

**LOCAL BODY AND FINANCIAL RESOURCE MOBILIZATION: A CASE  
STUDY OF JOGMAI VDC, ILAM, NEPAL**

**A Thesis Submitted to  
The Central Department of Rural Development,  
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in partial fulfillment of the requirement for the  
Degree of the Master of Arts (M.A)  
in  
Rural Development**

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## RECOMMENDATION LETTER

The thesis entitled **Local Body and Financial Resource Mobilization: A Case Study of Jogmai VDC, Ilam, Nepal** has been prepared by **Narayan Mahat** under my guidance and supervision. I hereby forward this thesis to the evaluation committee for final evaluation and approval.

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## APPROVAL LETTER

The thesis work entitled **Local Body and Financial Resource Mobilization: A Case Study of Jogmai VDC, Ilam, Nepal** Submitted by Narayan Mahat in partial fulfillment of the requirements for Degree of Master of Art's (M.A) in Rural Development has been approved by the evaluation committee.

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## DECLARATION

I hereby declare that the thesis entitled **Local Body and Financial Resource Mobilization: A Case Study of Jogmai VDC, Ilam, Nepal** submitted to the Central Department of Rural Development, Tribhuvan University, is entirely my original work prepared under the guidance and supervision of my supervisor. I have made due acknowledgement to all ideas and information borrowed from different sources in the course of writing this thesis. The result of this thesis have not been presented or submitted anywhere else for the award of any degree or for any other purposes .I assure that no part of the content of this thesis has been published in any form before.

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Date:

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## **ABSTRACT**

Nepal is a rich country in resources with its diversification such as geographical (Hill, Mountain, Terai), social (more than 100 ethnic groups lives together here and there with harmony), cultural (different caste and ethnic groups of people celebrate own culture), natural (forest, water, mine etc.) and human capabilities as well. These resources are useful to fulfill the demand for goods or services of one place from other. Even having such diversify resources, whatever the reason, the country is facing the shortage of resources in development endeavor. Identification and mobilization of such resources is a challenging task for the socio economic development of the country. It is characterized by the participation, rule of law, transparency, responsiveness, equity, accountability, effectiveness, efficiency and strategic vision. The system of governance is an exercise of power over the resources in order to its use and management. Therefore, the issues of governance are who controls? Who decides? And how it is use and distributes the resources? and so on. Thus, to establish a system, the decentralization has been accepted as an important means of good governance.

Union Parishads (councils) being the century old rural local government in jogmai VDC of Ilam district are yet to fulfill the expectations of rural citizen which is mainly due to own resources constraints including miserable local resources mobilization. This paper focuses on Union Parishads recent revenue trend and performance from five years secondary data (2003-2007) and primary data collected from Parishad representatives, local people, government officials and national experts. Finding of the study shows that despite revenue potentials, weak revenue administration, inadequate adjustments and assignments of local revenue sources including lack of union functionaries training become impediments on local revenue enhancement. Other finding of the study suggests that in the absence of valuation based tax assessment system, households housing pattern and literacy rate can be significant determinants in ascertaining annual average holding tax revenue while per capita household holding tax, remittances, agricultural land

ownership, households having electricity connections can be used as significant variables to determine the taxpayers ability to pay holding tax.

The principle of decentralization has been adopted in Nepal in the context of local government for mobilizing the local resources with devolving the power and function to the local bodies in order to fulfill the needs and aspiration of people. Conceptually, it is believe that, the development cannot be delivered only from outside. It needs to be born within any particular social system. It is also proved that, rolling of a ball requires pumping of adequate air from outside. Considering the economy as a ball, providing of adequate resources requires to produce consumption or capital goods or services in order to develop the socio economic condition of people. The resource mobilization should be, in such a way that has to reflect the process of rainfall in normal environment, from which the people would be benefited without giving heavy burden to the resource givers. For example, the water becomes vapor after heating certain degree temperature, where there is available on the surface of the earth, then it further becomes water and fall as rainfall on the earth (everywhere water lake as well as dry land) without any partiality. Similarly productive resources should be collected from there and those persons, where and who have ability to give then distribute and utilize it for the benefit to all as a right.

Decentralization principle is a system of idea, which refers to institutional transformational practices of power, authority, resources, and responsibility to carryout public functions from center to subordinate government. It includes the dispersal of administration or governance in sectors or areas. It is the policy of delegating decision-making authority down to the lower levels in an organization, relatively away from and lower in a central authority. It is a bottom-to-top approach in making decision and flow of ideas, with the implications of the end-to-end principle. In present democratic world, decentralization is considered as a partner in-between the institutions. The main principle component of decentralization is a local government, which is closer to the people than central government. However, it is observed that, local government varies widely in capacity, accountability, viability and legitimacy. These aspects affect in governance

wherein authority, responsibility and resources are reallocated between the center and subordinate level according to the principle of subsidiary. The transformation process denotes power, responsibilities and resource sharing from center to local bodies.



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