. REPORT OF THE PUBLIC ACCOUNTS COMMITTEE (PAC) ON ANNUAL AUDIT REPORT 2012

In pursuant to the provision of Article 25 Section 5 and 6 of the Constitution of the Kingdom of Bhutan, the PAC reviewed the following reports received from the Royal Audit Authority (RAA) of Bhutan and presented its report to the First Session of the Second Parliament as follows:

1. Review Reports of Annual Audit Reports 2008-2011
2. Annual Audit Report 2012
3. Recommendations

1. Review reports of Annual Audit Reports 2008-2011

It was reported that as of May 17, 2013, the Review Report 2008 had unresolved irregularities of Nu. 0.117 million of which irregularities amounting to Nu. 0.100 million was resolved leaving a balance of Nu. 0.017 million and the Review Report 2009 had unresolved irregularities of Nu. 13.345 million of which

irregularities amounting to Nu. 0.233 million was resolved leaving a balance of Nu. 13.112 million.

It was also reported that of the unresolved irregularities of Nu. 246.670 million from the Review Report 2010, irregularities amounting to Nu. 170.802 million was resolved leaving a balance of Nu. 75.868 million and the Review Report 2011 had unresolved irregularities of Nu. 770.140 million of which total of Nu. 406.979 million was resolved leaving a balance of Nu. 363.161 million unresolved.

Under ***Fraud, Corruption and Embezzlement*** 32 cases were reported with irregularities amounting to Nu. 13.353 million. A sum of Nu.6.026 million were resolved leaving a balance of 12 cases amounting to Nu.7.327 million. Under ***Mismanagement*** total irregularities amounting to Nu.285.113 million was reported of which sum of Nu. 202.622 million were resolved leaving a balance of Nu.82.491 million and the irregularities amounting to Nu. 113.466 million was reported under ***Violation of Laws and Rules*** of which a sum of Nu. 84.732 million were resolved leaving a balance of Nu. 28.734 million unresolved. It was also reported that the total unresolved irregularities amounting to Nu. 358.208 million was under ***Shortfalls, Lapses and Deficiencies***, of which a sum of Nu. 113.599 million was resolved leaving a balance of Nu.244.609 million.

2. **Annual Audit Report 2012**

It was reported that during the year 2012 the Royal Audit Authority had carried out 600 audits including 98 certification audits, one performance audit and one thematic audit. During the year, the Royal Audit Authority had recovered a record high of Nu. 147.641 million which is an increase by 68.90% as compared to 2011. Of the significant issues amounting to Nu. 391.007 million, the highest amount of irregularities was reported under Ministry of Information & Communication with Nu. 114.230 million, followed by Ministry of Works & Human Settlement with Nu. 104.011 million and Ministry of Education with Nu. 42.933 million.

It was also submitted that the highest irregularities amounting to Nu. 183.323 million pertains to *Shortfalls, Lapses and Deficiencies*, followed by *Fraud, Corruption and Embezzlement* with the amount of Nu. 130.403 million, *Violation of Laws and Rules* with the amount of Nu. 46.634 million and *Mismanagement* amounting to Nu. 30.647 million.

The Public Accounts Committee affirmed the 10 recommendations of Royal Audit Authority (RAA) and submitted to the House for its endorsement. The Committee in addition to the RAA's recommendations tabled 6 recommendations to the House for its consideration and appropriate directives to take necessary actions by the relevant agencies.

After extensive deliberation by the Parliament on the report of the Public Accounts Committee, the House adopted the following resolutions:

Recommendations

- 1) **Need to carry out assessment of implementation capacity of government agencies/ local governments in undertaking the increasing quantum of developmental works.**
 - a) Every year many agencies surrender their capital budgets at the end of the financial year. This money could have been better utilized by some other agency where budget fell short.
 - b) Insufficient Human Resources at the Dzongkhags and Gewogs.
 - c) Utilization of available resources through better management and coordination.
- 2) **Detailed Project Report (DPR) should be made more accurate and reflective of actual geological conditions.**
 - a) There should be mechanisms established to hold the consulting firms or agencies liable for the time cost overruns as a result of inaccuracy in DPR.

- b) The need for conducting preliminary studies such as topographic and geo-tech studies should be clearly stipulated in the Procurement Rules and Regulations.

- 3) **Bill of Quantities (BoQ) should accurately reflect quantities of excavation works.**
 - a) Unrealistic BoQ.
 - b) Excavation works beyond quantities specified in the BoQ leads to increased cost, thus due diligence should be exercised by the project management to develop realistic BoQ. e.g some case exceeds even by 1000% than in BoQ.

- 4) **Need to encourage mechanization of construction industry and innovation in building and other construction works.**

Government must explore the possibilities of mechanizing the construction industry to reduce the demand for expatriate workers as well as to reduce the out flow of foreign reserves. (To reduce the out flow of INR this is estimated to be INR 256 million as annual remittance)

- 5) **Need to ensure realistic time stipulation of constructions.**
Executing agencies to stipulate workable and realistic duration of construction based on magnitude of work and other applicable parameters such as monsoon, snowfall and situation across the borders.
- 6) **Need to review the causes of abandonment of rural houses for reversal of trend.**
- a) With an increasing trend of rural-urban migration there appears under utilization of infrastructure and facilities being provided in the rural communities.
- b) PAC recommends MOHCA to find out total number of abandoned houses and its causes in the rural areas. e.g Pemagatsel Dzongkhag alone has 633 households as per AAR,2012.
- 7) **Need to avoid rush expenditure at the close of the financial year though appropriate directives.**
- a) Rush of expenditure is due to lack of proper Planning and implementation caused through systemic flaws in budgeting process for proposed activities.
- b) Appropriate directives to reduce incidences of unnecessary, unbudgeted and unplanned purchases made by the spending agencies.

- 8) **Need to develop policy framework for leasing of government land.**
- 9) **Need to undertake assessment of environmental & social impact for mining operation.**
- 10) **Need to test the performance and operational effectiveness of new systems developed prior to changeover.**

All new systems developed should be properly tested prior to change over of the system. Proper system development guidelines need to be developed and issued to ensure that all measure system developments go through requisite processes and system testing including parallel running for some period of time.

The House resolved that the above recommendations be forwarded to the Cabinet for necessary action and directed the Public Accounts Committee to follow-up with the Cabinet and report to the Parliament on the implementation of the above resolutions.

Further, the House deliberated on the recommendations submitted by the Public Accounts Committee in addition to the recommendations of the Royal Audit Authority and resolved the following:

- 1) The House resolved that all pending issues of Annual Audit Report 2008-2010 must be resolved by the agencies concerned within April 30, 2014. Further, all agencies were directed to resolve issues pertaining to Annual Audit Report 2011 and 2012 by November 30, 2014.
- 2) Significant irregularities has been observed in PCAL both in Annual Audit Report-2011 and 2012, hence the House directed the Anti-Corruption Commission (ACC) to conduct a special investigation based on the RAA reports and submit a report thereof to the Parliament.
- 3) There are a number of cases under investigation with the ACC and the OAG. The House directed the ACC and Office of Attorney (OAG) to expedite the investigation process and take necessary action.
- 4) Of the 26 thematic and performance audit reports, the First Parliament had deliberated upon 15 reports. As the content of many of the Performance Audit Reports pertain to measures to be taken up by various agencies, Parliament did not issue any explicit directive. Therefore, the Houses directed RAA to follow up on the past thematic and performance audit reports and submit the status report in the forth coming session(s).

- 5) The House granted the permission to PAC to delegate the review of some of the up-dated Performance & Thematic Audit Reports to relevant Committees in both Houses. It was also resolved that the deliberation on these reviews be conducted by respective Houses individually without routing it through the PAC at a Joint Session till the backlog is cleared. However, after the backlog is cleared the PAC will resume its practice of presenting its report to the Joint Sitting of the Parliament.
- 6) The House resolved that the Annual Audit reports on financial aspects will be presented during the Summer Sessions and the Performance and Thematic Audit Reports will be tabled during Winter Session of Parliament.
- 7) On the accounts of the Peoples Democratic Party and Druk Phuensum Tshogpa, the House directed Election Commission of Bhutan and Royal Audit Authority to review and report to the impending Winter Session of the Parliament through Public Accounts Committee.
- 8) In the Third Session of the First Parliament, the House had resolved to impose penal interest of 24% on all the audit irregularities pertaining to expenditure and advances. The Royal Audit Authority and Ministry of Finance were directed to develop

the policy framework and implement effectively by January 1, 2010 upon an executive order. The House resolved that resolution of the House must be implemented after incorporating it in the financial rules and regulations and must not be implemented through executive order. The House directed to find out whether this has been included in the financial rules and regulations or not. The House further directed that it must be implemented after incorporation in the financial rules and regulations.

The Review Reports of the Annual Audit for the year 2008-2011 and the Annual Audit Report 2012 revealed that RAA had achieved substantive results. The deliberation on the Annual Audit Report concluded with the expression of appreciation by the House to PAC, Auditor General of Bhutan and staff Members of RAA.

(19th Day of the 8th Month of Water Female Snake Year corresponding to September 23, 2013)

XV. MOTION TO REVIEW AND AMEND THE NATIONAL ASSEMBLY ACT OF BHUTAN 2008, THE NATIONAL COUNCIL ACT OF BHUTAN 2008 AND THE LOCAL GOVERNMENT ACT OF BHUTAN 2009

The Member from Ligmu-Toedwang constituency moved the motion to amend the provisions pertaining to the resignation of the elected Members and other acts related to *Thromde*. He pointed that though Bhutan was a small landlocked nation between two big nations of China and India, it is an independent and peaceful

nation. Following the reign of 100 years by the benevolent Monarchs, in 2008, His Majesty the Fourth Druk Gyalpo, introduced democratic constitutional monarchy for the present and future wellbeing of the nation and people.

The people have to bear the important responsibility bestowed from the Golden Throne, which is heavier than the mountains and more precious than gold. Furthermore, the House was aware that the direct responsibility lies with each and every person to elect a member of parliament who was assigned with the duty to make laws and policies for the welfare of the nation based on their experience and capability, who was dedicated and loyal to the *Tsa-Wa-Sum* and aspires to serve for the wellbeing of the nation and the people.

To achieve the above objectives, the candidates were chosen from the majority and sifted from the few lots. Subsequent to the elections, in accordance with the provisions of the Constitution and related laws, was acknowledged as a member of parliament and thus the amendment and the strengthening the resignation and related provisions of the member who was elected as per the aspiration and confidence of the people becomes very necessary.

As per the current resignation legal provisions, the resignation procedures are not stringent. Conduct of election is very expensive for the government expenditure. Therefore, the government exchequer is burdened when a re-election has to be conducted due to resignation of a member who chooses not to serve the country and the people. Moreover, the people also lose their confidence, trust and respect for the Members. A re-election not only costs the government but it also affects the people in carrying out their daily work.

In view of these, it is imperative to amend and strengthen the resignation provisions of the elected Members in the relevant Acts. In the Second Parliamentary elections, a prominent person respected and trusted by the government and the people was elected as the National Assembly member from *Nanong-Shumar* constituency. However, the member without even completing the registration procedure tendered his resignation and resigned as a member. Such incidents shows lack of respect to His Majesty the Druk Gyalpo's wishes, lack of trust and confidence in the fundamentals of a democratic system and disregard to the aspirations of the people and government.

Since the Members of the National Assembly, National Council, Local Government and Thromde Tshogday are elected officials, a motion was moved to amend the resignation and related provisions

in the 1) National Assembly Act of Bhutan 2008, 2) National Council Act of Bhutan 2008 ; 3) Local Government Act of Bhutan 2009.

In addition, a second motion was also moved to amend the provisions related to *Thromde* in the Local Government Act of Bhutan 2009 as it was observed to be inconsistent with Article 22(2) of the Constitution.

During the deliberation, the Leader of the Opposition Party and other Members submitted that the amendment motion must be moved as per the legislative procedure. It was also pointed out that the amendment of the resignation clause of an elected member should be in line with the provisions of the Constitution so that it does not conflict with the fundamental rights enshrined in the Constitution. They also submitted that an amendment of an Act should not be justified based on just a few cases or individuals. Members opined that it was important to table the draft amendment bill in the House so as not to deter competent individuals from participating in the political parties in the future. Suggestions were submitted to consult the relevant agencies regarding the amendment of the National Council Act and Local Government Act.

The Members of the ruling party validated that the motion to amend the Acts was as per the legislative procedure and that the motion was not to prohibit the elected Members from resigning at all but to strengthen the resignation procedures. Strengthening the resignation provision would deter Members from resigning in the future. This would benefit the government exchequer by avoiding expenditure for conduct of bye-election and would also uphold the trust and aspirations of the people.

Following an extensive deliberation on the two motions submitted for the amendment of the three Acts as decided during the preliminary agenda meeting of the First Session of the Second Parliament, the House supported the motion to amend the National Assembly Act of Bhutan 2008, National Council Act of Bhutan 2008 and Local Government Act of Bhutan 2009 with the show of hands. The House accordingly directed the Legislative Committee to review and amend the Acts.

The Legislative Committee was directed to review whether Section 15 and 16 of the Local Government Act of Bhutan 2009 was consistent with Article 22 of the Constitution. The Committee was also asked to look into Section 90 of the Local Government Act of Bhutan 2009 and check its consistency with Article 22 (6) (b) of the Constitution; and to further review Article 1(10) of the Constitution. In addition the Committee was directed not only to

review the resignation provisions but also look into other provisions and accordingly submit a report on it. The deliberation on the motion to amend the Acts concluded on 25th September 2013.

(21st Day of the 8th Month of Water Female Snake Year corresponding to September 25, 2013)

XVI. DELIBERATION ON THE RECOMMENDATIONS FROM NATIONAL COUNCIL ON BUDGET APPROPRIATION BILL FOR FY 2013-14

The Speaker said that the National Council adopted the Budget Appropriation Bill for FY 2013-14 on 27th September, 2013 with 11 important recommendations that would benefit both the government and the people. He referred to Article 1 Section 11 of the Constitution of the Kingdom of Bhutan which provides the Supreme Court as the guardian of the Constitution and the final authority on its interpretation. Therefore, he reminded the House to keep in mind the ruling of the Supreme Court on the first constitutional case regarding the levy of taxes while deliberating each recommendation. The Hon Speaker then directed the Government to submit their views on the recommendations.

The following views were submitted by the Finance Minister and Members on behalf of the government:

It was important to deliberate on the recommendations made by the National Council considering its importance despite it not being a practice in the past.

National Assembly

Recommendation 1: Need for hospitality and entertainment budget for the Members of the National Assembly.

National Council

Recommendation 2 : Allocation of budget for the additional Committee on Foreign Relations of the National Council established.

On the recommendation 1 and 2, it was submitted that it could be provided as per the provision of the Parliamentary Entitlements Act 2008 and based on the recommendations of the Pay Commission after its formation. It was submitted that the requirement of budget for the Committees will be reviewed and possibly be considered in the next Financial Year.

Judiciary

Recommendation 3 : submission to procure vehicles for the Judiciary.

It was submitted that procurement of vehicles just for the judiciary would contradict with the existing vehicle import ban in place. However, the procurement of vehicle for the Judiciary could be considered after the review of vehicle import policy in the future.

Tourism Council

Recommendation 4: Need for budget provision for tourism development in the South and Eastern Bhutan.

It was reported that the Government shall give directives to the Tourism Council of Bhutan to formulate policies and programs for the promotion and development of tourism in these Dzongkhags with its allocated Budget.

Ministry of Home and Cultural Affairs

Recommendation 5: Budget provision for renovation of Chari Dorjiden and Trashigang Dzong.

On this, it was explained that it was imperative to first draw a design and estimate of the renovation works to be carried in the event of a need to renovate any Dzongs and Goendeys. As no

proper study or estimate has been drawn with regard to the renovation of the Chari Monastery, it has not been incorporated in the current FY. However, drinking water supply and other minor maintenance works inside the Monastery would be carried out from Nu. 15 million allocated under Thimphu Dzongkhag. On the provision of budget for the renovation of Dzongs it was submitted that it would be incorporated in the next FY after carrying out detailed study.

On the renovation of Trashigang Dzong, a budget provision of Nu. 10 million has been earmarked for the procurement of timber. Further, apart from Nu. 180 million allocated in the Eleventh Plan, Nu. 30 million has been set aside for ground survey works and architectural designs. Therefore, it was expected that the renovation works would be able to commence as soon as possible.

Ministry of Agriculture and Forest

Recommendation 6 (1): Budget allocation for solar and electric fencing to combat the human wildlife conflict in all the Dzongkhags.

It was reported that in the current FY, budget has been allocated for solar and electric fencing in Samtse, Samdrupjongkhar and Sarpang mainly because these Dzongkhags experience greater problems due to wild elephants.

However, depending on the availability of budget, similar provisions will be made in other Dzongkhags to combat human wildlife conflict.

Recommendation 6 (2): Budget provision to compensate of crops damaged by wild animals.

It was reported that Trust Funds have been established in 26 gewogs from which compensation are being paid. Likewise, there are Plans to extend similar facility to all the other Gewogs in the country with some additional funds from the Government coupled with contributions from the people.

Recommendation 6 (3): Extention of support for business Plan and development of registered farmers' and cooperatives' groups to other Dzongkhags other than Zhemgang and Sarpang Dzongkhags.

It was reported that a grant of Nu. 5.6 million in the 2013-14 FY was allocated for the Rural Development & Training Centre based in Zhemgang and Sarpang Dzongkhag. This budget can also be availed by other interested cooperatives and small business groups from other Dzongkhags as well.

Recommendation 6 (4): Budget provision for construction of farm roads be moved under the budget for Department of Roads in the Ministry of Works and Human Settlement as per the Road Act of Bhutan.

It was reported that the 70% budget allocated under the agricultural productivity and related activities was not meant to be used for farm roads. Only 22% of the budget is earmarked under Ministry of Agriculture & Forests (MoAF) whereas the other 78% is to be used for activities other than that of farm roads. Likewise, it was submitted that the relevant policies of the Government has to be revised in the event the farm roads were to be handed over to the Ministry of Works & Human Settlement (MoWHS) as per the Road Act. However, the Government is currently working on the plans to hand over the farm roads up-to the Gewog Centre to MoWHS while other subsidiary farm roads beyond gewog centers would be retained under MoAF.

Recommendation 6 (5): Allocation of budget to enhance cash crop productivity.

It was submitted that concerted efforts were being continuously made to boost agricultural productivity for produces like pulses, livestock, fruits and vegetables. For example, similar to increased rice production to 65% at the end of the Tenth Plan from 50% .

The Government targets to achieve 75% increase in rice production within the Eleventh Plan.

Recommendation 6 (6): Allocation of budget for minimum vegetable support price for commercial farmers.

It was recommended that such facility be not limited to only the commercial farmers but also be extended to other cooperatives and individual farmers. It was submitted that the support and assistance to Farmers Group and Co-operatives Group were provided based on their financial situation for which some of the budget was incorporated in the respective Dzongkhag Budget. Likewise, the Government continues to provide assistance to all other similar Groups.

Recommendation 6 (7): Supply of materials for green house construction in the higher altitude areas similar to the supply of material for construction of green house on cost sharing basis in Southern Dzongkhags.

It was submitted that, the budget allocated for the construction of greenhouses in the Southern Dzongkhags was based on a need based study carried out. Likewise, similar budget for other Gewogs was included in the overall budget of the Dzongkhags. In the event of immediate need for greenhouses, the budget can be

readily availed after being prioritized from the various projects and activities under Ministry of Agriculture and Forest.

Recommendation 6 (8): Construction of Food processing plant/cold storage similar to Gyalpoizhing in other Dzongkhags after conducting proper research.

It was submitted that similar to the budget allocated for establishment of Food Processing Plant/cold storage at Gyalpoishing for the six Eastern Dzongkhags, there were plans to establish such plants in other regions and Dzongkhags.

Recommendation 6 (9): Need to formulate an Integrated Rural Development Policy.

It was reported that the government would review the plans and policies of various Departments and Divisions under the Ministry of Agriculture and explore the possibility to implement it as recommended by the National Council.

Ministry of Economic Affairs

Recommendation 7: Upon the completion of a Detailed Project Report (DPR) for establishment of hydropower projects in the nation, monitoring and evaluation should be carried out by an independent entity. This is to promote transparency and to avoid

inconveniences in the future. Further, such hydro projects should be established in all other Dzongkhags for balanced socio-economic development.

It was informed that a single Detailed Project Report (DPR) was prepared on the generation of 10,000 MW hydropower from the identified ten power projects in the country. The DPR was being prepared by a consultancy firm after adequate consultations with the concerned counterparts of the two governments as per the Agreement signed between Bhutan and India. Except for Kuri Gongri Project, the DPR of all the other Projects have been completed. Although it was adequate with the current system of conducting assessments for not more than three times, however, further assessments would be carried out as per the recommendations. It was submitted that hydropower projects were being finalized based on the rate of economic growth and that projects would be declined in the event of less power generation potential and high overrun costs. It was submitted that there were plans to establish hydropower projects in all the Dzongkhags based on the DPR carried out on balanced hydropower development in the region and on sustained power generation potential.

Ministry of Works and Human Settlements

Recommendation 8 (1) : Since the construction of farm road to Lunana has not been included in the plan and budget, it was

recommended that until the construction of roads the government should set up subsidized grocery shops in Lunana to solve the difficulties in getting basic necessities faced by the people.

It was submitted that it is imperative to hold consultations with the concerned Local Government and the Dzongkhag concerning the livelihood of the people of Lunana owing to the lack of farm road and other problems faced by them. With regard to the setting up of grocery shop, the problem would be addressed with the setting up of general stores and hardware accessories shops in every Gewog Centers in the Eleventh Plan in keeping with the pledges made by the Government.

Recommendation 8 (2): Prioritise construction of Conference Hall in Ranjung Town, Trashigang Dzongkhag in the current FY.

It was submitted that the need for Conference Halls was felt not only in Rangjung, Trashigang Dzongkhag but also in other Dzongkhags. The construction of the conference hall has not been included in the current FY, however it was acknowledged that construction of conference halls should be prioritized after conducting proper study.

Ministry of Information and Communications

Recommendation 9 (1): Need to review the past achievements and benefits of the Chiphen Rigphel Project and accordingly re-initiate the project.

It was submitted that the government would review the outcome of the project and if found beneficial for the people, the balance budget for the project would be continued to be provided.

Recommendation 9 (2): Develop the existing public transportation services in Thimphu and Phuentsholing and establish similar services in other Dzongkhags.

It was reported that the plans for introduction of city bus services in other Dzongkhags as well would be formulated and implemented in the near future as discussed in the Cabinet.

Local Government

Recommendation 10 (1): Following recommendations were made on proper utilization of the Gewog Development Grant:

- i. If the fund was allocated to local government as grant, details of responsibilities and accountability must be specified in the rules and procedures for the use of the fund.

- ii. Allocate the grant as per the Gewog developmental needs.
- iii. Basis of fund utilization;
 - a. Activities that were more economically beneficial to the community, and
 - b. Activities that were identified as immediate need for the community.
- iv. Develop the Human Resource capacity in the Local governments

With regard to recommendation **i**. It was reported that guidelines have already been formulated by the Local Government which was submitted to the Ministry of Home and Cultural Affairs. However, as the financial authority rests with the Ministry of Finance, the Ministry is in the process of formulating guidelines for the usage of the grant and will be published shortly. It was also submitted that the recommendations **ii**, **iii** and **iv** would be reviewed and considered from the next financial year.

Recommendation 10 (2): The budget allocation for Local Government should be made under Local Government and not under General Public Service as reported in the Budget Report 2013-14.

In addition the budget for the Thromde should be allocated under the Local Government and not under Government Subsidized Budget.

It was reported that the Gewogs' budget allocation in the financial year is based on the plans and program submitted by the respective Local Governments after being reviewed by the Gross National Happiness Commission in compliance with the resource allocation formula. As the budget for the Gewogs are prepared based on the Gewog plans and programs, it was felt that the GDG allocation need not be subject to the resource allocation framework. Although some Gewogs are smaller in size it is located in the far areas. Therefore, it was informed that the provision of GDG will not be based on the development status of the Gewogs but be allocated uniform amount of Nu. 2 million each to all the Gewogs.

General

Recommendation 11 (1): Price inflation in the country is not reflected in the Budget Report, therefore, future budget report of the government must be inclusive of inflationary trends as well as the economic, financial and monetary policies of the government. It was submitted that the budget report will include such trends in the future.

Recommendation 11 (2) : Soft Copies of the Annual Budget Report along with budget details of concerned agencies, Dzongkhags and Gewogs should be made available to the Members to facilitate the review of Budget Report.

It was submitted that this needs to be first considered.

Recommendation 11 (3): Government in collaboration with the Druk Holdings & Investment (DHI) should develop plans to improve the programs of the state owned companies and provide support.

Recommendation 11 (4) : It is reported that the government has paid a sum of Nu. 132.68 million as subsidy to Druk Air Corporation in 2012. However, the Government should stop subsidy to Druk Air Corporation considering that it is paying taxes to the government from their profit.

The government acknowledged the above two recommendations.

After the clarifications were presented by the government on the recommendations, the Members expressed their views on the development of tourism. It was opined that it would be of immense benefit if works were implemented as per the study carried out on identifying potential tourism attractions in various Dzongkhags which started in 2002-2003. It was submitted that good roads and

domestic airstrips were imperative in order to promote tourism in southern Dzongkhags. In addition, it was opined that emphasis should be put in to formulate plans for domestic tourists besides attracting international tourists.

It was pointed out that the Dagana Dzong built in the 17th century in Dagana Dzongkhag, *Donamkhai kaw*, boating activities in Lhamoizingkha are all tourist attractions. There are also ruins from the era of Bhutan-British conflict and diverse flora and fauna to attract tourists. Moreover, with the commencement of Amochu Hydro Project, places could be created for boating activities. It was submitted that there was also ancient foot trail from Dophuchen to Tergola taken by His Majesty the late Third Druk Gyalpo and His Majesty the Fourth Druk Gyalpo. While there were lots of tourist attractions in the Southern Dzongkhags, hopes were expressed that the present government would continue with the domestic air service initiated by the previous government to promote tourism.

It was imperative to allot urban plot to 20 households in Dagana Dzongkhag as per the provisions of the Constitution and the pledges of the government. Opinions were expressed that the farms roads connecting to the Gewog centers be placed under the supervision of the Ministry of Works & Human Settlement and other farms roads under the Ministry of Agriculture. It was also

submitted that capable civil servants should be assigned to strengthen the Local Governments.

The Members opined that while hydro power should be emphasized on, focus should also be kept on introducing cost besides revenue generation. It was expressed that the government should continue provision of subsidy to all the corporations instead of providing it to few. Submissions were made to set aside a budget in the current financial year for the renovation of Trashigang Dzong. It was submitted that Rangjung in Trashigang should be upgraded to a Thromde in the 11th Plan given the increase in population of the area with establishment of Dratsang and vocational training institute. This would benefit the people of seven Gewogs.

Lunana in is one of the biggest Gewogs in Gasa Dzongkhag with 180 households. Hence, it was imperative to start constructing farm roads in the area. It was submitted that border security of the country could be compromised if the local people migrates to towns. Therefore, it was imperative to start farm road construction during the 11th Plan. Considering the sacredness of Lhakhangs and Dzongs, submissions were made for the renovation of Chari Dzong in the 1st Financial Year of the 11th Plan. Similarly, it was also submitted to renovate Phajoding, Barshong and Lingzhi Dzongs.

Amid deliberations, the Hon Speaker reminded the Members to focus on the recommendations transmitted by the National Council and not on issues related to respective constituencies.

It was submitted that priorities should be set and issues of damage to the crops by pest and wild animals and shortage of irrigation water should be addressed. Rendering additional support to potential areas for orange production and accessibility for the repair of farm equipment in the locality was opined by the Members. Compensations should be paid to the people if crops were damaged by wild animals. To this, the Members submitted for introduction of trust fund. It was also imperative to introduce urban transport services in other Dzongkhags besides Thimphu and Phuentsholing and the government should formulate policies to develop rural areas as per the provisions of the Constitution.

In any government projects, the biggest problem was related to land. To this, views were expressed for allocating land substitution in other Gewogs and providing compensations for damage caused due to use of explosives in the area. It was submitted that, employment opportunities should be given to people affected, especially those whose ancestral lands were all taken up by government project. Further, submissions were made that the projects should formulate appropriate policies and build adequate housing for the employees and address issues related to housing.

With regard to the farm road in Lunana, it was submitted that previous government initiated construction of mule track along the bank of Phochu river but could not be continued given the steep terrain. However, since the need for a farm road has become imperative, it was opined that a farm road be constructed instead of the mule track following a thorough assessment. It was informed that in case the farm road was non feasibility of construction of farm road along the Phochu river, there was a plan in place to construct the farm road as per the desire of the local people from Goentshephu to wherever possible.

The National Assembly expressed its gratitude and appreciation to the National Council for the recommendations intended for the benefit of the people and the government. The benefits from the recommendations were expressed as follows:

1. It would help in reviewing the ongoing works in case of problems.
2. It has helped in timely guidance and policy making process.
3. It has helped in budget allocations to various sectors and ascertaining whether or not budget has been allocated for social amenities.
4. Facilitate delivery of equal services to people for the purpose of income generation.

5. Insight has been acquired on the proper procedure for renovating Dzongs, Lhakhangs and implementing important projects.
6. The Budget Appropriation Bill for the Financial Year 2013-2014 has been approved without any changes.
7. The Cabinet has acknowledged providing support for important programmes which might have been missed out for the benefit of the society.
8. It was imperative for the Cabinet Ministers to assume full responsibilities by being mindful of the recommendations which were made not only for the five years but also for the future.
9. The House affirmed that most of the submissions made by the Members were regarding the damage to crops by wild animals. Towards this, the House directed the Ministry of Agriculture to explore new avenues to address the issue. Following this, the deliberation on the recommendations by the National Council on the Budget Appropriation Bill concluded.

(23rd Day of the 8th Month of Water Female Snake Year corresponding to September 27, 2013)

XVII. ROYAL KASHO ON THE ANNUAL REPORT ON THE STATE OF THE NATION

Translation of the Royal Kasho on the Annual Report on the State of the Nation

As per the Article 10 (10) of the Constitution of the Kingdom of Bhutan, the Prime Minister shall present an Annual Report on the State of the Nation, including legislative plans and the annual plans and priorities of the government to the Druk Gyalpo and to the Joint Sitting of Parliament. It is hereby commanded to present the State of the Nation Report on 30th September, 2013 as scheduled in the Business of the House.

Issued on the 14th Day of 8th Month of the Water Snake Year.

DRUK GYALPO

The Speaker directed the Secretary General to read out the Royal Kasho to the Joint Sitting of the Parliament. The Prime Minister then presented the Annual Report on the State of the Nation.

XVIII. ANNUAL REPORT ON THE STATE OF THE NATION

The Prime Minister reported that as per Article 10 (10) of the Constitution of the Kingdom of Bhutan, he was going to report on the state of the nation highlighting progress and accomplishments including legislative and development plans, priorities and policies to His Majesty the Druk Gyalpo, Parliament and the people of

Bhutan. He said that our country of Pelden Drukpa comprises of the three gems- King, Country, and People. Therefore, the Prime Minister said that his report was based on the triple gem of the sacred Tsa-Wa-Sum.

His Majesty the Druk Gyalpo-the First Gem of Tsa-Wa-Sum

He reported that in 1907, people of Bhutan voluntarily embraced Wangchuck Dynasty to lead our country. Thereafter, the monarchy ended years of internal strife and ushered in the dawn of peace and happiness under a strengthened sovereignty.

World history is replete with examples of Kings who ruined their countries - Kings who ruled only to advance their own personal interests at the cost of their people and nation; Kings who were ruthless and cruel, who only believed in perpetuating their own power and authority.

It was reported that in stark contrast, Bhutanese were fortunate and blessed to have had Monarchs who always put national interests above personal interest. He also reported that it was rare to find a Monarch as in Bhutan where the King risked his own life by leading his troops into battle to defend the nation.

In Bhutan, the King travels the length and breadth of the country to reach the remotest villages to oversee the welfare of his people. He said that we have a compassionate King who is the first to reach the

victims of disaster and natural calamities to condole and assure the people of support through compensation.

Moreover, he said that we have a King who personally initiated the drafting of the Constitution through which he developed his power to the people and introduced democracy despite the people not wanting it. He said that, we are fortunate to have an extraordinary King who finds time to interact personally with people from all walks of life. It would only be in Bhutan where a King takes personal interest in the capacity enhancement of the youth .

Therefore, it was reported that it was a matter of great pride and happiness for Bhutan to have such extraordinary Kings. The Prime Minister said that it was very important to always acknowledge the huge debt of gratitude that we owe to our beloved Monarchs and the sacred Institution of Monarchy. It was expressed that the people pray for the continued well being, good health and happiness of His Majesty the Druk Gyalpo and Her Majesty the Gyaltshen.

Country-the Second Gem of Tsa-Wa-Sum

It was reported that the recent tragic explosive incident in Anakha, Haa where twelve soldiers of the Royal Bhutan Army died and left several other soldiers seriously injured was a painful concern for the Bhutanese people. On behalf of the people of Bhutan, the Prime Minister expressed his gratitude to the soldiers who shoulder their duties selflessly despite great risk to their lives in the security of

the nation. He also expressed his gratitude and appreciation to the Royal Bhutan Police for working round the clock to uphold the law and order in the country. He reported that emphasis will be given to coordinate between the Royal Bhutan Police and other related agencies to combat increasing crime in the country.

The Prime Minister reported that recently our people have been alarmed by the spate of kidnappings in Southern Dgongkhags and the Government was taking measures to prevent such crimes. It was therefore hoped that such crimes would not take place in future. He said it was important to recognize and appreciate the services of the three arms of security forces in strengthening the security and enhancing peace in the country. He also urged the people not to remain complacent and recognize their own roles responsibilities in contributing to both internal and external security of the country.

Foreign Relations

It was reported that our foreign policy has been deftly nurtured by our Monarchs to enhance our our sovereignty, territorial integrity and tranquility to promote socio-economic development for all times. The government therefore, remains firmly committed to continuing the wise policy of our Kings. Bhutan has gained popularity due to the good will generated by the official visits of His Majesty the Druk Gyalpo to several countries. These visits

have also further strengthened the existing strong relations with foreign countries and her people.

It was reported that the Prime Minister' visit abroad after receiving Dhakyen from His Majesty was to India from 30 August to 4 September 2013 on the invitation of His Excellency Dr. Manmohan Singh, Prime Minister of India. He reported that the visit to India was fruitful and further deepened the close ties of friendship between India and Bhutan.

During the visit, the Government of India committed to support Bhutan's 11th Five Year Plan to the tune of 45 billion rupees. They also committed an additional 5 billion rupees for the economic stimulus plan. This was a reflection of the enduring ties of friendship and cooperation. On behalf of the people and government of Bhutan, the Prime Minister expressed deep appreciation and gratitude to the people and Government of India.

It was reported that the 21st Round of Bhutan-China Boundary Talk was held in Thimphu from 21-23 August 2013. The Chinese delegation was led by H.E. Mr. Liu Zhenmin, Vice Foreign Minister, and the talks were held in a friendly and cordial atmosphere resulting in fruitful review of boundary issues.

As per Bhutan's foreign policy, it was important not only to enhance relations with foreign countries but also with international organizations. Thus, the government will continue to work on

enhancing Bhutan's relations with international organizations. It was also reported that the Foreign Minister was currently in New York attending the 68th UN General Assembly.

It was reported that the 12th Round Table Meeting (RTM) will be held in Thimphu sometime in December 2013. During the meeting, the government will discuss with the international organizations on the priorities and assistance required for the 11th Five Year Plan.

The Prime Minister reported that the third country resettlement program for the people in the Camps in Nepal was progressing smoothly. As of 26 August 2013, a total of 82,179 people from the camps have been resettled in the Core Group of countries, the highest being in the United States, with over 69,219 people. The Prime Minister expressed his gratitude to the Core Group of countries led by the US for supporting this initiative.

Civil Servants

It was reported that the Civil Servants are very important for the development of the nation. Therefore, it is important to ensure that our civil servants are efficient, motivated and committed to serve the Tsa-Wa-Sum. Towards this, the government will commission a comprehensive review of the civil service to identify the constraints and improve the conditions of the civil service. A genuine concern of civil servants is that their salaries and allowances are inadequate. Fuelled by inflation and spiraling rents, the cost of living has

continued to rise. To address this matter, the government will form the Pay Commission within the next month to examine the salaries and allowances of civil servants, local government functionaries and other public officials.

Democracy

The Prime Minister reported that in 1907, the people of Bhutan offered the governance of the country to the Wangchuck Dynasty. However, in 2008, in a historic occasion that heralded the beginning of a new era, the authority of governance of the country was granted back to the people of Bhutan by our Monarchs.

Media

It was reported that the media had a critical role to play in the development of a democratic culture and therefore it was important to explore avenues to enhance media in the country. The people working in media should be apolitical and report independently and freely not only on national but also on regional issues. Social media has become a platform for the government and the people to interact and therefore, the government intends to emphasize on the use of social media.

Economy

It was reported that in the last two years, the economic situation has been a concern as the GDP has gone down to 4.62 % in 2012 from 11.68% in 2010.

While 65% of over Nu.100 billion debt of the nation was for the hydro projects, the government was coming up with measures to prevent excessive debt.

The national unemployment rate was at 2.1%. However, it was reported that 90% of those the Prime Minister met during “Meet the People” were unemployed youth seeking jobs. The government has started to initiate measures to create employment opportunities both in the country and overseas.

It was reported that for many years private sector was said to be the engine of growth. However, nothing much could be done to enhance the capacity of the private sector and hence, the government has formulated plan to develop private sector. It was also reported that it was imperative on the part of the private sector as well to work hard for their enhancement.

The present government will focus on exploring opportunities for Foreign Direct Investment (FDI) with India and other countries. This will not only help ease unemployment and rupee problems but would also strengthen our economy.

The Prime Minister reported that Bhutanese have been depending on expatriate workers for building our own homes and there were currently 70,000 expatriate workers in the country. This has further worsened the rupee situation and unemployment problems and may thwart in the achievement of self reliance.

The largest imports to the country were petrol and diesel and therefore it was imperative to explore alternative means. Towards this, the government will attach importance on the use of electric vehicles which will not only address rupee problem but would also be environment friendly.

Tourism

In terms of revenue generation, foreign exchange earnings and job creation, tourism is one of the most important sectors of our economy. The policy of “High Value, Low Impact” initiated by our monarchs has been immensely beneficial for the country. The government will continue to emphasize on this policy in strengthening the private sector.

Economic Infrastructure

Roads and bridges are crucial for economic development of the country. It has therefore been acknowledged as very important to renovate the national highways together with the farm roads and feeder roads.

Religion

Bhutan being a Buddhist country, many religious activities have been initiated under the patronage of His Holiness the Je Khenpo Trulku Jigme Chhoeda by Zhung Dratshang and Shedras. Similar religious activities have been continuously undertaken by other religious groups for the welfare of the country. To this, the Prime Minister expressed his heartfelt gratitude. The government was also grateful and recognized the initiative of Dratsang and Choedays in ordaining children from humble backgrounds as monks.

Culture

Culture is one of the important essence of our country's identity. However, with development there is a growing concern towards deterioration of our culture. The situation is getting more challenging in urban areas like Thimphu. Therefore, while the government will initiate means to promote culture, the people should shoulder additional responsibility to promote and preserve our culture.

Environment

It was reported that for centuries, our forefathers have treasured the natural environment and have highly revered it. This traditional reverence for nature has bestowed Bhutan with a pristine environment in the world. Our Constitution requires at least 60% of

the nation's land mass to be maintained under forest cover for all time. Currently, about 70% of the country's total land area is under forest cover.

However, mining activities in the country have caused serious implications on the environment. To this, the government will emphasize on protecting and preserving the natural environment through adherence to mining laws.

Gross National Happiness (GNH)

GNH is a precious gift from our Fourth Druk Gyalpo to Bhutanese people and to humanity. It was reported that GNH has caught the imagination of the world and has made each and every Bhutanese proud. Further, the government would continue to function based on the policy of Gross National Happiness.

It was reported that while the government will emphasize to enhance GNH within our own country, it was the job of Bhutanese scholars to research and propagate GNH abroad.

People-Third Gem of the Tsa-Wa-Sum

Wangtse Chhirpel

The most important objective of democracy is empowering people. It was reported that democracy will not be successful irrespective of the works under taken by the government if people were not

given the authority to fulfill their aspirations. To this, the government in any of its undertaking would consider the development of the people through devolution of power to them.

Agriculture

The Prime Minister reported that the majority of our population depends on agriculture, livestock and forestry for their livelihoods. Towards this end, the government will assist farmers by providing high-yielding seeds, fertilizer, mechanization, training and irrigation channels. In addition, the government will consider measures to prevent wild animals from destroying the crops and initiate programs for crop security.

Poverty

It was reported that a lot of Bhutanese continue to live in poverty and therefore it was imperative to explore means to address this issue. The government will ask the local governments to identify families living in poverty everywhere and work together with His Majesty's Kidu Office, Civil Society Organizations, Local Governments and concerned individual to mitigate poverty.

Housing

With rapid urbanization, the people are facing problems pertaining to inadequate housing in Thimphu and Phuentsholing and increasing house rents. Thus, to mitigate the problem, the

government will amend the Tenancy Act of 2004 and also facilitate programs to grant right of residence to the civil servants.

Education

The Prime Minister reported that educational opportunity was a right for every Bhutanese youth. However, it was imperative not only to provide educational opportunity but also quality education. To this, the government will review quality of education and wholesome education including sports and improve accordingly.

Health

Bhutanese today live longer and healthier lives mainly because of health services. The government will continue to enhance health services along with increasing the number of doctors and nurses. Further, in order to sustain health services, Health Trust Fund will be promoted and establishment of private hospitals will be emphasized on.

Women

The Prime Minister reported that our women contributed tremendously to our nation as farmers, entrepreneurs and civil servants. They, however, continue to remain underrepresented in all political, economic, and social spheres. The government will form a committee to study this situation and then improve women's participation in all important spheres of political, economic and social sectors. The Prime Minister also expressed that the

government was proud to have Aum Dorji Choden as the first ever woman minister of Bhutan.

Youth

More than half of our population is less than 25 years old. The government and the teachers will come up with various means to address youth related issues. However, the prime responsibility falls on the parents while the government will create educational and job opportunities. It was reported that government will also discuss and consult to initiate national service program.

Conclusion

Concluding the presentation on the state of the Nation's report, the Prime Minister said that the government is just two months old and therefore, the report was mainly based on the state of the nation and future plans of the government and not on its achievements. The Prime Minister expressed that with the blessings of the triple gem, protection of our guardian deities, leadership of our Monarchs and efforts of the capable and experienced civil servants, it is hoped that the government would successfully implement its plans and programs beyond the aspirations of the people for the ultimate interest and welfare of the Bhutanese people.

(26th Day of the 8th Month of the Water Female Snake Year corresponding to September 30, 2013)

IX. RATIFICATION OF RESOLUTION

On the 26th of September 2013, the Secretary General read out the resolution to the House for ratification. During the ratification, the member from Bartsham-Shongphu submitted that there was a mismatch between the economic status of the country and things mentioned in the introduction of the budget report. He submitted that the limit for the demand should be set instead of emphasizing on economic stimulus Plan. He also expressed that there was no adequate budget set aside for agriculture sector and important views expressed pertaining to devolution of power to the local government was not included in the resolution either.

The member from Panbang submitted that discussion to allocate the budget for the farm roads based on the developmental status of the Gewogs was not included. Further, he submitted on the need to categorize resolution numbers pertaining to the recommendation of the Parliament on the audit report.

The member from North-Thimphu submitted that there was no mention about assessing and researching on the debt parameter as deliberated during the deliberations on the 11th Plan Report.

The Leader of Opposition submitted that deliberations were held to circulate the volumes of the 11th Plan in the month of October. The deliberation which ensued pertaining to approving the planned

budget and its allocation for the 11th Plan in the second session of the National Assembly was not included.

Consequently, the House resolved that the above submissions made by the Members of the Opposition would be ascertained by examining the verbatim and would be accordingly included in the resolution.

(26th Day of the 8th Month of the Water Female Snake Year corresponding to September 30, 2013)

XX. CONCLUDING SESSION

20.1 Motion of Thanks

The Minister for Home and Cultural Affairs on behalf of the government, the Leader of the Opposition on behalf of the Opposition party and the Dy. Chairperson of the National Council expressed their gratitude to His Majesty the Druk Gyalpo. In their motion of thanks, they expressed that His Majesty the Druk Gyalpo has always been thoughtful about the country even during his moments of repose. They expressed their gratitude to His Majesty for further strengthening the peace and security of the nation and also strengthening the foundation of democracy.

Besides, they expressed their heartfelt gratitude to His Majesty the Druk Gyalpo for enhancing the country's foreign relations and guiding the government with esteemed wisdom irrespective of its political affiliation. They also affirmed to serve the Tsa Wa Sum with utmost loyalty and dedication.

It was submitted that His Majesty has always graced and blessed the Opening and Closing Sessions of the Parliament which signified His Majesty's greatness. It was the foremost responsibility of the Parliament to further strengthen the existing stable parliamentary system in the country. His Majesty the Druk Gyalpo has reigned over the people with compassion and humility and commanded the elected Members to serve the people similarly. Thus, it was submitted that the Bhutanese parliamentary system was exemplary to the world and the Members of Parliament will continue to work in the same line and further strengthen the existing parliamentary system.

It was submitted that since the economic is not doing very well, it was imperative to explore avenues to address the issues not only for the time being but in a sustainable manner without thwarting the goal of becoming a self reliant country. To achieve this, it was submitted that people should not always rely on the country but rise up to their responsibility and contribute to the national happiness.

Further, it was submitted that the occurrence of natural disasters due to climate change should always be kept in mind while formulating developmental Plans and means to tackle such situations should also be looked into. Lastly, prayers were offered for the long life of His Majesty the Druk Gyalpo and continued peace and happiness in the country.

20.2 Concluding Address By The Speaker

At the concluding session of the Parliament, the Speaker on his own behalf and on behalf of the Members of the Parliament extended his heartfelt welcome to His Majesty the Druk Gyalpo to the auspicious occasion of concluding ceremony of the 1st Session of the Second Parliament.

He also extended warm welcome to Her Majesty the Gyaltshen, Members of the Royal Family, Dratsang, Senior Government Officials, International Dignitaries, development partners and rest of the guests to this occasion.

The Speaker informed that according to the provision of Constitution of Bhutan and National Assembly Act, ten Standing Committees were instituted in the National Assembly during this session to facilitate the proceedings and functions of the Parliament. It was crucial that the Committees in accordance to their mandates and scope of their work update the Acts, rules and

regulations in pursuant to the provision of Constitution in the interest of country and people.

He expressed his hopes that the Committees will perform extensive and comprehensive review of the National Assembly Act 2008, National Council Act 2008, Local Government Act, 2009 and Right to Information Bill 2013 and report during the impending winter session as resolved in this session.

It was informed that this session deliberated the Annual Anti Corruption Report, Annual Audit Report 2012, and National Budget for the Year 2013-2014 and Supplementary budget for the Year 2012-2013. The House also endorsed 11th Five Year Plan.

Therefore, it was imperative to disseminate the resolutions of the House to the people without leaving it in the pages of the resolution book. It was also crucial to work towards meeting the promises and realize the development activities in the respective constituencies in close cooperation and collaboration with the Local Government leaders. The Speaker expressed his heartfelt and unforgettable appreciation for the successful conclusion of this session which was attributable to the blessings of triple gem, guidance of His Majesty the Druk Gyalpo and support of all the Members. He further informed that the First Session of the Second Parliament concluded successfully with the blessings of the *Triple Gem*, grace of His Majesty the Druk Gyalpo, Members of the Royal Family

and collective merit of the Bhutanese people. Lastly, *Tashi Moenlam* was offered at the feet of the Golden Throne for long life and successful endeavors of His Majesty, Members of the Royal Family and propagators of Buddha Dharma. The First Session of the Second Parliament concluded on 27th Day of the 8th Month of the Water Female Snake Year corresponding to October 1, 2013.

(Copy of the concluding address is annexed in Annexure B)

XXI. LIST OF DOCUMENTS DISTRIBUTED DURING THE 1ST SESSION OF THE 2ND PARLIAMENT

1. Tenancy Act of Bhutan 2004
2. Right to Information Bill of Bhutan 2013
3. Annual Report of the Anti-Corruption Commission 2012
4. Annual Report of the Royal Audit Authority 2012
5. National Assembly Act of the Kingdom of Bhutan 2008
6. Agreement on the Avoidance of Double Taxation between India and Bhutan
7. Local Government Act of Bhutan 2009
8. National Council Act of the Kingdom of Bhutan 2008
9. Multi-Lateral Investment Guarantee Agency Convention (MIGA)
10. Budget Report for the Financial Year 2013-2014
 - 10.1 Budget Appropriation Bill 2013-2014
 - 10.2 Supplementary Budget Bill 2012-2013
11. Report on the 11th Five Year Plan (2013-2018)

**XXII. LIST OF MEMBERS PRESENT DURING THE 1ST SESSION
OF THE 2ND PARLIAMENT**

1. Hon Speaker Jigme Zangpo, Mongar constituency, Mongar Dzongkhag
2. Hon Prime Minister, Tshering Tobgay, Sombaykha constituency, Haa Dzongkhag
3. Hon Minister for Home and Cultural Affairs, Lyonpo Damcho Dorji, Goenkhatoe-Laya constituency, Laya Dzongkhag
4. Hon Minister for Works and Human Settlement, Lyonpo Dorji Choden, Thrimshing constituency, Trashigang Dzongkhag
5. Hon Minister for Foreign Affairs, Lyonpo Rinzin Dorji, Shompangkha constituency, Sarpang Dzongkhag
6. Hon Minister for Education, Lyonpo Mingbo Dukpa, Dewathang-Gomdar constituency, Samdrupjongkhar Dzongkhag
7. Hon Minister for Labour and Human Resources, Lyonpo Ngeema Sangay Tshempo, Lhamoizingkha-Tashiding constituency, Dagana Dzongkhag
8. Hon Minister for Health, Lyonpo Tandin Wangchuk, Athang-Theedtsho constituency, Wangdiphodrang Dzongkhag
9. Hon Minister for Communication, Lyonpo Dina Nath Dungyel, Phuentshohpelri-Samtse constituency, Samtse Dzongkhag
10. Hon Minister for Finance, Lyonpo Namgay Dorji, Draagteng-Langthil constituency, Trongsa Dzongkhag
11. Hon Minister for Economic Affairs, Lyonpo Norbu Wangchuk, Kanglung-Udorong constituency, Trashigang Dzongkhag
12. Hon Minister for Agriculture and Forest, Lyonpo Yeshey Dorji, Maenbi-Tsaenkhar constituency, Lhuntse Dzongkhag

13. Hon Leader of the Opposition Dr. Pema Gyamtsho, Chhoekhor-Tang constituency, Bumthang Dzongkhag
14. Hon Deputy Speaker Chimmi Dorji, Lingmu- Toedwang Constituency, Punakha Dzongkhag
15. Hon Member Tshewang Jurmi, Chhumig-Ura constituency, Bumthang Dzongkhag
16. Hon Member Dawa Gyaltsen, Bongo-Chapchha constituency, Chhukha Dzongkhag
17. Hon Member Rinzin Dorji, Phuentshogling constituency, Chhukha Dzongkhag
18. Hon Member Karma Dorji, Drukjeygang-Tseza constituency, Dagana Dzongkhag
19. Hon Member Pema Drukpa, Khamaed-Lunana constituency, Gasa Dzongkhag
20. Hon Kinley Om, Bji-Kar-Tshog-Uesu constituency, Haa Dzongkhag
21. Hon Member Karma Rangdol, Gangzur-Minje constituency, Lhuentse Dzongkhag
22. Hon Member Ugyen Wangdi, Damedtse-Ngatshang constituency, Mongar Dzongkhag
23. Hon Member Rinzin Gamtsho, Kengkhar-Weringla constituency, Mongar Dzongkhag
24. Hon Member Kezang Wangmo, Dokar-Sharpa constituency, Paro Dzongkhag
25. Hon Member Khando Wangchuk, Lamgong-Wangchang constituency, Paro Dzongkhag
26. Hon Member Zangley Dukpa, Khar-Yurung constituency, Pemagatshel Dzongkhag

27. Hon Member Choida Jamtsho, Nganglam constituency, Pemagatshel Dzongkhag
28. Hon Member Dophu Dukpa, Kabisa–Talog constituency, Punakha Dzongkhag
29. Hon Member Pelzang Wangchuk, Jomotshangkha-Martshala constituency, Samdrupjongkhar Dzongkhag
30. Hon Member Tek Bahadur Subba, Dophuchen-Tading constituency, Samtse Dzongkhag
31. Hon Member Ritu Raj Chhetri, Tashichhoeling constituency, Samtse Dzongkhag
32. Hon Member Madan Kumar Chhetri, Ugyentse-Yoeseltse constituency, Samtse Dzongkhag
33. Hon Member Gopal Gurung, Gelegphu constituency, Sarpang Dzongkhag
34. Hon Member Kinga Tshering, North Thimphu constituency, Thimphu Dzongkhag
35. Hon Member Yeshey Zimba, South Thimphu constituency, Thimphu Dzongkhag
36. Hon Member Wangdi Norbu, Bartsham-Shongphu constituency, Trashigang Dzongkhag
37. Hon Member Jigme Wangchuk, Radhi- Sagteng, Trashigang Dzongkhag
38. Hon Member Karma Tenzin, Wamrong constituency, Trashigang Dzongkhag
39. Hon Member Dupthob, Boomdeling-Jamkhar constituency, Trashiyangtse Dzongkhag
40. Hon Member Sonam Dondup Dorjee, Khamdang-Ramjar constituency, Trashiyangtse Dzongkhag

41. Hon Member Nidup Zangpo, Nubi- Tangsibji constituency, Trongsa Dzongkhag
42. Hon Member Yogesh Tamang, Kilkhorthang-Mendrelgang constituency, Tsirang Dzongkhag
43. Hon Member Novin Darlami, Sergithang-Tsirang Toed constituency, Tsirang Dzongkhag
44. Hon Member Kuenga, Nyishog- Saephu constituency, Trongsa Dzongkhag
45. Hon Member Lekey Dorji, Bardo-Trong constituency, Zhemgang Dzongkhag
46. Hon Member Dorji Wangdi, Panbang constituency, Zhemgang Dzongkhag

Note: There seat for Nanong- Shumar constituency, Pemagatshel Dzongkhag is vacant in the First Session of the Second Parliament because the Hon Member Jigmi Yoeser Thinley submitted his resignation.

ANEXURES

Annexure A

English Translation of the speech delivered by Hon Speaker during the concluding session of the 1st Session of Second Parliament (1st October, 2013)

1. I on behalf of the Members of the Parliament and on my own behalf would like to extend our heartfelt welcome to His Majesty the Druk Gyalpo to the auspicious occasion of concluding ceremony of the 1st Session of the Second Parliament.
2. We would also like to extend warm welcome to Her Majesty Gyaltsuen, Members of the Royal Family, Dratsang, Senior Government Officials, International Dignitaries, development partners and rest of the guests to this occasion.
3. According to the provision of Constitution of Bhutan and National Assembly Act, ten Standing Committees were instituted in the National Assembly during this session to facilitate the proceedings and functions of the Parliament. It is crucial that the Committees in accordance to their mandates and scope of their work update the Acts, rules and regulations in pursuant to the provision of Constitution in the interest of country and people.

4. It is hoped that the Committees will perform extensive and comprehensive review of the National Assembly Act, 2008, National Council Act, 2008, Local Government Act, 2009 and Right to Information Bill and report during the impending winter session as resolved in this session.
5. This session deliberated the Annual Anti Corruption Report, Annual Audit Report 2012, and National Budget for the year 2013-2014 and Supplementary budget for the year 2012-2103. The House also endorsed 11th Five Year Plan.

Similarly, the House also endorsed Avoidance of Double Taxation Agreement between India and Bhutan and Multilateral Investment Guarantee Agency (MIGA) Convention. The House also deliberated on the 11 recommendations of the National Council on the Budget Appropriation Bill for the year 2013-2014.

Moreover, within short span of time after granting opportunity to take the reins of government we have been able to present Annual Report on the State of the Nation, including legislative Plans and the annual Plans and priorities of the government by the Prime Minister as provided in the Constitution. The report was mainly focused on the State of the Nation, developmental changes and its achievements followed by the Plans and priorities of the government. It was based on the triple gem of the *Druk-Gi-Tsa Wa*

Sum, Firstly, to pay tribute to the institution of Wangchuck dynasty, Secondly the security of the Nation and thirdly empowering the people. Therefore, on behalf of the House and on my own behalf would like to express our appreciation to Hon Prime Minister for his erudite report.

Although, not much of time has lapsed since the present government was formed, it has been able to present the report which is attributable to the efficient and capable civil service. Therefore, the House would like to express our appreciation to all the civil servants.

6. During the deliberation in the House, I as the Speaker have strived to provide equal opportunity to all the Members to make your submissions. The Members also demonstrated positive example by engaging in constructive debate giving priority to the ultimate interest of the country and people over their personal interest in line with the rules and procedures of the House in the spirit of strong checks and balances. To this I would like to express my appreciation to the Members and would like to apologize to the Members for having to intervene sometimes as unavoidable aspect of responsibility as the Speaker.
7. We have all assumed the responsibility as the representatives of the people with the pledge to serve the people. Therefore, it is imperative for all of us to disseminate the resolutions of the House to the people without leaving it in the pages of the resolution book. It is also crucial to works towards meeting the promises and realize

the development activities in the respective constituencies in close cooperation and collaboration with the Local Government leaders.

8. The people of Bhutan in general and the Parliament in particular would like to extend our gratitude to people and Government of India for their unflinching support of Nu. 54 billion towards the realization of our 11th Five Year Plan.
9. After the conclusion of this First Session, let us all look forward to be able to gather in the august hall at the feet of the golden throne without any problem during the impending winter session of the Parliament.
10. Therefore, I would like to express my heartfelt and unforgettable appreciation for the successful conclusion of this session which is attributable to the blessings of triple gem, guidance of the His Majesty and support of all the Members.
11. The First Session of the Second Parliament concluded successfully with the blessings of the *triple gem*, grace of the His Majesty the Druk Gyalpo, Members of the Royal Family and merit of the Bhutanese people. Lastly, I would like to offer prayers for long life and successful endeavors of His Majesty, Members of the Royal Family and propagators of Buddha Dharma. As the First session concludes, we offer our *Tashi Moenlam* at the feet of the Golden Throne.

Annexure B

English translation of the speech delivered by Hon Speaker during the opening ceremony of the First Session of the Second Parliament (11th September, 2013)

1. The historic First Session of the Second Parliament of Bhutan commences today on this very auspicious day. The parliament would like to welcome His Majesty the Druk Gyalpo for gracing the opening ceremony of the Parliament in consonance with the provision of the Constitution of Bhutan.

I on behalf of the Members of the Parliament and on my own behalf would like to extend our warm welcome to Her Majesty the F, Members of the Royal Family, Hon Prime Minister, Cabinet Ministers, Chairperson of the National Council, Opposition Leader and Members Parliament to this opening ceremony. In addition, we would also like to welcome the senior government officials, international dignitaries and all general public those who are witnessing and listening to the proceedings of the session through media.

2. His Majesty Fourth Druk Gyalpo with the objectives of strengthening the peace and security of the country and securing self reliance through the development initiatives has always placed the power in the hands of the people through the policy of

decentralization. In continuation to this noble initiative, their Majesties with deep sense of love and care have reposed their trusts in the Bhutanese people and devolved full executive power to the people which culminated into the introduction of historic Constitutional Democratic Monarchy. The first opportunity of taking the reins of government after the introduction of Constitutional Democratic Monarchy was granted by Bhutanese people to Druk Phuensum Tshogpa (DPT). The DPT in turn successfully implemented the Plans and programs of 10th Five Year Plan and achieved substantive results in last five years. Moreover, the Speaker Jigme Tshultim of National Assembly and Chairperson Namgay Penjore of the National Council of the last Parliament have contributed to the fruitful conduct of debates and proceedings of the House. To this the Second Parliament would like to express our appreciation to the last Parliament. As the Members of Opposition Party are highly experienced and capable, it is hoped that we will receive affirmative guidance, support cooperation from the Opposition Party.

3. The Parliament would like to commend Election Commission of Bhutan for lawful and successful conduct of 2008 and 2013 parliamentary elections.

4. Similarly, in the historic Second Parliament the Bhutanese people with their trust and confidence have granted the opportunity to run government to the Peoples Democratic Party (PDP) and the responsibility of this opportunity weighs heavy on the party. Therefore, the Members of Parliament must embrace this profound responsibility in serving the people and protect the interest of the people and the country in the conduct of their responsibility. It is also crucial for Members to fulfill their pledges as promised to the people and demonstrate exemplary conduct to the general public.
5. The Members must render unfailing service in strengthening the foundations of democracy for the sovereignty, peace, security, solidarity and economic development of the country as entrusted by Their Majesties.
6. His Majesty reminded the Members on the imperatives of resolving the problems pertaining to the public debt, youth employment, poverty and corruption. It is hoped that the Members would bear in mind the message of His Majesty to avoid party affiliations and favoritism in the course of their duties and serve the Tsa-Wa-Sum with outmost dedication and loyalty.
7. Moreover, it is crucial to formulate, improve and review the policy and Plans for balanced development of the rural communities in the

country. It is also important to accord great importance to the protection and sustainability of the environment.

8. With the trust and confidence bestowed upon me by the people of Mongar Constituency, I was elected as the Member of the National Assembly and later the President of the ruling party Prime Minister and the Members endorsed my nomination for the office of Speaker. Accordingly, His Majesty the Druk Gyalpo conferred Speaker's Dhakyen upon me. To this I would like to offer my unforgettable gratitude.
9. In my service as the Speaker, I would always look up to Their Majesties the embodiment of our collective merit for their guidance and direction for the parliamentary affairs. Similarly, I urge all the Members to render your support and co-operation to me and I pledge to serve to the Tsa-wa-sum to the best of my abilities.
10. During the times of disaster in our country, His Majesty with deep concern and care for the people has always looked into the welfare of the aggrieved people. The Parliament would like to express our deep gratitude to His Majesty for providing commiseration, support and guidance to the 11 Royal Bhutan Army personnel who were the victims of disaster in Haa Dzongkhag on 2nd September, 2013.

11. Further, we would like to express our appreciation to His Holiness Jekhenpo, Dratshang, Rabdey, Goendey, and Choedey for their continuous performance of Kurims to avert the disaster resulting from natural elements and hope that they would continue to do so in the coming years.
12. The First session of the Second Parliament would review the need for 14 Parliamentary standing committees established in the First Parliament and accordingly appoint the Committee Members. This session would also table the motion to formulate, review and amend the following Bills and Acts to make it more relevant;
 1. Right to Information Bill of Bhutan 2013
 2. Tenancy Act of Kingdom of Bhutan 2004
 3. National Assembly Act of the Kingdom of Bhutan 2008
 4. National Council Act of the Kingdom of Bhutan 2008
 5. Local Government Act of Kingdom of Bhutan 2008
 6. Multilateral Investment Guarantee Agency (MIGA) Convention
 7. In addition, this session also would deliberate on the Double Taxation Avoidance Agreement between Bhutan and India.

13. Similarly, 11th Five Year Plan, Prime Minister's Report on the State of the Nation, Financial Statements of the financial year 2012-2013, National Budget 2013-2014 will be tabled in this session. In addition, Annual Audit Report and Annual Report of the Anti Corruption Commission will also be deliberated in the First Session.

14. Although everyone is aware, I would like to reiterate that one of the gratifying matter for all the Bhutanese people is that the bondage of existing relations between Bhutan and India is further strengthened by the visit of our Prime Minister Tshering Tobgay to India with effect from 30th August, 2013 upon invitation extended by Indian Prime Minister Dr. Manmohan Singh immediately after the formation of the new government. The outcome of the visit would provide opportunity to mitigate the problems pertaining to therupee (INR) shortage in the country. India has been the principal development partner ever since Bhutan embarked on First Five Year Plan. Even today, despite the unfavourable economic conditions in India, it has committed INR 54 billion for successful implementation of the 11th Five Year Plan, INR 5 billion for Economic Stimulus Plan (ESP) and INR 4 billion for the balance Plans and programs. The Parliament on behalf of the Bhutanese people and on its own behalf would like to express appreciation to the people and government of India for their unflinching assistance.

15. It is hoped that the First Session of the Second Parliament would conclude successfully with the blessings of the triple gem, grace of the His Majesty the Druk Gyalpo, Members of the Royal Family and merit of the Bhutanese people. Lastly, I would like to offer prayers for long life and successful endeavors of His Majesty, Members of the Royal Family and propagators of Buddha Dahrma. May the sun of peace, happiness and prosperity shine upon all the Bhutanese people!

(Jigme Zangpo)

October 1, 2013

SPEAKER

Annexure C

Resolution of the First Sitting of the National Assembly of the Second Parliament

1. Opening ceremony

The election of Speaker and Deputy Speaker was held on the 26th Day of the 6th Month of Water Female Snake Year, corresponding to August 2, 2013, Thursday at 10 am. The Secretary General of the National Assembly extended a warm welcome to the Prime Minister, Opposition Leader and the Members of the National Assembly. As enshrined in Article 10 (5) of the Constitution of the Kingdom of Bhutan-The Druk Gyalpo shall summon the First Sitting of Parliament after each General Election. The Kasho issued by the Druk Gyalpo summoning the First Sitting was received from the Golden Throne and was read out to the House.

2. Translation of the Royal Kasho issued for the First Sitting of the Second National Assembly by His Majesty the Druk Gyalpo

As per the provision of the Constitution of the Kingdom of Bhutan, the Members of the National Assembly have been successfully elected. Therefore, the First Sitting of the National Assembly is hereby commanded to be held on the 2nd of August 2013.

The election of the Speaker and the Deputy Speaker of the National Assembly shall be held at the First Sitting. The elections shall be carried out in a free and fair environment as per the provisions of the Constitution and in accordance to the laws of the country.

Issued on the 24th Day of the 6th Month of the Water Female Snake Year corresponding to 31st July 2013.

DRUK GYALPO

3. Election of Speaker and Deputy Speaker

Article 12 Section 3 of the Constitution of Kingdom of Bhutan states that “ *At the first sitting after any general election, or when necessary to fill a vacancy, the National Assembly shall elect a Speaker and a Deputy Speaker from among its members*” Accordingly, the ruling party the Peoples Democratic Party (PDP) nominated Hon Jigme Zangpo, from Monggar Constituency as the candidate for Speaker and Hon Chimi Dorji, from Limukha and Toewang Constituency under Punakha Dzongkhag was nominated as the candidate for the post of Deputy Speaker. Upon the election on the 26th Day of 6th Month of Female Water Snake Year corresponding to August 2, 2013 through secret ballot by the 46 members present, the candidates secured the following votes;

Sl.	Name	Dzong- khag	Constituent	Yes	No	Total
1.	Jigme Zangpo	Monggar	Monggar	42	4	46
2.	Chimi Dorji	Punakha	Limu- Toewang	42	4	46

The Secretary General officially declared the election results and offered felicitations to the candidates and concluded the election proceedings.

4. Oath of Affirmation of Office and Oath or Affirmation of Secrecy

The Hon Members gathered in the august hall at 12.30 pm on the same day to take Oath of Affirmation of Office and Oath or Affirmation of Secrecy. Prior to the administration of the oath, the Members adorned themselves with the Kabney and Patang granted by His Majesty. Article 10 Section 18 of the Constitution of the Kingdom of Bhutan states that “ The Members of Parliament shall

take an Oath of Affirmation of Office, as provided for in the Third Schedule of this Constitution, before assuming their responsibilities” and Section 19 provides that “ The Prime Minister, the Ministers, the Speaker, the Deputy Speaker, the Chairperson and Deputy Chairperson of the National Council shall take an Oath or Affirmation of Secrecy, as provided for in the Fourth Schedule of this Constitution, before assuming their office”. Before the administration of Oath of Affirmation of Office and Oath or Affirmation of Secrecy by the Members of the National Assembly, the symbolic representation of His Majesty’s body, speech and mind was ushered into the grand hall of the Parliament from the golden throne which was followed by Zhugdrel Phuensum Tshogpai Ceremony. The Oath of Affirmation of Office and Oath or Affirmation of Secrecy was administered by the Chief Justice of Bhutan and the Members pledged their loyalty to the Tsa-Wa-Sum and offered their true faith and allegiance to the Constitution of Bhutan.

5. Expression of Appreciation

The Director on behalf of the National Assembly Secretariat expressed appreciation for the support rendered by the Members for the successful conduct of election of Speaker and Deputy Speaker and the administration of Oath of Affirmation of Office by the Members and Oath or Affirmation of Secrecy by the Prime Minister, the Ministers, the Speaker and the Deputy Speaker on 2nd

August, 2013 corresponding to the 26th Day of 6th Month of the Female Water Year.

6. The administration of Oath of Affirmation of Office and Oath or Affirmation of Secrecy concluded with the expression of gratitude to the Chief Justice of Bhutan and the Tsugla Lopen of Central Monastic Body for kindly consenting to administer the Oath of Affirmation of Office and Oath or Affirmation of Secrecy.

(26th Day of 6th Month of Water Female Snake Year corresponding to the August 2, 2013)

(Kinzang Wangdi)

August 2, 2013

SECRETARY GENERAL