BUDGET ALLOCATION AND DISBURSEMENT IN TWO MUNICIPALITIES: BARDIBAS AND MITHILA

A Thesis

Submitted to the Central Department of Economics,

Faculty of Humanities and Social Sciences,

Tribhuvan University, Nepal,

In Partial Fulfillment of the Requirements

for the Degree of

MASTER OF ARTS

In

ECONOMICS

By

LAXMAN KUMAR SINGH

Roll No: 29/2074

Regd. No: 6-3-28-114-2017

Central Department of Economics

Kirtipur, Kathmandu, Nepal

February 2023

LETTER OF RECOMMENDATION

This thesis entitled **BUDGET ALLOCATION AND DISBURSEMENT IN MUNICIPALITIES: BARDIBAS AND MITHILA** has been prepared by **Laxman Kumar Singh** under my guidance and supervision. I hereby recommend this thesis for examination by the Thesis Committee as partial fulfillment of the requirements for the Degree of Master of Arts in Economics.

……..………………………

Prof. Dr. Shiva Raj Adhikari

Central Department of Economics

Tribhuvan University

Kirtipur, Kathmandu

Date: ……………………

APPROVAL LETTER

We certify that this thesis entitled **BUDGET ALLOCATION AND DISBURSEMENT IN MUNICIPALITIES: BARDIBAS AND MITHILA** submitted by **Laxman Kumar Singh** to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of Master of Arts in Economics has been found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

Thesis Committee

………………..……………………

Prof. Dr. Shiva Raj Adhikari

Head of Department

……………………………….…..

Prof. Dr. Arjun Baral

External Examiner

………………….…………………

Prof. Dr. Shiva Raj Adhikari

Thesis Supervisor

Date: ……………………

DECLARATION

I, LAXMAN KUMAR SINGH, declare that this thesis entitled **BUDGET ALLOCATION AND DISBURSEMENT IN MUNICIPALITIES: BARDIBAS AND MITHILA** submitted to Central Department of Economics is my own original work unless otherwise indicated or acknowledged in the thesis. The thesis does not contain materials which has been accepted or submitted for any other degree at the University or other institutions. All sources of information have been specifically acknowledged by reference to the author(s) or institution(s).

Laxman Kumar Singh

RollNo.: 29/2074

Regd.No.: 6-3-28-114-2017

Central Department of Economics

Kirtipur, Kathmandu, Nepal

ACKNOWLEDGEMENTS

ABSTRACT

The purpose of the thesis is to highlight the Budget allocation and disbursement in two municipalities: Bardibas and Mithila. After long political unrest, presently Nepal has adopted federal political system. The constitution of Nepal 2015, replacing the interim constitution from 2007, defines Nepal as federal democratic republic and provisions with three tiers of government: local, provincial and federal. Local levels also named as grass roots democracy are formed in the sense that it ensures the citizens' access to the services to their doorsteps.

This thesis examined the similarities and differences between budget allocation and disbursement in Bardibas&Mithila municipalities and trace out the degree of absorptive capacity in respective municipalities along with trend and pattern of allocated, disbursed and remain budget. All local government bodies have to oblige to conduct a participatory development planning process that is budget. Appropriate selection of necessity developmental project, allocation of amount to the respective project, control, monitor and evaluation of the project, amount disbursement after completion and measurement of absorptive capacity of the budget are vital issues in budgetary practice. This study is based on secondary data derived from SUTRA through municipal assistance. Data are analyzed by using central tendency, percentage analysis as well as described by tables and figures. Descriptive research design has used to explore objectives of the thesis.

This study shows, among various source of budget conditional grant has higher disbursement percentage. The disbursement budget of Bardibas municipality for the FY 76/77, 77/78 and 78/79 remain to 49 percent, 52 percent and 54 percent. Similarly, for the Mithila municipality remain to 56 percent 82 percent and 73 percent respectively. The allocation trends for both municipality seems to be increasing. The absorption capacity of Mithila municipality is higher than Bardibas municipality by 7 Percent, 30 Percent & 19 Percent in FY 76/77, 77/78 & 78/79 respectively. The study concludes that Mithila municipality has higher resources mobilization i.e. absorptive capacity. The objective of economic development can only be achieved when government expenditure are made wisely and meaningfully in the productive sector.

Key words: **Absorptive capacity, Budget, Devolution and Local Government.**

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

Page No.

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AWPB	Annual Work Plan & Budget
B.A	Budget Allocation
B.D	Budget Disbursement
C.G	Conditional Grant
CBS	Central Bureau of Statistics
DCC	District Coordination Committee
Dev.	Development
Dist.	Distribution
DPC	Direct Project Cost
EU	European Union
FG	Federal Government
FY	Fiscal Year
G.P.E	Global Partnership for Education
GoN	Government of Nepal
Gov.	Government
IDA	International Development Association
Intl.	International
LG	Local Government
LSGA	Local Self- Governance Act
MDG	Millennium Development Goal
MoFAGA	Ministry of Federal Affairs & General Administration
NEC	Nepal Economic Census
NREP	Nepal Renewable Energy Program
P.G	Provincial Government
PM	Payment
SDC	Swiss Agency for Dev. & Cooperation
SSDP	School Sector Development Program
SUTRA	Sub-National Treasury Regulatory Application
UNICEF	United Nation Children Fund

CHAPTER I

INTRODUCTION

1.1   Background of the Study

Nepal has been facing political changes and systems over the decades. Presently Nepal has adopted the unitary federal political system which defines Nepal as a 'federal democratic republican nation. Under the system, devolution of power is shared to local levels in order to strengthen localism and development. The devolution is a broader concept of decentralization where power and authority are provided to a sub-national level of government constitutionally (Chaudhary 2019).

Local levels also named as grass roots democracy are formed in the sense that it ensures the citizens' access to the services to their doorsteps. Local governance is considered as a system and function whereby different stakeholders get together for discussing the contemporary and future plans, elect their representatives, and take decisions collectively. Marques (2013) argue that 'governance' embraces the capacity of a state to function effectively, and promote society's welfare and to deliver public services through the exercise of political power. Therefore, local governance is crucial for local development, delivery of social, and public services.

In 1999, the Government of Nepal (GoN) enacted the Local Self-Governance Act to empower local bodies and consolidate decentralization in the country. The specific objectives of the Act included: engaging citizens, to the extent possible, in the governance process through decentralization; mobilizing local resources to develop local bodies; striving for social equality through equitable distribution of the budget and development outcomes; and making local bodies accountable by giving them the necessary authority for budget planning and implementation. (Sapkota&Malakar, 2021)

The constitution of Nepal 2015, replacing the interim constitution from 2007, defines Nepal as federal democratic republic and provisions with three tiers of government:

local, provincial and federal. Since, the last democratic election held in November 2017, Nepal consist of 753 local governments, 7 provincial government and one federal/central government. Now each government has a separate government along with the federal government at the center.

Local and provincial government hold a variety of political, fiscal as well as administrative powers, while there are also concurrent powers with the federal government. As per the current constitutional provisions, 35 political, fiscal as well as administrative power are given to the federal government, 21 to the provincial government, and 22 to the local government. At the same time, there are 25 concurrent power between federal and provincial governments, whereas 15 are shared between federal, provincial and local governments. Following the constitutional spirit, election for three levels of government have been conducted in 2017 that brought a safe landing of political transition.

According to Local Level Plan and Budget Formulation Guidelines (2016), all local government bodies should have to oblige to conduct a participatory development planning process that is budget. Government budget is a statement of the estimates of the government receipts and government expenditure during the period of the financial year. It reveals fiscal policy of the government, focusing on growth and stability of the economy. Goode defines public expenditure as a means to carry out essential administrating justice and providing national defense and to supply certain additional goods and services that are advantages to a great society but that would not be supplied by private enterprises because doing so would not be profitable (Goode 1984).

There are two important issues regarding the budget. The budget is allocated to meet the necessity at ward level. Budget allocation refers to the amount of spending allocated to each expenditure line or heading. The budget allocation suggest department heads the upper limit of money they can spend during the fiscal period. A budget allocation is amount of fund in particular sector or programs and it should not exceed the limit by the employee authorized to charge expenses to a particular budget line. Based on the estimated resources, expenditure limits, also called budgetary allocation, are assigned to each budget category. While developing budgetary allocations, all needs of the public are taken into account. Budgets are usually divided

into departments and program units. This allows for easier identification of the resources allocated to specific programs and functions.

Allocated budget gets disbursed to the line item contained in the budget under the heading "total disbursement during the relevant period of determination as set forth in the budget. A disbursement is a cash outflow. It can be in any form of payments. This record of disbursement shows how local body is spending cash over time. It is the design and construction budget for the improvements, as a proved by lender from time to time. Disbursement refers to the actual withdrawal of cash from the bureau of the treasury due to the encashment of checks issued by agencies and payments of budgetary obligations. It is amount paid by federal agencies or local government, by cash or cash equivalent, during the fiscal year to liquidate, government obligations. "Disbursement" is often used interchangeably as or within the term 'outlay'. The difference between budget allocation & budget disbursement gives rise to remain budget (idle budget) that is unused & unmobilized budget. This is named as absorption capacity.

The concept of federalism is not very matured in Nepal since adopted from 2017. "Local government or municipalities may be defined as; a small part of national government which is controlled by lower authorities than the state authority: however local government is independently elected by local residents in which they have a familiar interest and history" (Havenga, 2003). In context to the local level, the budget allocation and disbursement is burning and challenging task. Budget formulation and its implementation have distinct road map. Previously, central government (Singha Darbar) use to allocate budget on respective developmental head. All the monetary tasks was monitored and regulated from center. After adoption of federalism, local body has been entrusted with the power of budget formulation and implementation. But budgetary process have several hurdles, appropriate budget allocation ensures effective and efficient mobilization of the resources that demonstrate accountability and transparency i.e. take the best decision possible. Appropriate selection of necessity developmental project, allocation of amount to the respective project, control, monitor and evaluation of the project, amount disbursement after completion and measurement of absorptive capacity of the budget are vital issues in budgetary practice. This study will deal with above phenomena.

8

1.2   Statement of the Problem

Different periodic plans shows that current expenditure is higher than capital expenditure. The rate of expenditure growth is higher than the rate of revenue growth. Social sector expenditure such as communication, transportation, health, construction and education will create the employment opportunity, utilize the natural resources and hence there is economic growth. In contrast, if government makes expenditure on luxurious/ unproductive projects; will adversely affect GDP and economic growth. The objective of economic development can only be achieved when government expenditure are made wisely and meaningfully in the productive sector. The least development country like Nepal has general problem of resource gap despite the existence of potentiality with regard to domestic resources mobilization. There is decline in revenue surplus over year because of the weak resources mobilization which lead the country to depend on the foreign aids.

The major principle of resources disbursement is consistency of spending resources with policy priorities. All policies have financial implications have to be recognized for the duration of the purposed policies. The evaluation and priorities are the collective implication of the purposed policies. Subjective valuations as well as political intervention on economic affair are the apparent problem in Nepalese case. Nepal has scarcity of resources in financing various developmental activities. The size of government expenditure has been increasing every years but the public revenue is not increasing simultaneously. A large amount of government expenditure issued for current expenditure (consumption) and small portion left is used for capital expenditure (developmental activities).

Nepal has witnessed newly federal and local budget system since 2074. In this context, local body budgetary system is infant in practice. Local body is not obsessed to this budgetary system. Method for budget accumulation and way of disbursement of municipality is big question. There is gap between budget allocation and disbursement which may be defined as absorptive capacity of budget.

The constitution of Nepal 2072 defines Nepal as democratic republic nation with three tiers of government. Previously, central government use to allocate budget on respective developmental heads. After adoption of Nepal's constitution 2072, local

level have authority and responsibility regarding budgetary process in accordance with law. Optimum budget allocation and disbursement is necessary to achieve desired economic development. As federalism is new practice different issues regarding budget can be seen at local level. Thus, in light of these facts, the present study aims to answer some peculiar question or research problems relating to public expenditure and absorption capacity at local level.

1.3   Research Questions

(i)   What are the similarities and differences between budget allocation and disbursement in Bardibas &Mithila municipalities?

(ii)   Why absorptive capacities differ in two municipalities?

1.4   Objectives of the Study

The General objective of the study is to analyze & compare budget allocation and disbursement in Bardibas & Mithila municipalities.

The Specific objectives of the study are given below:

(i)   To analyze the gap between budget allocation and disbursement i.e. absorptive capacity.

(ii)   To present trend and pattern of allocation, disbursement and remain budget.

1.5   Significances of the Study

The historic arrangement of budget for local government opens several possibilities, which are exciting for the following two reasons. First, it marks the beginning of implementing federalism in the country. Local governments are empowered to exercise the greatest level of autonomy; as some analyst call it, exercing the power of singha durbar (the domain of central government) at the very bottom of village and municipalities. Second, the role of local government has been expanded to all the steps of an ideal cycle of policy making: formulation, implementation and evaluation.

The possibility of introducing participatory budgeting as a way of engaging ordinary people in the making of public policies, developmental projects and services delivery

arrangements at local level can help municipalities to transform the local areas into a better place to live and work. Along this the study has covered the priority sectors of the respective municipal. Therefore, in this study, attempt has been made to show allocation and disbursement of budget in different years and try to show how effective it is. Hence, this study would be beneficial to the policy makers, planners, researchers, university students and other interested individuals

1.6 Scope and Limitations of the Study

This study has following limitations.

(i)   This study is based on the secondary source of data; no test has been done for check of reliability of those data.

(ii) This study is based on budgeting & accounting governmental software called SUTRA.

(iii) This study does not include the organizational aspect and other aspect of municipalities.

1.7 Organization of the Study

The structure of this study consists five chapters which have been briefly described as follows. Chapter I is introductory portion which gives a general overview of the whole study, statement of the problems, research questions, and objective of the study, significances of the study and limitation of study. Chapter II advocates theoretical concept of government expenditure and pertinent literature available. It includes literature review of both national and international level as far as possible. Various books, mainly includes review of thesis, journals and periodicals as well as internet shall be used. Chapter III includes research design, conceptual framework, research variables, and sources of data, data collection tools and technique of the study. Chapter IV expresses the allocation and disbursement of budget in municipalities. This chapter is fully devoted to explore the objectives of the study & deals with data presentation & data analysis. Chapter V is the last chapter of the study which consist the summary of entire thesis. Finding, conclusion and recommendation of the study are mentioned here. Finally, references and appendix is enclosed at the end of the study.

CHAPTER II

REVIEW OF LITERATURE

2.1   Introduction

There are so many theories on public expenditure i.e. budget allocation and disbursement. Many books, articles papers, dissertations and economist opinion are available. Each have its own view regarding public expenditure and its trend. During the process of literature review, we have pictured both positive and negative perception towards government expenditure. The 'Government Expenditure' is not new to economics. It has been discussed, included and expressed under timeframe with beginning of 19th century. Different researchers come off with their own findings regarding budget formulation & its implementation at local level. Since, Nepal has newly adopted federalism structure, the recent studies regarding budgeting at local level are reviewed below. Hence, it is worthy to review some of the relevant literature both by national and international researchers.

2.2   Theoretical Context

Kennedy (2012), stated that public expenditure as a financial mechanism provides a helping hand to the government to realize its core economic and social objectives. The traditional economist had confined the functions of the state mainly for providing protection to the people from internal rebellion and foreign aggression. It is also required for the administration of justice and provision of public works whereas modern economist conceive that public expenditure has a positive role to achieve the goal of maximum social welfare and much essential in correcting market failure and providing public goods.

The general growth of government spending in the last hundred and fifty years and in industrial societies is a fact established. The explanation of the growth of government size has also received numerous theoretical explanations (Bergh and Henrekson 2011). There are three types of government expenditure.(a) Current Expenditures or Government final consumption expenditure on goods and services for current use to directly satisfy individual or collective needs of the members of the community.(b)

Capital Expenditures or fixed capital formation (or government investment) - government spending on goods and services intended to create future benefits, such as infrastructure investment in transport (roads, rail airports), health (water collection and distribution, sewage systems, communication (telephone, radio and TV) and research spending (defense, space, genetics) .(c) Transfer payments - spending that does not involve transactions of goods and services, but instead represent transfers of money, such as social security payments, pensions and unemployment benefit.

Kawai and Lamberte (2010) stated that although references to absorptive capacity occasionally convey the idea that there is an absolute limit to the amount of capital that can be used, most economists recognize, explicitly or implicitly, that the measurement of absorptive capacity must be somehow related to the "productivity" or "effectiveness" of capital. At first glance this is nothing other than Keynes's "marginal efficiency of capital." Absorptive capacity thus becomes a schedule relating an amount of capital to be invested to the expected rate of return. The lower the rate of return on capital which the "investor"--the economic unit making an investment decision--is willing to accept as satisfactory, the higher the absorptive capacity.

Cheema &Rondinelli (2007), claimed that Decentralization is a generic term that embodies several concepts. In tandem with the evolution in thinking about governance, its concepts have changed rapidly over the past quarter of a century. Until the early 1980s, decentralization was understood as the process of transferring authority, resources, and responsibilities of public functions from the center to lower levels of government. By the early 1980s, as the notion of governance expanded from the management of government affairs within the state apparatus to manage broader public affairs, decentralization took new meanings and new forms.

Kauzya (2007), stated that Decentralization processes embody both vertical and horizontal decentralization. Vertical decentralization transfers power, authority, and resources from central government to local government. Horizontal decentralization, on the other, empowers local communities and their organizations to claim their rights and to best utilize the transferred powers for their benefits. Horizontal decentralization requires the growth of active and responsible civil society as well as capable local government institutions in such a way that local governments are able to institutionalize downward accountability with the active participation of local citizens

in the exercise of local governance-the formulation and execution of collective actions at the local level. Devolution is the highest form of decentralization. Devolution transfers decision-making power, authority, resources, and responsibilities of public functions to elected local governments.

Fiscal decentralization is also understood by its two important measures: expenditure decentralization and revenue decentralization. Expenditure decentralization is the ratio of local government expenditure in total government expenditure. This measure indicates the fiscal importance and spending capacity of local governments in a country. However, it does not explain about the fiscal autonomy of local governments. Revenue decentralization is the ratio of local own-source revenues vis-a-vis total national revenues (Letelier, 2005)

Narula (2004), claimed that still another definition of absorptive capacity is implied in an attempt to measure absorptive capacity by the observed increase in total investment "that can be carried out at an acceptable minimum level of productivity" over a certain period. Thus it is claimed that a country's absorptive capacity may be considered as increasing if gross domestic investment has grown by, say, 10 percent one year to the next, or by 20 or 25 percent over a five-year period. Unfortunately, the apparent simplicity of this method of measuring absorptive capacity is more than offset by all the uncertainty which afflicts it. The rate of gross domestic investment may have increased because the economy managed to generate more savings for a variety of reasons or because more foreign capital or foreign aid has become available.

Rondinelli (2003), claimed that Delegation is a more extensive form of administrative decentralization. Through delegation, central government transfers the management authority and responsibility of specific public functions to specialized agencies, semi-autonomous bodies, or local governments while retaining the supervisory power at the Centre. Delegated agencies are vertically accountable to the center and perform functions on behalf of delegating agencies. Decentralization by this approach is helpful to insulate the high priority projects or programs from bureaucratic red tape and political interfere. Devolution is the highest form of decentralization.

Today, decentralization is understood not only as the process of transferring authority within state hierarchy but also as the system of sharing power, authority, resources,

and responsibilities among broader governance institutions including private and civic sectors (Drummond & Mansoor, 2003).

Absorptive capacity is generally defined as the ability of the firm to utilize available information and knowledge that comes through the interaction with other organizations, such as other firms, users or knowledge providers (i.e. research institutions) (Cohen and Levinthal, 1990). It involves the ability to recognize the value of the information and knowledge deemed necessary for the firm's innovation process, to be able to acquire it, assimilate it, transform it and exploit it Thus, absorptive capacity increases a firm's access as well as usage (processing and commercializing) of knowledge and information through collaboration with other actors. The absorptive capacity is a function of the firm's skill base, its internal technological effort and its linkages with external sources of knowledge (Lall, 1992).

Economic development is possible by participation of both private and public sectors. The public expenditure plays a very prominent role in an economy development of the nation. It is the main instrument of fiscal policy of the government. It has to play significant role to achieve higher rate of economic growth, higher rate of employment, higher rate of per capita income and equitable distribution of income and wealth in the society. Public expenditure to carry out essential functions of administrating justice and providing national defense and to supply certain additional goods and services that is advantageous to a great society but that would not be supplied by private enterprises because doing so would not be profitable (Goode, 1984).

2.3 International Context

Desmond and Odiche (2012), analyzed effects of the public expenditure on the economic growth of Nigeria. The objectives of the research are to carry out the relationship of public expenditure and economic growth in Nigeria and to find out the causal relationship between them. The research has applied OLS multiple regression models specified on perceived causal relationship between government expenditure and economic growth. It used time series data included in the model were those on GDP, and various components of government expenditure. Results of the analysis showed that capital and recurrent expenditure on economic services had insignificant negative effect on economic growth during the study period. Also, capital expenditure

on transfers had insignificant positive effect on growth. But, capital and recurrent expenditures on social and community services and recurrent expenditure on transfers had significant positive effect on economic growth.

The World Bank (2011), emphasis on an empirical study that was done on expenditure and it showed that increased public expenditure and negative effects of taxation will contribute to a positive effect on economic growth. Financial management is an integral part of public expenditure and accountability because the same residents that voted for their party are entitled to excellent public management, participation and information.

In China, local development issues have been closely related to the reform and opening up policies that have emphasized since the late 1970s. These policies have gradually changed the Chinese economic system and have successfully improved economic performance in China. Many reform policies have been introduced in selected local governments and then gradually expanded to other regions based on the success of local experiences (Liou, 2009).

Schroeder(2007) in his study forecasting local revenues and expenditures reviewed the rational for techniques available to local government financial management for force stating revenue and expenditure in developing and transaction economics. It illustrated how the techniques can be used and buttresses that discussion with illustrations of how they are actually used.

Sevilla (2005), states that public expenditure is very important to provide services over a broad spectrum, however, accountability and control issues in the delegation and decentralization of funds are two major challenges in developing countries. Preservation, effective expenditure in the supply chain units and flexibility as well as autonomy is needed for performance agreements in supply chain.

Public expenditure in local government is one of the most important aspect within a local authority. Local government or municipalities may be defined as: "a small part of national government which is controlled by lower authorities than the state authority, however, local government is independently elected by local residents in which they have a familiar interest and history" (Havenga, 2003).

In the United States, local governments are interested in development policy because of changing domestic and international environment (Blakely & Bradshaw, 2002). In the domestic environment, these changes are related to the economic recession, the rise of taxes, the federal budget deficit and the cutback of federal aid, which have forced local governments to find the additional resources.

World Bank (2000), in the study under the title 'Nepal: Public Expenditure Review concluded that Nepal is not facing a fiscal collapse rather the fiscal situation is quite stable. This study however showed inefficiency and mismanagement on public spending. Deficits in the budget planning, resources allocation and expenditure management process have been found a major factor contributing to low productivity. This study pointed out the institutional weakness for the ineffectiveness of –public spending in Nepal. The reports present number of suggestions to improve the effectiveness of public expenditure projection, good governance and transparency, decisive action to formulate an anti-corruption agenda greater local ownership of public expenditure program, build a partnership between local and central, and public and private, etc. are major.

2.4   National Context

Nepal began the journey of decentralized governance with the enactment of Local Self-Governance Act (LSGA) in 1999. Earlier efforts on decentralization were driven primarily by the decentralization where the local government bodies were considered as the administrative branches of national government. LSGA 1999 provides the legal basis for the management of local bodies in Nepal. Under federalism, the governance structure in Nepal includes the federal government, seven provinces, and 753 units of local government (LG). Local governments are of four types, namely metropolitan cities (6), Sub metropolitan cities (11), Municipalities (276) and Rural Municipalities (460). Functions of different levels of governance were analyzed and assigned and the

institutional structures were re-organized across the three levels. The District Coordination Committee (DCC) exists in the new structure with very limited role. The major role of the DCC is to coordinate with the government agencies within the district as required. However, they do not have roles and authority in service delivery and the development.

The Local Government Operation Act (LGOA) defines legal provisions for local government operations, roles, and responsibilities. Like federal and provincial levels, local levels have mandates to develop policies and legal frameworks, and to conduct planning and budgeting exercises. Hence, the health programme content at local level must combine plans and budgets from all three levels. Funds are primarily provided via conditional grants, mainly from the federal level. Besides conditional grants, local levels pool resources from equalization, special, and complementary grants (from federal and provincial levels), revenue distribution, and from local taxes and other revenue streams.

According to the guidelines of Local Self-Governance Act (1991), all local government bodies should have to oblige to conduct a participatory development planning process. The 15th Plan of Nepal is the basis for achieving the long-term vision of "Prosperous Nepal, Happy Nepali". Under this, the national goal of the scheme is to build a foundation for upgrading high-income countries by transforming it into socialist oriented public welfare with a rich economy social justice and peaceful living. For this local development plan is considered as a yardstick and pivot for national long-term vision.

According to Sapkota &Malakar (2021), Local development planning exercise under federal democratic republican state in Nepal is newly practice and has not its long empirical experiences. Although LDP is a process whereby local real beneficiaries organize themselves and define their felt needs, prioritize problems and issues, develop objectives and set the strategies and working policies. They involved in implementation phase, monitor and evaluate their plans. All development stakeholders, working in local level, had a provision to involve in the process of local development planning, resource mobilization and service delivery with the concerned local bodies. It is a technique, process and means with the realization of certain pre-determined and well-defined goals and objectives set-up by the concerned authority,

mainly central planning authority. Indeed, while formulating a local development planning, planners shall follow the definite method, process and action. To make the plan formulation process easy, the different subjective committees are constituted.

Chaudhary (2020), stated that the present local units have a number of challenges from sound leadership to skillful staff and poor performance. There are deficiencies in technical and administrative knowledge and skills, poor staff compliance with directives of representatives, inadequate attention to budgetary demands and constraints, and sluggish implementation of programs and projects Lack of laws, expenditure in unproductive fields and party priority instead of citizens are major obstacles and barriers as well as challenges in the wake of local level effectiveness.

The Local Level Plan and Budget Formulation Guideline, 2017 directs local governments to prepare a thematic list of ward-level projects prioritized by ward committees, and projects that are deemed necessary at the local level. A five-member working committee, headed by members assigned to the respective thematic areas, should hold a discussion on the thematic lists. The projects are then prioritized based on a select list of criteria. The prioritized projects for the annual budget are prepared by the Budget Plan and Program Formulation Committee, which is then submitted to the municipal executive. The budget is subsequently submitted to the municipal assembly for approval. Most local governments prioritized infrastructure development over other thematic sectors. A study conducted in 2018 found that local residents prioritized infrastructure development, with roads and electricity being identified as major needs.

The Local Level Plan and Budget Formulation Guideline 2017 require LGs to allocate budgets by the five thematic areas as follows: (Pokhrel,2020)

1. Economic development: agriculture, tourism, industry and commerce, cooperative and finance
2. Social development: education, health, drinking water and sanitation, culture and GESI
3. Infrastructure development: road and bridge, building and urban development, energy and communication

4. Forest, environment and disaster management: forest and land conservation, climate change, soil erosion and landslide, disaster management and waste management

5. Good governance and institutional development: human resource development, institutional capacity development, revenue mobilization, finance management, internal audit, addressing the audit issues, public heating, social audit, e-governance, service delivery, citizen satisfactory survey and inter-agency coordination.

Bhusal (2014) studied the relationship between the government spending and economic growth in Nepal. The objectives of the research are to test the Wagnerian hypothesis in Nepalese economy, to check the long run relationship between them. The research used the data set for the period of 1975-2012. It has used ADF test to check the unit root of variable. Johanson co- integration test and error correction model (ECM) are used to check the long run and short run relationship between the variables respectively and Granger Causality test is used to check the direction of causality among the variables. The findings of the research are Wagnerian hypothesis do not exists in Nepalese economy, there exists both short run and long run relationship between the government spending and economic growth in Nepal and Granger causality test shows that Government spending Granger causes economic growth but economic growth does not Granger cause government spending.

Subedi (2013) thesis during the time period between 1990 to 2011, has found that the trend and pattern of public expenditure threat on the fiscal deficit and management. The regular expenditure has increased faster than development expenditure after 1997/98. She also examined the regular expenditure is highly responsive to GDP. Whereas, development expenditure is less responsive to GDP implying is less responsive to GDP implying that it does not growth at the peace as much as increase in GDP.

Karana (2007) has presented in his article that emphasized on the performance of public expenditure of Nepalese economy. According to him, Nepal has completed more than fifty years of its budgetary history. This period is not sufficient to change the poor economic condition of those country but this period would be significant to lead the economy into the progressive path of economic development. Though Nepal

embarked on economic development very late, only in 1950s and since the considerable public resources development with not worthy progress has been initiated in many years. Government spending on an average is high. Nevertheless, there is considerable evidence that a large amount of these resources has been miss spent, which led the incidence poverty around 31Percent particularly in the rural areas where 85.50 Percent of people live. In addition to poor use of public resources, Nepal has also been unable to implement a policy framework conductive to high level of economic growth. Although a brief period of economic reform led to a significant acceleration of the economic growth to about 5.6Percent in the early 1990s and since then the growth rate has declared to 3.9Percent in mid –to- late 90s, 2.8Percent in FY 1998/99, _0.6 percent in FY 2003/4 and 2.4 percent in FY 2004/05.

Before the federal structure, there was 14-step planning process that district level authorities followed to formulate their Annual Work Plan and Budget (AWPB). In that "unitary" system, the District Development Committee (DDC) and Village Development Committee played pivotal roles in the planning and implementation processes. Under the current federal structure, a seven-step planning process was defined for the preparation of local level AWPBs. In this structure, municipal (palika) and ward offices play crucial roles in the planning process, coordinated by Sectoral Committees and responsible Divisions or Sections.(NHSSP-III,2021) Guidelines developed after the federal structure mandate the seven-step planning process for local levels. The LGOA outlines the framework and process of planning and budgeting. In 2017, the Ministry of Federal Affairs and General Administration (MoFAGA) endorsed a 10 guideline that elaborates the planning process for the local level. The seven-step planning process is shown in the figure.

First Step starts with the update of the profile and situation analysis of LG. At this stage estimation of revenue is done at LGs. LGs submit the revenue forecast and estimation of expenditure to the Ministry of Finance (at Federal level) and relevant Province based on the revenue estimation and resource mapping. Then Formation/Adjustment of Sectoral committees; allocate roles and responsibilities.

Figure2. 1: Timeframe for Formulation of Annual Work Plan and Budgetat the Local Level

Step 7

Step 6   Approval byMunicipalAssembly

By the End of Asadh (Mid-July)

Step 5   Approval of Budget by Executive Committee

By 10th of Asadh(20th June)

Step 4   Budget plan formulation at Palika

By 5th of Asadh (20th June)

Step 3   Project selection and Prioritisation at ward level

By 15th Jestha (End of May)

Step 2   Settlement level planning meting

By the end of Baisakh (Mid-May)

Resource Projection and Determining the celling

By End of 10th Baisakh (25th April)

Step 1

Preparation phase
1) Submission of revenue/expenditure budget to Federal government
2) Receive the Budget celling and guidelines frome the Federal and Provincial Government

By End of Poush (1)/ Chaitra (2) (Mid-Jan)/Mid-April)

Source: MoFAGA, 2017

In secondStep LGs Receive the budget ceiling and guidelines from federal and provincial levels. Determine budget ceilings and establish thematic committees for each sector and Provide Guidelines for each sectoral committee. Hold pre-budget session with stakeholders for budget discussion then Prepare Policy and Programme and submit to Assembly

Third Step is the Selection of programme from community level from the meetings and discussion and Submission of program to ward committee.

Fourth Step is figured out by collecting plans (programme bank) from ward level along with programme and budget commitment from non-state development partners. Afterwards Submission to the municipal executive the programme that could not be covered through ward level budget allocation and inter-ward programmes of importance. Prioritise the programme and submit to Budget and Programme Formulation Committee.

Fifth Step is characterized by Consolidation of the programme submitted by different sectoral committees and prioritise programmes. Then Conduct stakeholders" meeting to reprioritise the programme with each sectoral committee and Integrate the program and budget committed by the non-state development partners. Afterward Prepare the AWPB and fiscal and appropriation bill for submission to the municipal executive committee.

In sixth Step, Approve the AWPB and Budget speech from municipal executive committee. Approve the fiscal and appropriation bill by the municipal executive committee.

Seventh Step Endorse the AWPB and fiscal appropriation bills. Then Verify and approve the endorsed documents from local municipal assembly. Publish the documents in local government gazette.

2.5 Research Gap

In conclusion the findings of various researchers largely differ. This happen due to different researchers examine and analyzed their studies through different aspects. In context to local government very few empirical studies have been done. Different laws and policies were reviewed regarding local government. National and international studies were also reviewed. BA and BD is new topic in budgetary formulation process. As federalism is not matured in Nepal, this thesis will highlight major aspects of BA & BD.

2.6 Literature Review Matrix

Table 2. 1

Literature Review Matrix

S.N	Author and title of the Article	Objectives of the Article	Issues	Strength/innovation of the Article
1.	Sapkota, B.D &Malakar, I.M (2021). Local Development Planning Process: A Policy-Level Analysis in Nepal.	The main objective of this paper is to examine the process of local development planning process in Nepal under federal system.	People's participation, planning, process & output	The article concludes local government should remain at the forefront of the entire planning process and ensure the local beneficiaries while setting the vision, mission, goals, and objectives in a sequential order
2.	NHSSP-III (2021).Strengthening local planning and budgeting to deliver Basic Health Care Services: lessons from selected local governments	Summaries the planning and budgeting practices and experiences in local levels.	Strengthening local planning and budgeting	The study Provides recommendations for the strengthening of planning and budgeting at the local level.
3.	Chaudhary, D. (2020). The decentralization, devolution and local governance practices in Nepal	The main objective of the study is to analyze the system and function of local governance in relation to power, authority, leadership and its	Decentralization & Devolution of power	A rich contextualized understanding of some aspects of local governance and its challenges rather than more generalization

		effectiveness and challenges.		
4.	Pokhrel, S. (2020). Governance processes for formulation of energy act, policy, regulation, directive, plan and budget in Nepal	This document reviews the major approved documents related to governance system and processes for formulation of act, policy, regulation, directive, plan, and budget and recommends best available practices/steps.	Renewable Energy Programme.	This article reviewed approved government documents and recommends practices/steps for development of energy specific Acts, policies, regulations, directives, plans and budgets.
5.	Local Level Plan and Budget Formulation Guidelines (2016).	The Act defines the Roles, Responsibility and Power of the Local Government.	Legal Document	Provides Guidelines for Local Government Operation.
6.	National Planning Commission. (2074).	The act defines guidelines for preparation of annual development program and budget.	Budget at local level.	Provides Guidelines for Local level planning and budgeting.
7.	Bhusal (2014). The relationship between the government spending and economic growth in Nepal.	To review the rational for techniques available to local government.	Financial management	It illustrated how the techniques can be used and buttresses that discussion with illustrations of how they are actually used.
8.	Subedi (2013). The trend of	The objectives of the research are to test the	Government	There exists both short run and long run

	public expenditure and its relation with gross product, import and money supply (1990-2010).	Wagnerian hypothesis in Nepalese economy, to check the long run relationship between them.	spending	relationship between the government spending and economic growth in Nepal
9.	World bank (2011). Empirical study on expenditure	To review the public expenditure of Nepal	public Expenditure	Inefficiency & mismanagement on public spending.
10.	Cheema G.S&Rondinelli D.A (2007). Decentralizing governance: Emerging concepts and practices	Decentralizing strategy as well as the benefits and difficulties that will likely result.	Decentralization	The study assess the emerging concepts of decentralization (e.g., devolution, empowerment, capacity building, and democratic governance).
11.	Schroeder (2007). Forecasting local revenues and expenditures.	To study relationship between public expenditure and taxation.	public Expenditure	Increased public expenditure and negative effects of taxation will contribute to a positive effect on economic growth.
12.	Drummond P. & Mansoor (2003). Macroeconomic management and the devolution of fiscal power; Emerging	This paper focuses on how the center can maintain its ability to conduct fiscal policy while devolving revenue, spending, and borrowing powers to	Fiscal management	Decentralization is associated with better fiscal outcomes for middle-income countries with strong governance.

	Markets Finance and Trade.	lower levels of government.		
13.	World bank (2000).Nepal : public Expenditure Review	Effect of absorptive capacity	Absorptive capacity	Higher absorptive capacity; higher development.
14.	Cohen and Levinthal, (1990).Research institutions	Role of public expenditure in economic development	private & public sector	public expenditure main instrument of economic development
15.	Goode, R. (1984). Government Finance inDeveloping Countries	To study expenditure decentralization and revenue decentralization	Measuring Fiscal Decentralization	The decentralization of public services and their financing is high on the political agenda.

Source: Literature Review

CHAPTER III

RESEARCH METHODOLOGY

Research methodology is the way to solve systematically about the research problem. It helps to analyses, examine and interpret various aspects of research works. The research methodology is followed to achieve the basic objective and goals of this research work. This includes; research design, conceptual framework, setting of the study, sources of data collection procedures and techniques of data analysis.

3.1 Research Design

This chapter presents how and which method the researcher would employ to explain the data presented. As, this research is based on secondary data, the required data has been collected from respective municipality. The data is extracted from governmental software (application software) called SUTRA used by governmental employees at local level. SUTRA is accounting software that mainly deals with revenue & expenditure of government. After collection of data, data has been presented. Similarly, data is also derived from red book, annual budget& Central Bureau of Statistics (CBS). After presentation the analysis part takes place which defines the objectives. Exploration of objectives enters to trend & pattern of allocation, disbursement & remain budget and end with finding & conclusion. In this study different techniques have been employed to achieve the above stated objectives. Such techniques are text, figures or illustrations, tabular, pie-chart, graphical, simple statistical tools like mean, ratio & percentage and descriptive analysis.

3.2 Conceptual Framework

The Conceptual Framework is an analytical tool with several variations and contexts. It is used to make conceptual distinctions and organize ideas. We can theorize that municipal budget has three major components i.e. budget allocation, budget disbursement & remain/unused budget. Absorptive capacity depends upon above stated components. Consecutively, three FY study ends to trends and pattern of respective municipal with comparison of major issues. The conceptual framework of the study can be presented as:

Figure 3. 1: Conceptual Framework
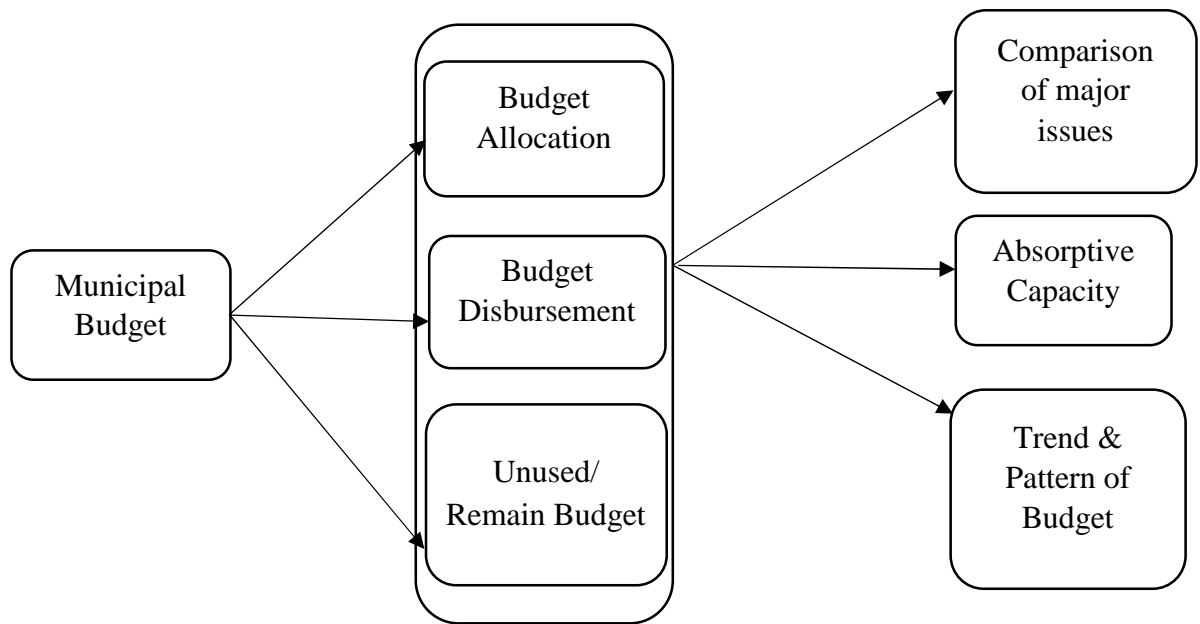
3.3   Setting of the Study

The municipalities were selected under non probability sampling methods i.e. convenience sampling. A convenience sample simply includes the individuals who happens to be most accessible to the researcher. Convenience sampling (also called accidental sampling or grab sampling) is a method of non-probability sampling where researchers will choose their sample based solely on the convenience.

Bardibas municipality is   located in Mahottari District of Madhesh Province of Nepal. The municipality is surrounded by Dhanusha District in the East and Sarlahi District in the West, Bagmati Province falls in the North and Bhangaha, Aurahi and Gaushala municipalities are located in the South. The municipality was established on two December 2014 merging the then four VDCs of Bardibas, Maisthan, Gauribas and Kisan Nagar. In 2015, four more VDCs were merged with this municipality, those municipalities were: Hathilet, Pashupatinagar, Khaya Mara and Bijayalpura. The municipality is divided into total 14 wards (Wikipedia).

Total area of the municipality is 315.57 sq. Km. In 2021 census the population of Bardibas remain to 68353. Population density is 220 per sq. Km. Total number of households is 13635. Similarly, total family number is 15938 (Preliminary National Census, 2078 BS).

Bardibas is a major town of Madhesh Province, which is located at Mahendra Highway. The town is a three way junction. The BP Highway connects Bardibas with the capital city Kathmandu. A railway line connecting to Janakpur is also under construction.

According to Economic Census (2018), there are total 2,085 establishments in Bardibas Municipality that are involved in various economic activities. In those establishments, total 6,750 persons are engaged for the economic activities, as a self-employed or an employee, with total male engagement of 4,509 and female engagement of 2,241 persons.In every business, there were an average of 3.24 people engaged with average males are 2.16 and females are 1.07. The ratio of male to female engagement in the establishments are 2.01, which means as many as 2.01 males are engagement in the economic activities per female.

Mithila is a municipality in Danusha District in Madhesh Province of south-eastern Nepal. After the government announcement the municipality was established on 2 December 2014 by merging the existing Begadawar, Nakatajhijh and Dhalkebar village development committees (VDCs). The municipality is divided into total 11 wards (Wikipedia).

Total area of the municipality is 187.93 sq. Km. In 2021 census the population of Mithila remain to 47408. Population density is 240 per sq. Km. Total number of households is 9159. Similarly, total family number is 10522. (Preliminary National Census, 2078 BS)

According to Economic Census (2018), there are total 1,079 establishments in Mithila Municipality that are involved in various economic activities. In those establishments, total 7,283 persons are engaged for the economic activities, as a self-employed or an employee, with total male engagement of 5,043 and female engagement of 2,240 persons. In every business, there were an average of 6.75 people engaged with average males are 4.67 and females are 2.08. The ratio of male to female engagement in the establishments are 2.25, which means as many as 2.25 males are engagement in the economic activities per female.

3.4 Sources of Data

The empirical study fully depends on secondary data and no attempt has been made to collect data on primary basis.

3.4.1 Secondary Data

Secondary data is collected from the Mithila municipality and Bardibas Municipality by visiting to the municipal office. This study covers the time series data from FY 2076/77 to 2078/79 only. This time period is selected because; (a) the central government has launched the online system for the entry of BA and BD since 2077. Before 2077 all budgetary work were done manually. As a result, budgetary data were not available due to haphazard storage system and hassle to recover. (b) Federalism is not much matured in Nepal & adopted according to the constitution of Nepal 2015, which defines Nepal as federal democratic republic nation. Hence three year data has been taken as first local election under federalism was held on November 2017.

3.4.2 Techniques of Data Analysis

Descriptive analysis or economic evaluation techniques has been used.

Table 3. 1

Methodology Matrix

S.N.	Objectives	Tools of Analysis	Source of Data
1.	To analyze and compare budget allocation & disbursement in Bardibas & Mithila municipalities	Descriptive, central tendency, percentage analysis, pie chart & bar diagram	Secondary
2.	To analyze the gap between budget allocation and disbursement i.e. absorptive capacity.	Descriptive, central tendency, percentage analysis, pie chart & bar diagram	Secondary
3.	To present trend and pattern of allocation, disbursement and remain budget.	Descriptive, central tendency, percentage analysis, pie chart & bar diagram	Secondary

3.4.3   Operational Definition of the Variables

An operational definition of the variables gives an obvious, precise, and communicable meaning to a concept used to ensure comprehensive knowledge of the idea by specifying how the idea is measured and applied within a particular set of circumstances. An operational definition ensures a succinct description of concepts and terms applied to a specific situation to facilitate the collection of meaningful and standardized data. It is critical to operationally define a variable to lend credibility to the methodology and ensure the reproducibility of the study's results. Some of the major operational variables has been explained below.

Budget

A budget is a statement of expected results stated in numerical terms. It is formed in advance of the period to which it applies. The budget refers to an estimation of expenses and revenue generated over a certain period. A budget is evaluated and compiled periodically. Government budget is a statement of the estimates of the government receipts and government expenditure during the period of the financial year. It reveals fiscal policy of the government, focusing on growth and stability of the economy. The budget formulation process starts from Chaitra and end in Ashasd. The study mainly deals with municipal budget.

Budget Allocation

A budget allocation is amount of fund in particular sector or programs and it should not exceed the limit by the employee authorized to charge expenses to a particular budget line. Based on the estimated resources, expenditure limits, also called budgetary allocation, are assigned to each budget category. While developing budgetary allocations, all needs of the public are taken into account and decisions are made bet to allocate available money. Budgets are usually divided into departments and program units. This allows for easier identification of the resources allocated to specific programs and functions. Each category can be made of several budget allocations, referred to as line items, for the specific needs necessary to support the program.

Budget Disbursement

Budget disbursement means the line item contained in the budget under the heading "total disbursement during the relevant period of determination as set forth in the budget. It means the expenditure described in the approved budget under the line item "Aggregate cash disbursements" during the relevant period of determination. A disbursement is a cash outflow. It can be in any form of payments. Example; the actual delivery of funds from a bank account. This record of disbursement shows how municipal is spending cash over time. A disbursement is a payment that has completed and recorded as such that it has been debited from the municipal's account and credited to the payee's account.

Remain Budget

Remain budget or unused budget are the allocated funds, but unspent at the end of a fiscal year. The government has been perennial very weak in utilizing the capital budget and every year a significant portion of it remains unspent. Mathematically, the difference between budget allocation and budget disbursement gives remain budget and defines the degree of absorptive capacity of respective municipality. Remain budget (unused budget) is dependent variable which depends on allocation and disbursement of budget. This phenomena of remaining budget is also termed as budget freeze. Higher the percent of remain budget indicates poor utilization of allocated budget. It has inverse relations with disbursed budget.

Absorptive Capacity

Absorptive capacity also termed as budget absorption is defined as the percentage of actual expenditure (disbursed amount) compared to the total budget (allocated amount).Absorptive capacity reflects the ability of local government to mobilize public funds to provide the public services and to achieve economic development. The Global Fund definition of budget absorption does not really differ from the definition of budget execution commonly used in public expenditure reviews. In practice, budgets are rarely implemented exactly as approved. This can be for legitimate reasons, such as adjustments in policies in response to changes in socioeconomic conditions and shocks, or for negative reasons, including

33

mismanagement, unauthorized expenditure, inefficiency or fraud. The question of absorptive capacity is generally triggered by the concern of donors to recipient government.

Grant

A grant is one of the ways the government funds ideas and projects to provide public services and stimulate the economy. It is an amount of money that a higher government gives to lower government. The municipality receives grant from both government i.e. central government and federal government. At present, municipality receives four kind of grant which are explained below.

A. Equalization grant

An equalization grant is a transfer payment made to a province or municipal from the federal government for the purpose of offsetting monetary imbalances between different parts of the country. Equalization payments represent wealth or income redistribution between regions, jurisdictions, or administrative districts. In the absence of equalization transfers, some local governments often would have insufficient resources to fulfill their responsibilities at a minimum desirable level (by national standards). In particular, equalization grants are important as they typically provide a sizeable share of overall subnational government resources. Similarly, equalization grants reduce horizontal fiscal imbalances in a country or regional disparities and inequities by compensating subnational governments with greater fiscal need and smaller fiscal capacity.

B. Conditional Grant

Conditional grant means conditional allocations to provinces, local government or municipalities from the national government's share of revenue raised nationally, which are provided for and whose purpose is specified. Conditional grants as targeted, can be used to achieve specific policy objectives. For example, conditional grants can be used to stimulate spending on specific items that the central government cares about as a matter of national policy, such as education. However, equalization grants

are unconditional grants and are given for general purposes. It is also termed as block grant or project grant.

C. Concurrent Grant

Concurrent Powers" refers to powers that are exercising at the same time at two different levels of government: the state government and the federal government. These powers may be exercised simultaneously within the same territory, in relation to the same body of citizens, and regarding the same subject matter. Just like two parents taking care of their kids, the state and federal governments have to coordinate to make sure the needs of their citizens are met at local level. They can't overstep their boundaries, but they also can't let areas fall through the cracks. At the same time, there are 25 concurrent powers between federal and provincial governments, whereas 15 are shared between federal, provincial, and local governments. Education, health, agriculture, Motor vehicle permits, Royalty from natural resources are some of them. It is also termed as complementary or matching grant.

D. Special Grant

A special grant is to cover planned exceptional expenditure that cannot be met by the ordinary grant and are only awarded for exceptional expenditure. Special grants will not be awarded to cover municipal staff and office costs. The Government of Nepal may provide special grants for any specific project to be operated by the State or Local Level pursuant to section 11 that may include to develop and deliver basic services like education, health and drinking water, to achieve balanced development of inter-State or inter-local level, to uplift or develop the class or community discriminated economically, socially or in any other form.

Internal Source/Municipal

Municipality have right for revenue collection. As per constitution 2015,Local governments have jurisdiction over local taxes (wealth tax, house rent tax, land and building registration fee, motor vehicle tax), service charge, fee, tourism fee, advertisement tax, business tax, land tax (land revenue), penalty, entertainment tax and land revenue collection. These are the source of revenue for municipality.

Revenue Distribution- Provincial Government

Municipality receives funds from provincial government as the portion of its budget. According to constitution of Nepal 2015, house and land registration fee, motor vehicle tax, entertainment tax, advertisement tax, tourism, agro-income tax, service charge, fee and penalty fall under the jurisdiction of the provincial government. Provincial government shares its revenue with local government as being higher authority.

Revenue Distribution- Federal Government

Federal government largely has monopoly over income tax, customs duty, value added tax and excise duty; four biggest sources of revenue. According to Inter-Governmental Fiscal arrangement, even though the federal government collects these revenues, it shares 30 percent of the collection from VAT and excise duty to sub-national governments-15 percent each to provincial and local governments. Likewise, they each receive 25 percent of the royalty collected from the use of natural resources, including from water, forest, electricity, mining and mountaineering (Constitution of Nepal, 2015).Likewise, Municipality receives funds from federal government as the portion of its budget.

Other sources

Other sources includes national and international funding agency. Some examples of international funding agency are UNICEF grant, SSDP grant, SDC grant, IDA loan, GPE grant, ADB loan, EU grant and many more. National includes public contribution, road board, internal loan, municipal development fund and others.

CHAPTER IV

RESULTS AND DISCUSSION

The results obtained from the study have been discussed in this chapter. This part discusses the descriptive information of the study.

4.1 Allocation and Disbursement in Bardibas & MithilaMunicipalities (FY 2076/77)

Allocated & disbursed budget along with remain budget for the FY 2076/77 of Bardibas & Mithila municipalities can be observed from the following tables. Then key difference in particular FY are identified and explained below.

4.1.1 Allocation and Disbursement in Bardibas Municipality (FY 2076/77)

The below table presents Budget Allocation and Disbursement of Bardibas municipality for the FY 2076/77.

The table shows source of budget composition from different heading. As given above, local Gov., provincial Gov., federal Gov., as well as international agencies has contributed in budget composition. At the same time, the table give complete figure for allocated, disbursed and remain (unused) budget for municipality on different headings.

Equalization payments are transfer payments made by a government to offset financial differences between different parts of the country. The disbursed & remain equalization grant for Bardibas municipality is 15 percent & 85 percent respectively.

Conditional grants are designated for a specific purpose and may not be used for another project. The disbursed & remain Conditional grant for Bardibas municipality is 91 percent & 9 percent respectively.

Concurrent power are powers of a federal state that are shared by both the federal government and each constituent political unit, such as a state or province. The

disbursed & remain Concurrent grant for Bardibas municipality is 0 percent & 100 percent respectively.

Special Grants provide funding from provincial and federal government that enables a municipality to carry out a specific project, program or campaign. The disbursed & remain Special grant for Bardibas municipality is 16 percent & 84 percent respectively.

Table 4. 1

Budget Composition for Bardibas Municipality (FY 2076/77)

(Amounts in million)

S.N.	Budget Composition	Allocated Budget	Disbursed Budget (%)	Remain Budget (%)
1.	Equalization Grant	181.449	28.077947(15)	153.371054(85)
	a. Provincial	7.749	2.25	5.499
	b. Federal	173.7	25.827947	147.872054
2.	Conditional grant	332.998	303.42042(91)	29.577579(9)
	a. Provincial	10	8.822625	1.177375
	b. Federal	322.998	29.4597795	284.000204
3.	Concurrent grant	20	0(0)	20 (100)
	a. Provincial	4	0	4
	b. Federal	16	0	16
4.	Special grant	18	3 (16)	15 (84)
	a. Provincial	3	3	0
	b. Federal	15	0	15
5.	Internal Source/Municipal	535.146622	176.219726(33)	358.926895(67)
6.	Revenue distribution- Provincial Gov.	12.501	4.658143(37)	7.842857(62)
7	Revenue distribution- Federal Gov.	148.7	94.065618(63)	54.634382(37)
8.	Others	58.657821	26.558758(45)	32.099063(55)
	a.GoN- C.G current: UNICEF	0.4	0.05	350
	b.GoN- C.G UNICEF: Direct PMT	0.2	0	0.2
	c.GoN- C.G: SSDP	10.8	4.97745	5.82255
	d.GoN- C.G current: SSDP loan	19.2	9.393	9.806751
	e. UNICEF grant- Intl. Inter Gov. :Direct payment	4.038057	0.5822	3.455857
	f. GoN- C.G: SDC	1.6	0.427715	1.172285
	g.GoN-Other grant: cash	0.4	0	0.4
	h.UNICEF-Foreign loan	4.038057	0	4.038057

received			
i. Public contribution	17.981707	11.128144	6.853563
Total	1307.452443	636.000612	671.451831

Source: SUTRA

Similarly, budget composition consist revenue distribution from provincial Gov. and federal government, Municipal internal source and international funding agency. The disbursed & remain internal source/municipal for Bardibas municipality is 33 percent& 67 percent respectively. Similarly, the disbursed & remain Revenue distribution-Provincial Gov. is 37 percent& 62 percent respectively. On the other hand, disbursed & remain Revenue distribution-federal Gov. for Bardibas municipality is 63 percent& 37 percent respectively. Others includes national and international funding agency. The disbursed & remain other source for Bardibas municipality is 45 percent& 55 percent respectively.

Above table concludes, conditional grant has higher absorptive capacity than other source of budget as it is quoted budget for respective heading .Based on the above tables, the descriptive information can be explained from following figure.

Figure 4. 1
Budget Allocation and Disbursement in Bardibas Municipality (2076/77)
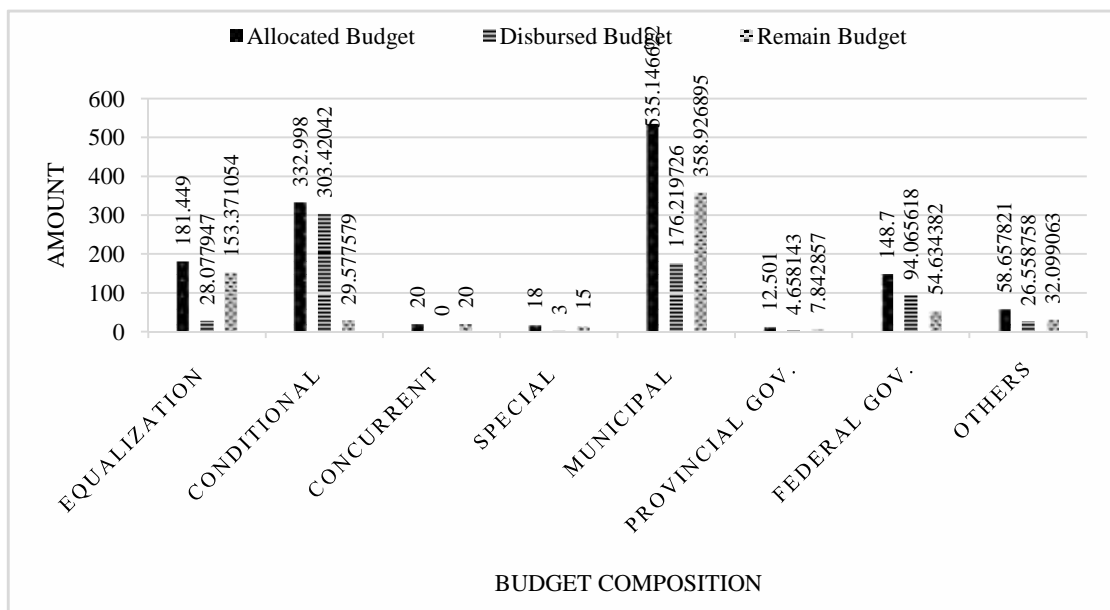
(Amount in million)

As, seen above local Gov. has highest budget contribution and provincial Gov. has lowest budget contribution respectively. Maximum & minimum disbursed budget is conditional & concurrent grant respectively. Similarly, Maximum & minimum remain budget is municipal source and provincial source respectively.

4.1.2 Allocation and Disbursement in MithilaMunicipality (FY 2076/77)

The below table presents Budget Allocation and Disbursement of Mithila municipality for the FY 2076/77.

Table 4. 2

Budget Composition for Mithila municipality (FY 2076/77)

(Amounts in million)

S.N.	Budget Composition	Allocated Budget	Disbursed Budget (Percent)	Remain Budget (Percent)
1.	Equalization Grant	151.227	56.819919(38)	94.407079(62)
	a. Provincial	7.527	5.410432	2.116567
	b. Federal	143.7	51.409487	92.290512
2.	Conditional grant	199.234	169.841889(85)	29.39211(15)
	a. Provincial	10	9.997259	0.02741
	b. Federal	189.234	159.84463	28.400204
3.	Concurrent grant	10.7	4(38)	6.7 (62)
	a. Provincial	4	4	0
	b. Federal	6.7	0	6.7
4.	Special grant	8	3 (38)	5 (62)
	a. Provincial	3	3	0
	b. Federal	5	0	5
5.	Internal Source/Municipal	205.079928	81.193058 (39)	123.886870 (61)
6.	Revenue distribution-Provincial Gov.	6.851	2.87705 (42)	3.97395(58)
7	Revenue distribution-Federal Gov.	111.4	70.285593(63)	41.114407(37)
8.	Others	25.057001	15.393077(61)	9.663924(39)
	a. GoN- C.G current: UNICEF	1.1	0.2225	0.8775
	b. GoN- C.G UNICEF: Direct PMT	0.2	0	0.2
	c. GoN- C.G: SSDP	5.571	37.225	18.485
	d. GoN- C.G current: SSDP loan	9.922	6.625	3.2965
	e. Road Board -Internal source	3	2.015716	9.84284

f. UNICEF grant- Intl. Inter Gov. : Direct payment	5.264001	2.806861	2.45714
Total	717.548929	403.110587	314.138342

The disbursed & remain Equalization grant for Mithila municipality for the FY 77/78 is 79 Percent & 21 Percent respectively. Similarly, the disbursed & remain Conditional grant for Mithila municipality is 90 Percent & 10 Percent respectively. Subsequently, the disbursed & remain Concurrent grant for Mithila municipality is 100 Percent & 0 Percent respectively. The disbursed & remain Special grant is 100 Percent & 0 Percent respectively. On the other hand, the disbursed & remain internal source/municipal is 80 Percent & 20 Percent respectively. The disbursed & remain Revenue distribution-provincial Gov. for Mithila municipality is 58 Percent & 42 Percent respectively. The disbursed & remain Revenue distribution-federal Gov. for Mithila municipality is 76 Percent & 23 Percent respectively. Others includes national and international funding agency. The disbursed & remain other source for Mithila municipality is 69 Percent & 31 Percent respectively.

Above table concludes, conditional grant has higher absorptive capacity i.e., 85 percent than other source of budget as it is quoted budget for respective heading. Based on the above tables, the descriptive information can be explained from following figures.

Figure 4. 2

Budget Allocation and Disbursement in MithilaMunicipality (2076/77)

(Amount in million)
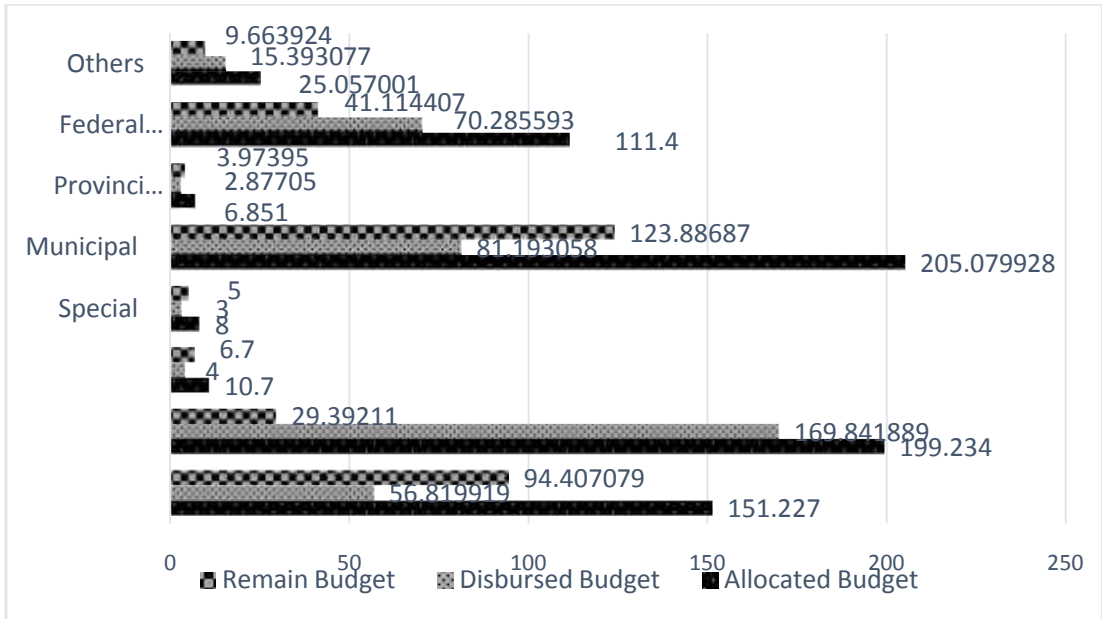
Source: SUTRA

As, seen above local Gov. has larger budget contribution and provincial Gov. has smaller budget contribution subsequently. Maximum & minimum disbursed budget is conditional & provincial Gov. fund respectively. Similarly, Maximum & minimum remain budget is municipal source and provincial source respectively.

4.2 Presentation of Absorptive Capacity in Bardibas & Mithila Municipalities (FY 2076/77)

Budget portion mobilized & remain can be seen in the following pie-chart.

Figure 4. 3

Budget Division of Bardibas Municipality (FY 2076/77)
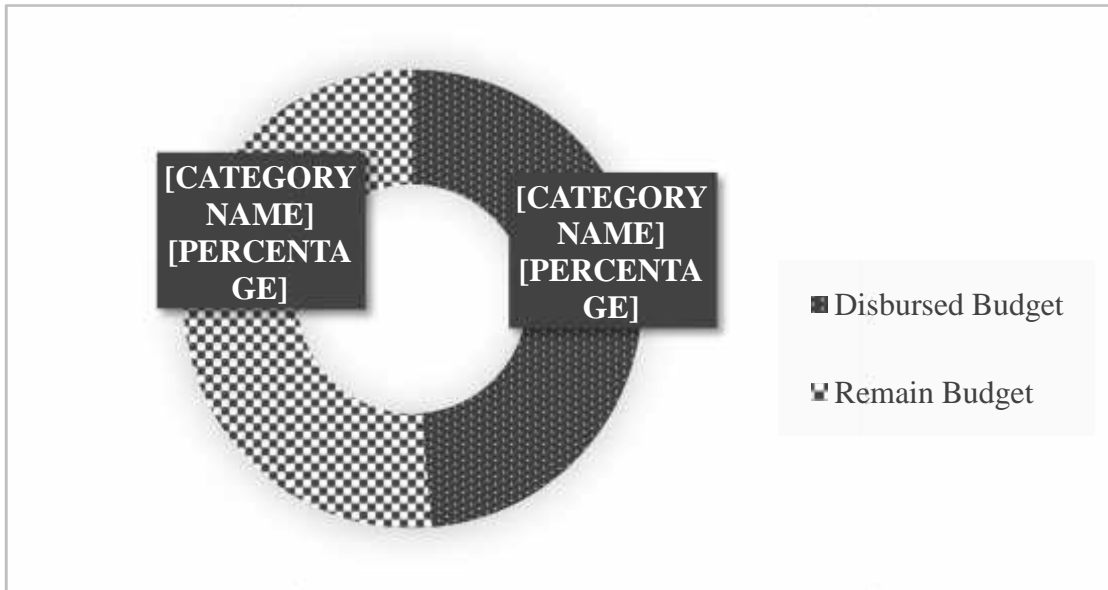
Source: SUTRA

Allocated budget in FY 2076/77 is 1307.452442 M for Bardibas municipality. Among which consumed budget is 636.000612 M (49Percent) & remain budget is 671.45183M (51Percent) which shows less absorption capacity. Out of 100Percent, 49Percent budget is only mobilized and 51Percent of budget is ideal. Expenditure ratio may be defined as the ratio between total expenditure to total budget. Here the expenditure ratio is 0.48.

For the measurement of absorption capacity, we set a scale based on disbursed budget. If disbursed budget Percent range from 0 to 20 and 20 to 40 which means the absorption capacity is poor and acceptable respectively. Similarly, 40 to 60, 60 to 80 & above refers to fair, good and excellent subsequently. In above case, disbursed budget is 51Percent which means AC is fair.

Figure 4. 4

Budget Division of Mithila Municipality (FY 2076/77)
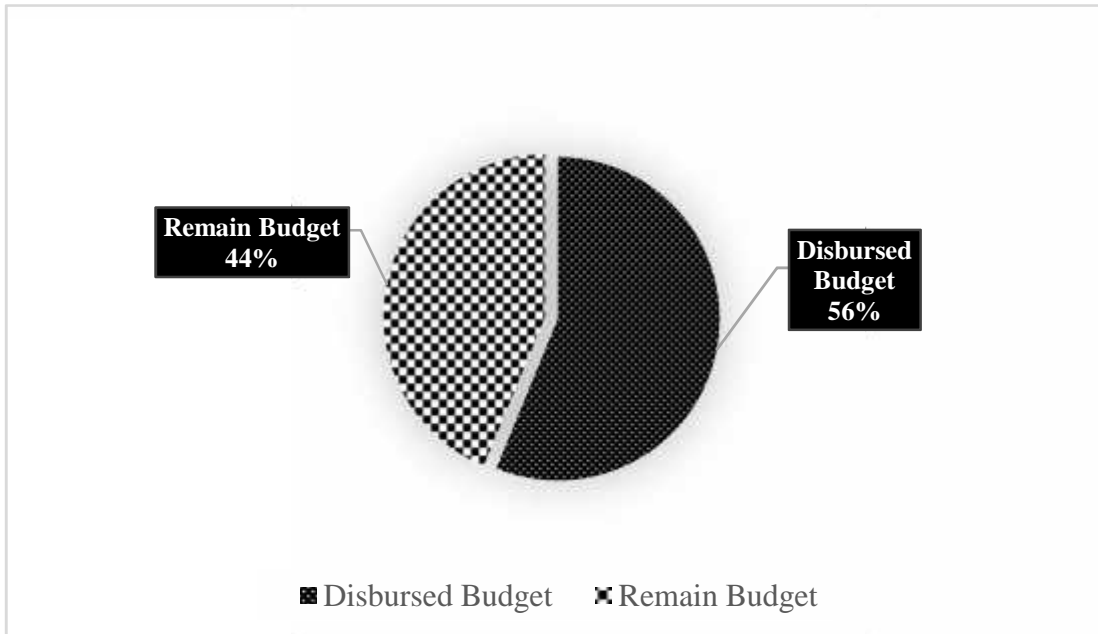
Allocated budget in FY 2076/77 is 717.548926 Mfor Mithila municipality. Among which consumed budget is 403.410586 M (56Percent) & remain budget is 314.13834 (44Percent) which shows less absorption capacity. Out of 100Percent, 56Percent budget is only mobilized and 44Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is fair. As seen above, Mithila municipality have higher absorption capacity than Bardibas municipality by 7Percent in FY 2076/77. Here the expenditure ratio is 0.56.

4.3 Major Comparison between Municipalities for FY 2076/77

Table 4.3

Major Comparison for FY 2076/77

S.N.	Issues	Bardibas (%)	Mithila (%)
1.	Allocated Amount	1307.452442 M	717.548926 M
2.	Disbursed Amount	636.000612M(49)	403.410586M(56)
3.	Remain Amount	67.145183M(51)	314.138324M(44)

4.	Expenditure Budget ratio	0.48	0.56

Source: SUTRA

Based on above table, although Bardibas municipality has higher budget allocation, disbursement percent is less by 4 % in comparison with Mithila municipality. Mithila municipality has higher expenditure budget ratio than Bardibas municipality by 0.8.

4.4 Allocation and Disbursement in Bardibas & Mithila Municipalities (FY 2077/78)

Allocated & disbursed budget along with remain budget for the FY 2077/78 of Bardibas & Mithila municipalities can be observed from the following tables. Then key difference in particular FY are identified and explained below.

4.4.1 Allocation and Disbursement in Bardibas Municipality (FY 2077/78)

The below table presents Budget Allocation and Disbursement of Bardibas municipality for the FY 2077/78.

The table shows source of budget composition on different heading. At the same time, the table give complete figure for allocated, disbursed and remain (unused) budget for Bardibas municipality on different headings for the FY 2077/78. The disbursed & remain equalization grant for Bardibas municipality is 31 Percent & 69 Percent respectively.

Table 4.4

Budget Composition for Bardibas Municipality (FY 2077/78)

(Amount in million)

| S.N.	Budget Composition	Allocated Budget	Disbursed Budget (%)	Remain Budget (%)
1.	Equalization Grant	176.808	55.500638(31)	121.307361(69)
	a. Provincial	7.808	2.374563	5.433437
	b. Federal	169	53.126075	115.873924
2.	Conditional grant	342.99454	312.089831(91)	30.904708 (9)
	a. Provincial	8	6.461348	1.538652
	b. Federal	334.99454	305.628483	29.366056
3.	Concurrent	8	0	8 (100)
	a. Provincial	8	0	8
4.	Special grant	3	2.975456 (99.18)	0.24544 (0.81)
	a. Provincial	3	2.975456	0.24544
5.	Internal Source/Municipal	562.998898	337.649346(60)	225.349548(40)
6.	Revenue distribution-Provincial Gov.	12.501	4.571556(37)	7.929444(63)
7	Revenue distribution Federal Gov.	130.06689	62.505173(48)	67.561716(52)
8.	Others	325.746718	42.614017 (13)	283.132701 (87)
	a. GoN- C.G: SDC	1.9	1.840232	0.059767
	b. GoN- C.G current: SSDP	12.936	10.45854	2.47746
	c. GoN- C.G : current: SSDP loan	18.307	15.489336	2.817664
	d. Public contribution-internal source	15.747718	0.426422	15.321296
	e. GoN- C.G: Internal loan	0.8	0.778685	0.021315
	f. GoN- C.G: EU	2.849	2.849	0
	g. GoN- C.G: IDA loan	11.222	2.16278	9.059211
	h. GoN- C.G: ADB loan	14.485	8.609022	5.875978
	i. GoN-special grant :Internal loan	27.5	0	27.5
	j. GoN-concurrent grant : Internal loan	20	0	20
	k. Municipal Dev. fund-internal source: loan	200	0	200
	Total	1562.116043	817.906020	744.210022

Source: SUTRA

The disbursed & remain Conditional grant for Bardibas municipality is 91 Percent & 9 Percent respectively. Similarly, the disbursed & remain Concurrent grant for Bardibas municipality is 0 Percent & 100 Percent respectively .On other hand, disbursed & remain Special grant for Bardibas municipality is 99.18 Percent & 0.81

Percent respectively. Similarly, budget composition consist revenue distribution from provincial Gov. and federal government, Municipal internal source and international funding agency. The disbursed & remain internal source/municipal for Bardibas municipality is 60 Percent & 40 Percent respectively. The disbursed & remain Revenue distribution-Provincial Gov. for Bardibas municipality is 37 Percent & 63 Percent respectively. Others includes national and international funding agency. The disbursed & remain Revenue distribution-federal Gov. for Bardibas municipality is 48 Percent & 52 Percent respectively. Others includes national and international funding agency. The disbursed & remain other source contribution for Bardibas municipality is 13 Percent & 87 Percent respectively.

Above table concludes, special grant from provincial government has higher absorptive capacity than other source of budget as 99.18 percent of budget has been disbursed. Secondly, conditional grant has higher disbursement percent i.e. 91 percent.Based on the above tables, the descriptive information can be explained from following figure.

Figure 4.5

Budget Allocation & Disbursement of BardibasMunicipality (2077/78)
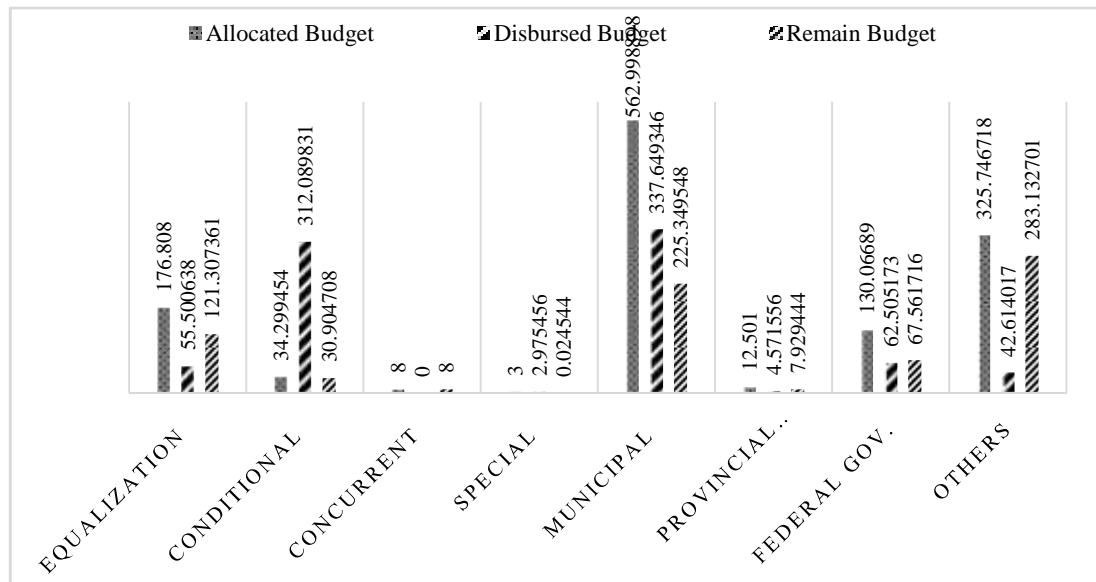
Source: SUTRA

As, seen above local Gov. has higher budget contribution and provincial Gov. has lower budget contribution respectively. Maximum & minimum disbursed budget is conditional & concurrent grant respectively. Similarly, Maximum & minimum remain budget is others source that includes international donor agencies, as well as internal loan and special grant respectively.

4.4.2 Allocation and Disbursement in Mithila municipality (FY 2077/78)

The below table presents Budget Allocation and Disbursement of Mithila municipality for the FY 2077/78.

Table 4.5

Budget Composition for Mithila Municipality (FY 2077/78)

(Amounts in million)

| S.N.	Budget Composition	Allocated Budget	Disbursed Budget (%)	Remain Budget (%)
1.	Equalization Grant	146.967	116.661178(79)	30.30582(21)
	a. Provincial	7.567	2.480265	5.086734
	b. Federal	139.400	114.180913	25.219086
2.	Conditional grant	216.61181	196.301926(90)	20.309883(10)
	a. Provincial	8	7.996944	0.03056
	b. Federal	208.61181	188.304982	20.306827
3.	Concurrent	2	2(100)	0
	a. Provincial	2	2	0
4.	Special grant	3	3(100)	0
	a. Provincial	3	3	0
5.	Internal Source/Municipal	252.318203	203.343897(80)	4.974305(20)
6.	Revenue distribution-Provincial Gov.	6.851	3.988701(58)	2.862298(42)
7	Revenue distribution-Federal Gov.	120.94413	93.071807(76)	27.872322(23)
8.	Others	36.237	25.162419 (69)	11.074577 (31)
	a. GoN- C.G current: UNICEF	0.5	0.09985	0.40015
	b. GoN- C.G current: SSDP	7.722	5.982047	1.739952
	c. GoN- C.G : current: SSDP loan	10.946	8.59337	2.352629
	d. GoN- C.G: Internal loan	0.8	0.690799	0.1092
	e. GoN- C.G: EU	2.301	1.17521	0.112579
	f. GoN- C.G: IDA loan	9.5	4.153143	5.346856
	g. GoN- C.G :IDA/DPC loan	4.468	4.468	0
	Total	784.929143	643.529933	14.139920

The disbursed & remain Equalization grant for Mithila municipality for the FY 77/78 is 79 Percent & 21 Percent respectively. Similarly, the disbursed & remain Conditional grant for Mithila municipality is 90 Percent & 10 Percent respectively. Subsequently, the disbursed & remain Concurrent grant for Mithila municipality is 100 Percent & 0 Percent respectively. The disbursed & remain Special grant is 100 Percent & 0 Percent respectively. On the other hand, the disbursed & remain internal source/municipal is 80 Percent & 20 Percent respectively. The disbursed & remain Revenue distribution-provincial Gov. for Mithila municipality is 58 Percent & 42 Percent respectively. The disbursed & remain Revenue distribution-federal Gov. for Mithila municipality is 76 Percent& 23 Percent respectively. Others includes national and international funding agency. The disbursed & remain other source for Mithila municipality is 69 Percent& 31 Percent respectively.

Above table concludes, concurrent & special grant has higher absorptive capacity i.e. 100 percent than other source of budget.This is peculiar phenomena where all budgets are disbursed. Secondly, conditional grant has higher disbursement percent i.e. 90 percent. In comparison to previous year this year budget expenditure ratio is good. Based on the above tables, the descriptive information can be explained from following figures.

Figure 4. 5
Budget Allocation & Disbursement of MithilaMunicipality (2077/78)

Amount in million
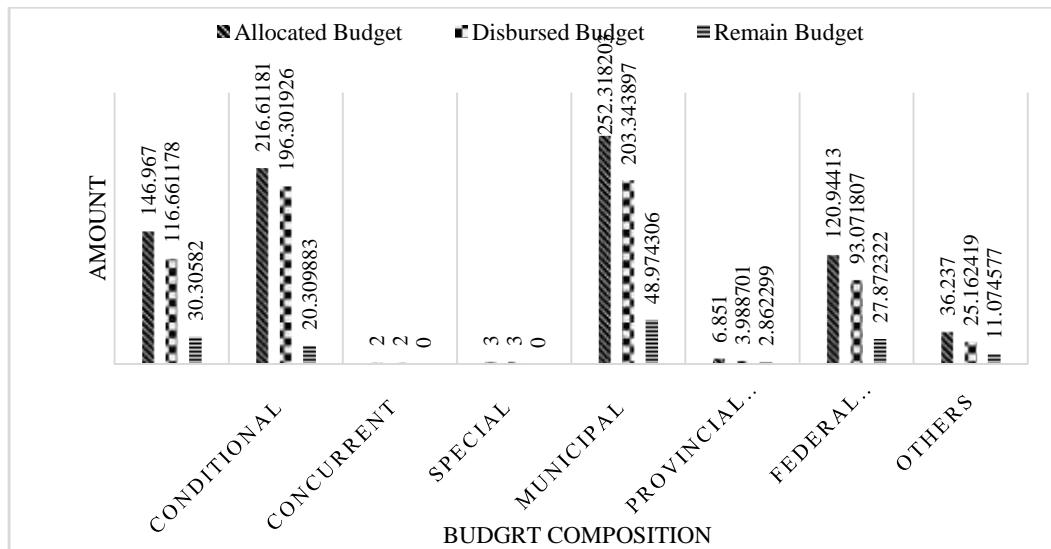
Source: SUTRA

As, seen above local Gov. has higher budget participation and concurrent grant has lower budget participation respectively. Maximum & minimum disbursed budget accounted to municipal source i.e. local government & concurrent grant respectively. But concurrent grant is only 2 M allocated and fully mobilized. Similarly, Maximum & minimum remain budget is municipal source and concurrent as well as special grant i.e. fully utilized respectively.

4.5   Presentation of Absorptive Capacity in Bardibas&MithilaMunicipalities (FY 2077/78)

Budget efficiency can be seen in the following pie-chart.

Figure 4. 6

Budget Division of Bardibas Municipality (FY 2077/78)
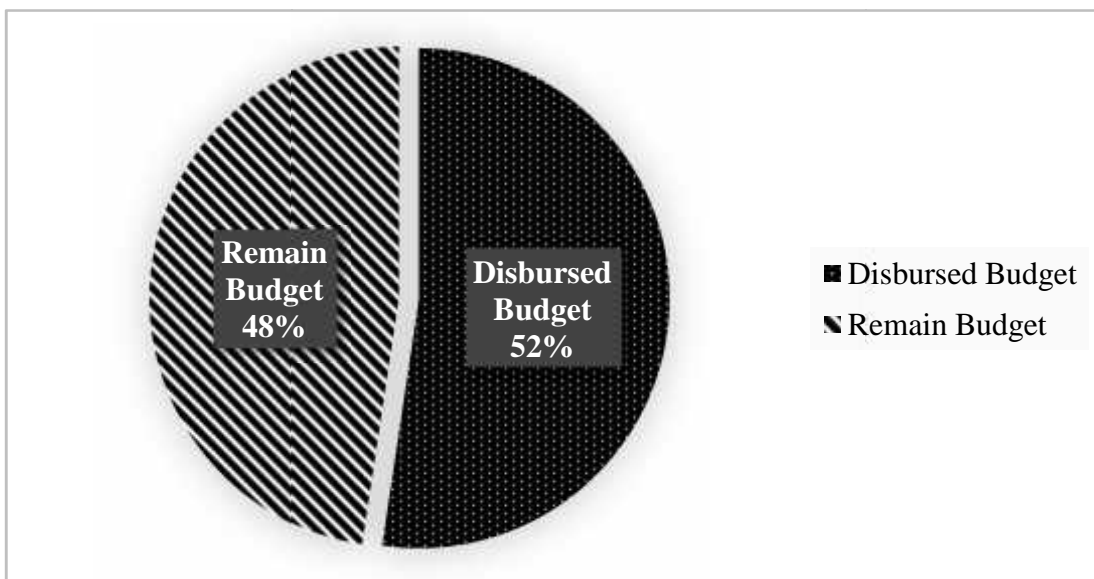
Allocated budget in FY 2077/78 is 1562.116043 M for Bardibasmunicipality. Among which consumed budget is 817.90602 M (52 Percent) & remain budget is 744.210022 M (48 Percent) which shows less absorption capacity. Out of 100 Percent, 52 Percent budget is only mobilized and 48 Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is fair. Here the expenditure ratio is 0.52.

Figure 4. 7

Budget Division of Mithila Municipality (FY 2077/78)
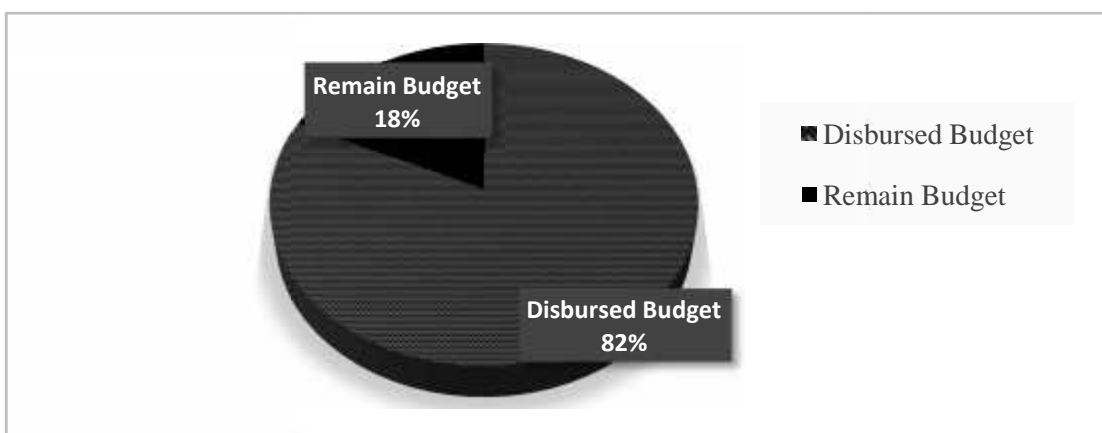
Allocated budget in FY 2077/78 is 784.929143 MforMithila municipality. Among which consumed budget is 643.529933 M (82Percent) & remain budget is 14.139920 M (18Percent) which shows good absorption capacity. Out of 100Percent, 82Percent budget is mobilized which is higher than previous year disbursed and only 18Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is excellent. As seen above, Mithila municipality have higher absorption capacity than Bardibas municipality by 30Percent. Here the expenditure ratio is 0.81.

4.6 Major Comparison between municipalities for FY 2077/78

Table 4.6

Major Comparison for FY 2077/78

S.N.	Issues	Bardibas(%)	Mithila (%)	Bardibas (% change)	Mithila (%Change)
1.	Allocated Amount	1562.116043 M	784.929143 M	16.30	9.39
2.	Disbursed Amount	817.906020 M(52)	643.529933 M (82)	9.77	59.52
3.	Remain Amount	744.210022 M(48)	14.139920 M (18)	22.24	-54.98
4.	Expenditure Budget ratio	0.52	0.81	8.3	44

Source: SUTRA

Based on above table, although Bardibas municipality has higher budget allocation, disbursement percent is less by 30 % in comparison with Mithila municipality. In this FY, disbursement percent for Mithila has incresased by 59.52 percent in comparison to last FY. Similarly, for Bardibas the percent has increased by 9.77 percent. Mithila municipality has higher expenditure budget ratio than Bardibas municipality by 0.29.

4.7 Allocation and Disbursement in Bardibas & Mithila Municipalities (FY 2078/79)

Allocated & disbursed budget along with remain budget for the FY 2078/79 of Bardibas & Mithila municipalities can be observed from the following tables. Then key difference in particular FY are identified and explained below.

4.7.1 Allocation and Disbursement in Bardibas Municipality (FY 2078/79)

The below table presents Budget Allocation and Disbursement of Bardibas municipality for the FY 2078/79.

At the same time, the table give complete figure for allocated, disbursed and remain (unused) budget of Bardibas municipality on different headings for the FY 78/79.The disbursed & remain equalization grant for Bardibas municipality is 26 Percent & 74 Percent respectively. Conditional grant for Bardibas municipality is 86 Percent & 14 Percent respectively. In this FY the Concurrent grant & Special grant for municipality was null. The disbursed & remain internal source/municipal for Bardibas municipality is 66 Percent & 34 Percent respectively. Subsequently, the disbursed & remain Revenue distribution-Provincial Gov. for Bardibas municipality is 49 Percent & 51 Percent respectively. Similarly, the disbursed & remain Revenue distribution-federal Gov. for Bardibas municipality is 69 Percent & 31 Percent respectively. Others includes national and international funding agency. The disbursed & remain other source for Bardibas municipality is 17 Percent & 83 Percent respectively.

Table 4.7

Budget Composition for BardibasMunicipality (FY 2078/79)

(Amounts in Million)

S.N.	Budget Composition	Allocated Budget	Disbursed Budget	Remain Budget
1.	Equalization Grant	184.8	48.77286(26)	136.32714(74)
	a. Provincial	7.5	0.996234	6.803766
	b. Federal	177.3	47.776626	129.523374
2.	Conditional grant	374.047	321.802661(86)	52.244338(14)
	a. Federal	374.047	321.802661	52.244338
3.	Internal Source/Municipal	505.835649	333.172726(66)	172.662923(34)
4.	Revenue distribution-Provincial Gov.	10	4.977813(49)	5.022187(51)
5.	Revenue distribution-Federal Gov.	130.983	90.664874(69)	40.318128(31)

| 6.	Others	402.073	68.701107(17)	333.371891(83)
	a. GoN- C.G : SSDP	6.107	2.752	3.355
	b. GoN- C.G: SDC	2.1	2.061478	0.038521
	c. GoN- C.G: Internal loan	9.026	9.026	0
	d. GoN- C.G :IDA loan	9.105	3.79663	5.308369
	e. GoN- C.G; EU	3.9	1.054099	2.845901
	f. Municipal Dev. fund- internal source: loan	200	0	200
	g. GoN- C.G: G.P.E	0.4	0	0.4
	h. GoN- C.G: capital	12.55	3.25	9.3
	i. GoN- C.G: capital- internal loan	15.5	11.438984	4.061016
	j. GoN- C.G capital-IDA: loan	0.2	0.2	0
	k. GoN- C.G: capital- S.S.D.P	0.7	0	0.7
	l. GoN C.G: capital- SSDP loan	12.6	12.6	0
	m. Provincial-C.G: capital	10	61.16187	38.83813
	n. Provincial-special grant: capital	3	0	3
	o. Provincial-concurrent grant: capital	2	0	2
	p. Revenue dist.- municipal	114.885	16.405729	98.479271
	Total	1608.038649	868.092043	739.946606

Source: SUTRA

Above table concludes, revenue distribution from federal government has higher absorptive capacity than other source of budget as 69 percent of budget has been disbursed. Based on the above table, the descriptive information can be explained from following figure.

Figure 4. 8

Budget Allocation & Disbursement of BardibasMunicipality (2078/79)
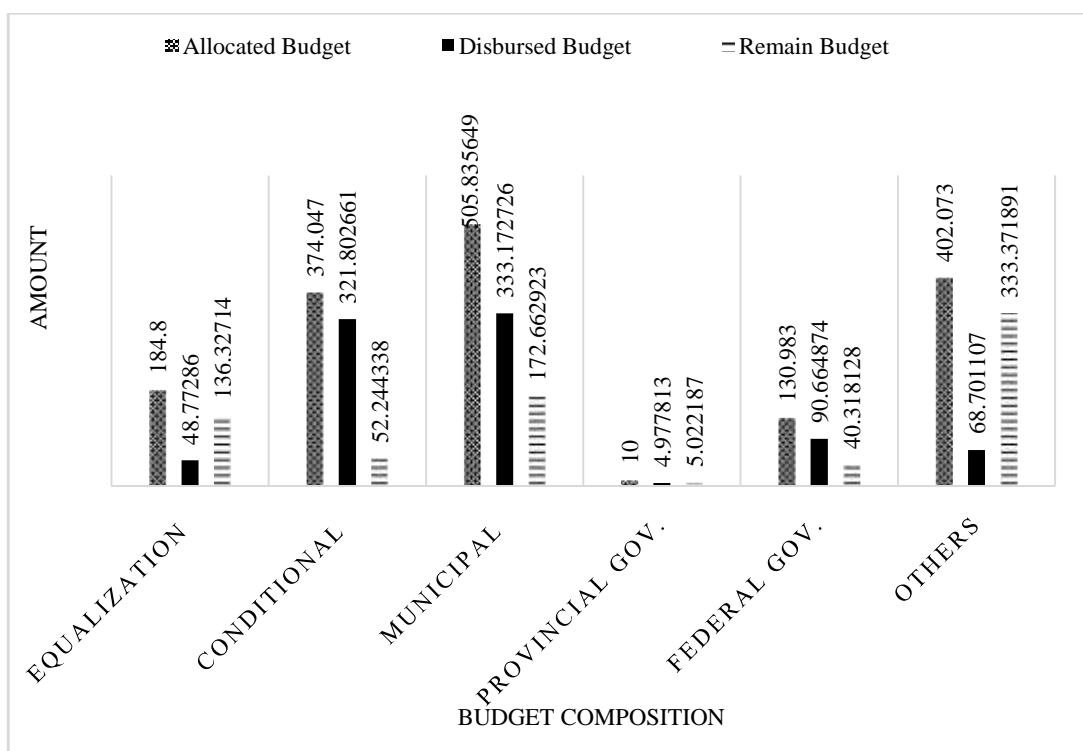
(Amounts in million)

Source: SUTRA

As, seen above local Gov. has higher budget contribution. Concurrent & special grant budget is equal to zero. Maximum & minimum disbursed budget accounted to municipal source & provincial Gov. respectively. Similarly, Maximum & minimum remain budget is others source that includes international donor agencies, as well as internal loan and Revenue dist.-Provincial Gov. respectively.

4.7.2   Allocation and Disbursement in MithilaMunicipality (FY 2077/78)

The below table presents Budget Allocation and Disbursement of Mithila municipality for the FY 2077/78.

Table 4.8

Budget Composition for MithilaMunicipality (FY 2077/78)

(Amounts in million)

S.N.	Budget Composition	Allocated Budget	Disbursed Budget	Remain Budget
1.	Equalization Grant	156.43	110.803921(70)	45.626077(30)
	a. Provincial	10.13	7.141816	2.988183
	b. Federal	146.3	103.662105	42.637894
2.	Conditional grant	227.06	197.209277(86)	29.850722(14)

	a. Federal	227.06	197.209277	29.850722
3.	Concurrent	2	0(0)	2(100)
	a. Provincial	2	0	2
4.	Special grant	3	1.5(50)	1.5(50)
	a. Provincial	3	1.5	1.5
5.	Internal Source/Municipal	151.916154	119.241664(78)	32.674489(22)
6.	Revenue distribution-Federal Gov.	114.856	73.513778(64)	41.342221(36)
7.	Others	120.119	68.170281(57)	51.948718(43)
	a. GoN- C.G current: UNICEF	0.1	0	0.1
	b. GoN- C.G : SSDP	2.952	1.770943	1.181057
	c. GoN- C.G: Internal loan	7.103	0	7.103
	d. GoN- C.G :IDA loan	7.254	0.86545	6.38855
	e. GoN- C.G; EU	3.4	1.5	1.9
	f. GoN- C.G: capital	19.31	19.31	0
	g. GoN- C.G: capital-internal loan	13.5	10.215745	3.284255
	h. GoN- C.G capital-IDA: loan	0.2	0	0.2
	i. GoN- C.G: capital-S.S.D.P	1.1	1.1	0
	j. GoN C.G: capital- SSDP loan	5.4	0	5.4
	k. Provincial-C.G: capital	7.5	7.325	0.175
	l. GoN-concurrent grant: capital-internal loan	6.9	0	6.9
	m. Revenue dist.-municipal	45.4	26.083143	19.316856
	Total	786.735384	574.628468	212.106915

Source: SUTRA

The disbursed & remain Equalization grant for Mithila municipality for the FY 78/79 is 70 Percent & 30 Percent respectively. Similarly, the disbursed & remain Conditional grant from federal government for Mithila municipality is 86 Percent & 14 Percent respectively. Similarly, the disbursed & remain concurrent grant from provincial government for Mithila municipality is 0 Percent and 100 Percent respectively. Concurrent grant of Mithila is totally untouched. The disbursed & remain special grant from provincial government for Mithila municipality is 50 Percent and 50 Percent respectively. Half of the grant is mobilized and half unmobilized. On the other hand, the disbursed & remain internal source/municipal is 66 Percent & 34 Percent respectively. Revenue distribution-provincial Gov. for Mithila municipality for FY 78/79 was zero. Others includes national and

international funding agency. The disbursed & remain other source for Mithila municipality is 57 Percent& 43 Percent respectively.

Above table concludes, conditional grant has higher absorptive capacity i.e. 86 percent than other source of budget. Based on the above table, the descriptive information can be explained from following figure.

Figure   4. 9

Budget Allocation & Disbursement of Mithila municipality (2078/79)

Amounts in million
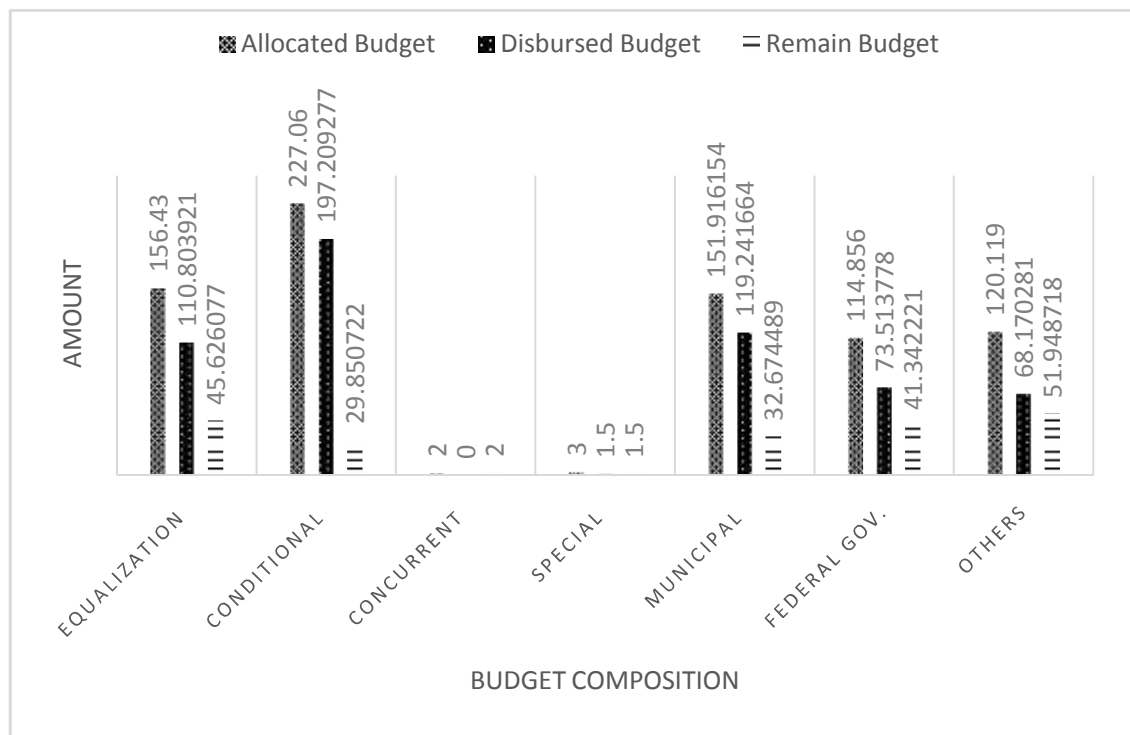
Source: SUTRA

As, seen above conditional grant has higher budget contribution and provincial Gov. have no budget contribution respectively i.e. provincial government has not allocated budget. Maximum & minimum disbursed budget is conditional & concurrent grant respectively. Similarly, Maximum & minimum remain budget is others source that includes international donor agencies, as well as internal loan and special grant respectively.

4.8 Presentation of Absorptive capacity in Bardibas&MithilaMunicipalities (FY 2078/79)

Budget efficiency can be seen in the following pie-chart.

Figure 4. 10

Budget Division of Bardibas Municipality (FY 2078/79)
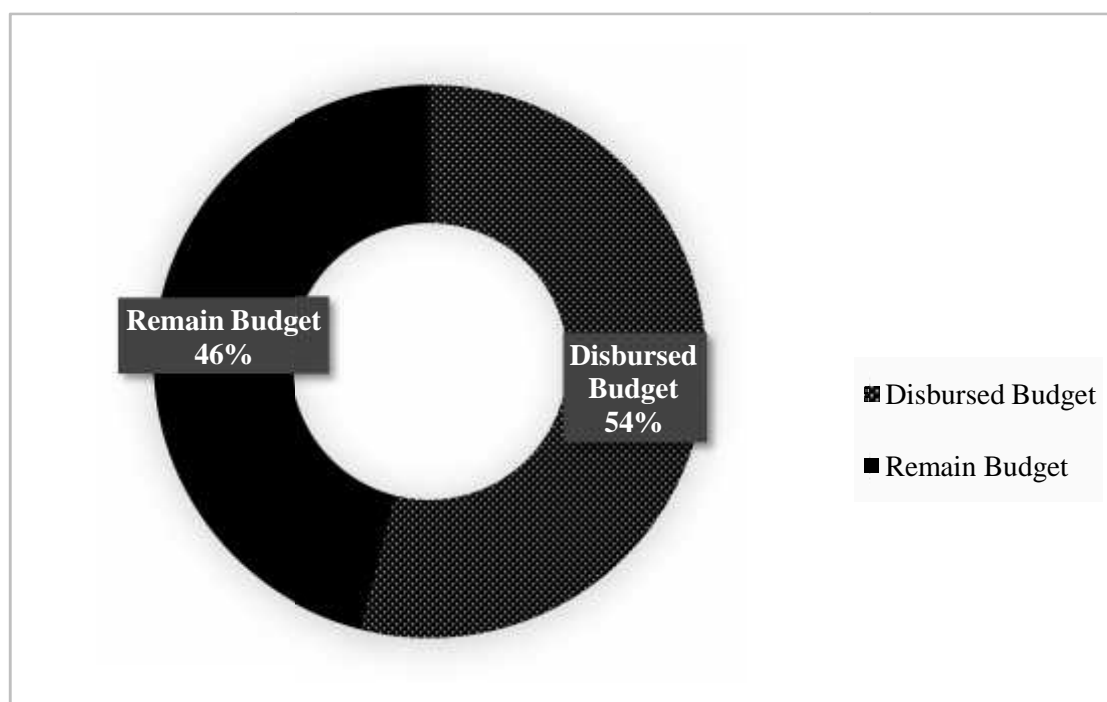
Source: SUTRA

Allocated budget in FY 2078/79 is 1608.038649 M for Bardibasmunicipality. Among which disbursed budget is 868.092043 M (54Percent) & remain budget is 739.946606 M (46Percent) which shows poor absorption capacity. Out of 100Percent, 54Percent budget is only mobilized and 46Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is fair only. Here the expenditure ratio is 0.53.

Figure 4. 11
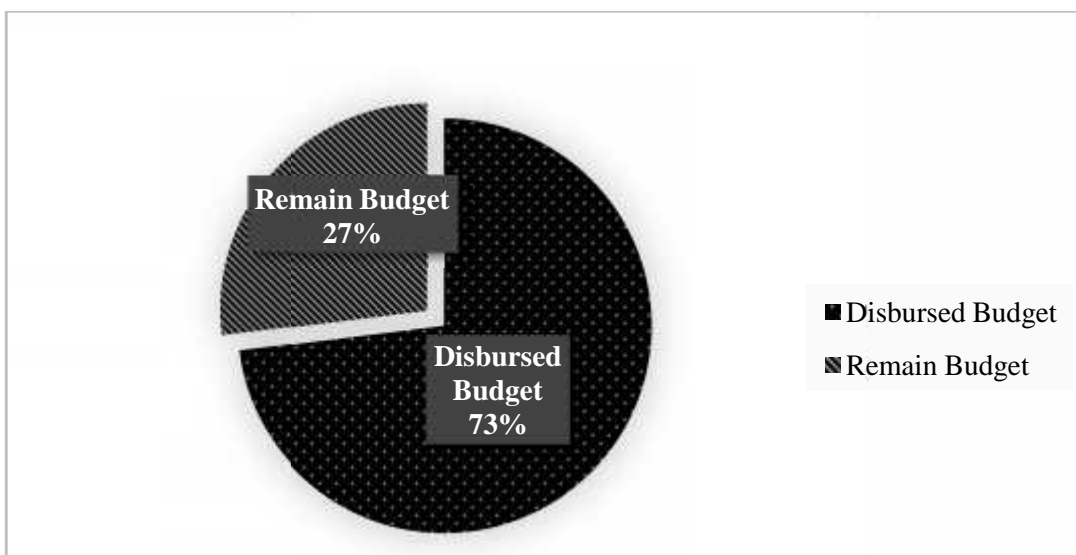
Budget Division of Mithila Municipality (FY 2078/79)

Source: SUTRA

Allocated budget in FY 2078/79 is 786.735384 MforMithila municipality. Among which disbursed budget is 574.628468 M (73Percent) & remain budget is 212.106915 M (27Percent) which shows good absorption capacity. Out of 100Percent, 73Percent budget is mobilized and only 27Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is good. As seen above, Mithila municipality have higher absorption capacity than Bardibas municipality by 19Percent. Here the expenditure ratio is 0.73.

4.9 Major Comparison (FY 2078/79)

Table 4.9

Major Comparison for FY 2077/78

S.N.	Issues	Bardibas (%)	Mithila (%)	Bardibas (% change)	Mithila (%Change)
1.	Allocated Amount	1608.038649 M	786.735384 M	2.93	0.23
2.	Disbursed Amount	868.092043 (54)	M 574.628468 M (73)	6.13	-10.70
3.	Remain Amount	739.946606 (46)	M 212.106915 M (27)	-0.57	50.05
4.	Expenditure Budget ratio	0.53	0.73	1.92	-9.8

Source: SUTRA

Based on above table, although Bardibas municipality has higher budget allocation, disbursement percent is less by 19 % in comparison with Mithila municipality. In this FY, disbursement percent for Mithila has decreased by 10.70 percent in comparison to last FY. Similarly, for Bardibas the percent has increased by 6.13 percent. Mithila municipality has higher expenditure budget ratio than Bardibas municipality by 0.29.

4.9 Trend & Pattern of Allocation, Disbursement & Remain Budget

The below table presents Budget Allocation and Disbursement along with remain budget of Bardibas&Mithila municipalities for the FY 2076/77 to 2078/79 .

Table 4.10

Trend & Pattern of Budget

(Amounts in million)

| FY	Allocation		Disbursement		Remain	
	Bardibas	**Mithila**	**Bardibas**	**Mithila**	**Bardibas**	**Mithila**
2076/77	1307.452443	717.548929	636.000612	403.110587	671.451831	314.138342
2077/78	1562.116043	784.929143	817.906020	643.529933	74.4210022	14.139920
2078/79	160.8038649	786.735384	868.092043	574.628468	73.9946606	212.106915
Total	4477.607135	2289.213456	2321.998675	1621.268988	2014.355493	540.385177
Average	1492.535712	763.071152	773.999558	540.422996	671.451831	671.451831

Source: SUTRA

The average allocated, disbursed & remain budget for Bardibas municipality is 1492.535712 M, 773.999558 M& 671.451831 respectively. Similarly, average allocated, disbursed & remain budget for Mithila municipality is 763.071152 M, 540.422996 M& 671.451831 M respectively. Trend analysis is explained below.

Figure 4. 12

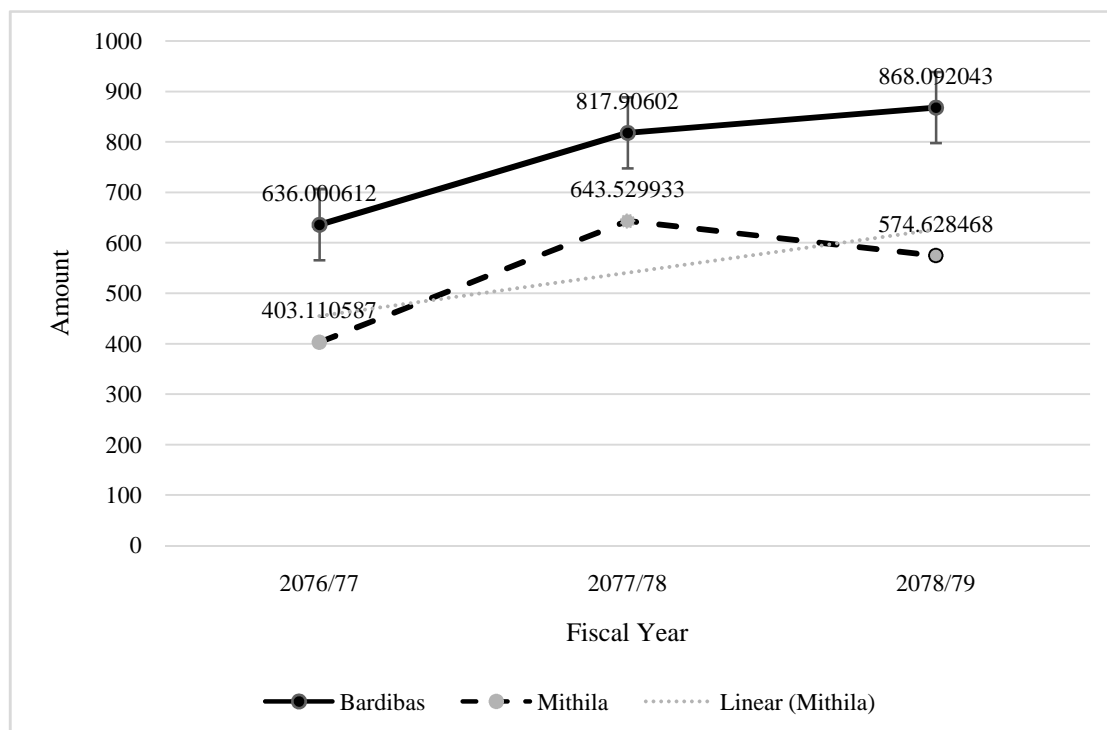*Allocation Trend*

(Amounts in million)
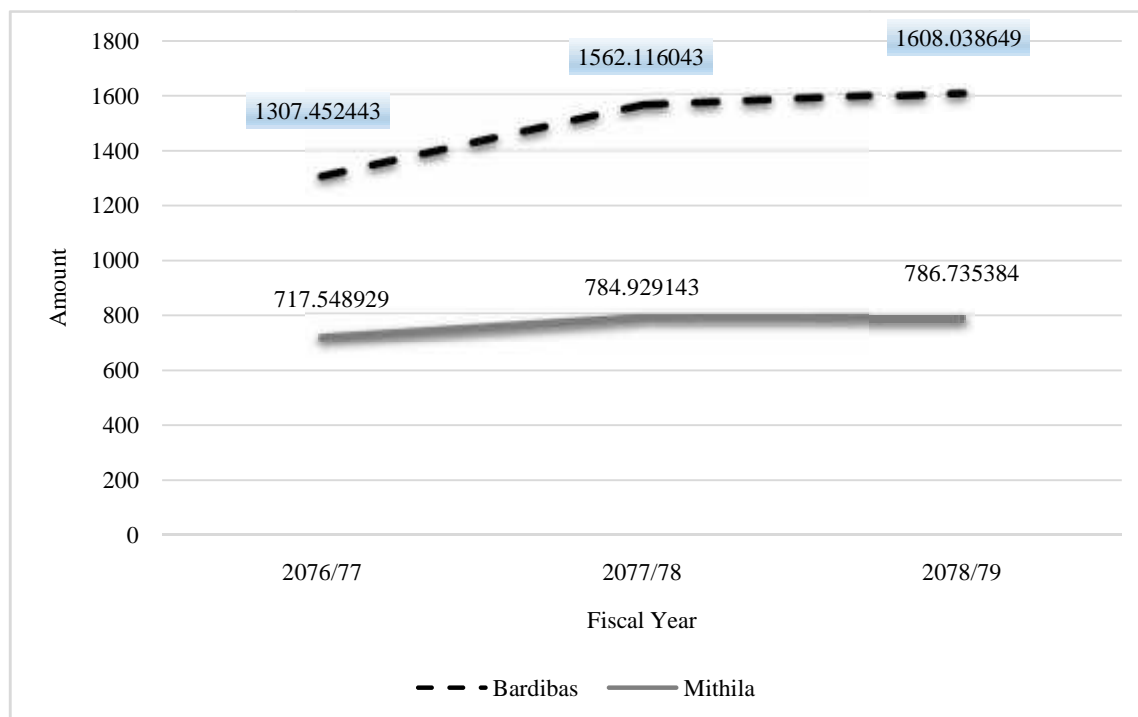
Source: SUTRA

The allocated budget for the FY 76/77, 77/78 &78/79 of Bardibas municipality remain at 1307.452443 M, 1562.116043 M and 1608.038649 M subsequently. Similarly, the allocated budget for the FY 76/77, 77/78 &78/79 of Mithila municipality remain at 717.548929 M,784.929143 M& 786.735384 M subsequently. Both municipalities has increasing trend. The percent change in allocated budget of Bardibas municipality for FY 77/78 & 78/79 remain to 16.30 percent & 2.93 percent respectively. Similarly, the percent change in allocated budget of Mithila municipality for FY 77/78 & 78/79 remain to 9.39 percent & 0.23 percent respectively.

Figure 4. 13

*Disbursement Trend*

(Amounts in million)

Source: SUTRA

The disbursed budget for the FY 76/77, 77/78 &78/79 of Bardibas municipality remain at 636.000612 M,817.906020 M & 868.092043 M subsequently. Similarly, the disbursed budget for the FY 76/77, 77/78 &78/79 of Mithila municipality remain at 403.110587 M,643.529933 M& 574.628468 M subsequently. The percent change in disbursed budget of Bardibas municipality for FY 77/78 & 78/79 remain to 9.77 percent & 6.13 percent respectively. Similarly, the percent change in disbursed budget of Mithila municipality for FY 77/78 & 78/79 remain to 59.52 percent & -10.70 percent respectively.

Figure 4. 14

Remain Trend

(Amounts in million)
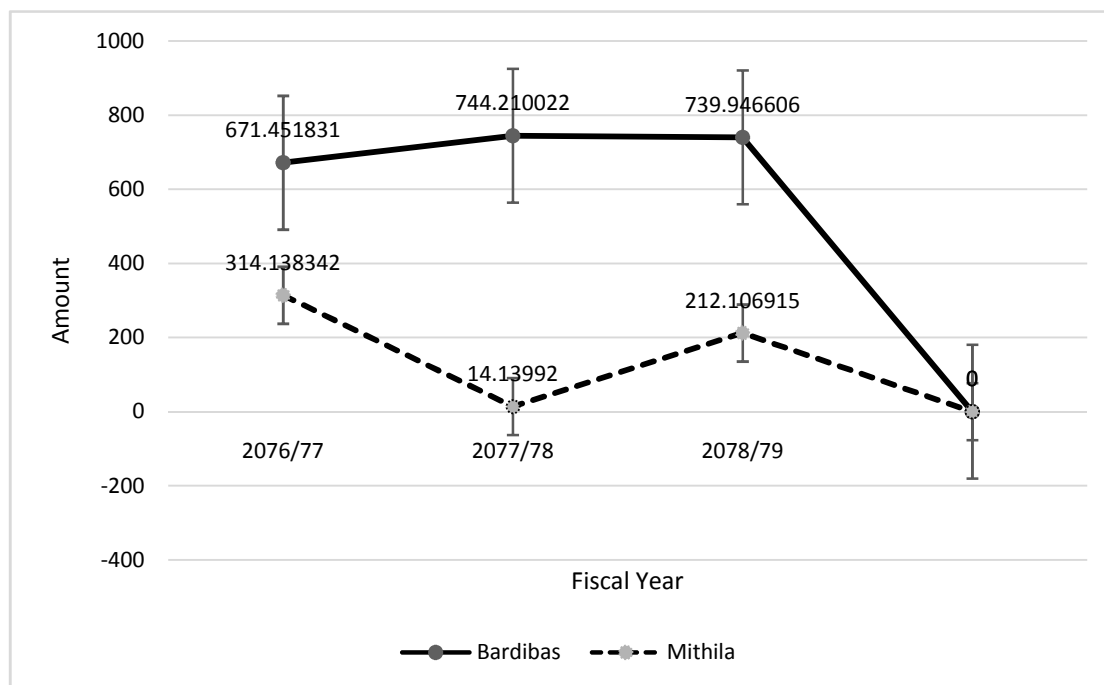
Source: SUTRA

The idle budget for the FY 76/77, 77/78 &78/79 of Bardibas municipality was 671.451831 M,744.210022 M&739.946606 M respectively. Similarly, the idle budget for the FY 76/77, 77/78 &78/79 of Mithila municipality was 314.138342 M, 14.139920 M & 212.106915 M respectively. The percent change in remain budget of Bardibas municipality for FY 77/78 & 78/79 remain to 22.24 percent & -0.57 percent respectively. Similarly, the percent change in remain budget of Mithila municipality for FY 77/78 & 78/79 remain to -54.98 percent & -9.8 percent respectively.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter contains the summary of the study, conclusions derived from the study and a few recommendations based on findings, & conclusions.

5.1 Summary

The main objective of the study was to compare and contrast budget allocation and disbursement in Bardibas & Mithila municipalities and to determine the gap between budget allocation and disbursement i.e. absorptive capacity.

The study is based on the secondary source of data & study covers the time series data from FY 2076/77 to 2078/79 only. It deals with allocation and disbursement of budget in municipalities. Descriptive analysis or economic evaluation techniques will be used.

The disbursed & remain equalization grant for Bardibas municipality is 15Percent& 85Percent respectively. Similarly, for Mithila municipality is 38Percent& 62Percent respectively. The disbursed & remain Conditional grant for Bardibas municipality is 91Percent& 9Percent respectively. Similarly, for Mithila municipality is 85Percent& 15Percent respectively. The disbursed& remain Concurrent grant for Bardibas municipality is 0Percent&100Percent respectively. Similarly, for Mithila municipality is 38Percent& 62Percent respectively. The disbursed & remain Special grant for Bardibas municipality is 16Percent& 84Percent respectively. Similarly, for Mithila municipality is 38 Percent&62 Percent respectively. The disbursed & remain internal source/municipal for Bardibas municipality is 33Percent& 67Percent respectively. Similarly, for Mithila municipality is 39 Percent&61 Percent respectively. The disbursed & remain Revenue distribution-Provincial Gov. for Bardibas municipality is 37Percent& 62Percent respectively. Similarly, for Mithila municipality is 42Percent& 58Percent respectively. The disbursed & remain Revenue distribution-federal Gov. for Bardibas municipality is 63Percent& 37Percent respectively. Similarly, for Mithila municipality is 63Percent& 37Percent respectively. Others includes national and international funding agency. The disbursed & remain other source for Bardibas

municipality is 45Percent& 55Percent respectively. Similarly, for Mithila municipality is 61Percent& 39Percent respectively. The paragraph outcome are concerned to FY 2076/77.

For the FY 2076/77 of Bardibas municipality, local Gov. has highest budget contribution and provincial Gov. has lowest budget contribution respectively. Maximum & minimum disbursed budget is conditional & concurrent grant respectively. Similarly, Maximum & minimum remain budget is municipal source and provincial source respectively. . Out of 100Percent, 49Percent budget is only mobilized and 51Percent of budget is ideal i.e. AC is fair.

For the FY 2076/77 of Mithila municipality, local Gov. has larger budget contribution and provincial Gov. has smaller budget contribution subsequently. Maximum & minimum disbursed budget is conditional & provincial Gov. fund respectively. Similarly, Maximum & minimum remain budget is municipal source and provincial source respectively. 56Percent budget is only mobilized and 44Percent of budget is ideal i.e. AC is fair.

The disbursed & remain equalization grant for Bardibas municipality is 31Percent& 69Percent respectively. Similarly, for Mithila municipality is 79Percent& 21Percent respectively. The disbursed & remain Conditional grant for Bardibas municipality is 91Percent& 9Percent respectively. Similarly, for Mithila municipality is 90Percent& 10Percent respectively. The disbursed& remain Concurrent grant for Bardibas municipality is 0 Percent& 100Percent respectively. Similarly, for Mithila municipality is 100Percent& 0Percent respectively. The disbursed & remain Special grant forBardibas municipality is 99.18Percent& 0.81Percent respectively. Similarly, for Mithila municipality is 100Percent& 0Percent respectively. Similarly, budget composition consist revenue distribution from provincial Gov. and federal government, Municipal internal source and international funding agency. The disbursed & remain internal source/municipal for Bardibas municipality is 60Percent&40Percent respectively. Similarly, for Mithila municipality is 80Percent&20 Percent respectively. The disbursed & remain Revenue distribution-Provincial Gov. for Bardibas municipality is 37Percent& 63Percent respectively. Similarly, for Mithila municipality is 58Percent& 42Percent respectively. The disbursed & remain Revenue distribution-federal Gov. for Bardibas municipality is

48Percent& 52Percent respectively. Similarly, for Mithila municipality is 76Percent& 23Percentrespectively. Others includes national and international funding agency. The disbursed & remain other source contribution for Bardibas municipality is 13Percent& 87Percent respectively. Similarly, for Mithila municipality is 69Percent& 31Percent respectively. The paragraph outcome are concerned to FY 2077/78.

For the FY 2077/78 of Bardibas municipality, local Gov. has higher budget contribution and provincial Gov. has lower budget contribution respectively. Maximum & minimum disbursed budget is conditional & concurrent grant respectively. Similarly, Maximum & minimum remain budget is others source that includes international donor agencies, as well as internal loan and special grant respectively. Out of 100Percent, 52Percent budget is only mobilized and 48Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is fair.

For the FY 2077/78 of Mithila municipality, local Gov. has higher budget participation and concurrent grant has lower budget participation respectively. Maximum & minimum disbursed budget accounted to municipal source i.e. local government & concurrent grant respectively. But concurrent grant is only 20, 00,000 allocated and fully mobilized. Similarly, Maximum & minimum remain budget is municipal source and concurrent as well as special grant i.e. fully utilized respectively. Out of 100Percent, 82Percent budget is mobilized which is higher than previous year disbursed and only 18Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is excellent. As seen above, Mithila municipality have higher absorption capacity than Bardibas municipality by 30Percent.

The disbursed & remain equalization grant for Bardibas municipality is 26Percent& 74Percent respectively. Similarly, for Mithila municipality is 70Percent& 30Percent respectively. Conditional grant for Bardibas municipality is 86Percent& 14Percent respectively. Similarly, for Mithila municipality is 86Percent& 14Percent respectively. Allocated Concurrent grant for Bardibas municipality is 0. Similarly, the disbursed & remain concurrent grant for Mithila municipality is 0Percent and 100Percent respectively. Concurrent grant of Mithila is totally untouched. Allocated special grant for Bardibas municipality is 0. Similarly, the disbursed & remain special

grant for Mithila municipality is 50Percent and 50Percent respectively. Half of the grant is mobilized and half unmobilized. The disbursed & remain internal source/municipal for Bardibas municipality is 66Percent& 34Percent respectively. Similarly, for Mithilamunicipality is 78Percent& 22Percent respectively. The disbursed & remain Revenue distribution-Provincial Gov. for Bardibas municipality is 49Percent& 51Percent respectively. Similarly, for Mithila municipality Revenue dist.-Provincial Gov. is 0. The disbursed & remain Revenue distribution-federal Gov. for Bardibas municipality is 69Percent& 31Percent respectively. Similarly, for Mithila municipality is 64Percent& 36Percent respectively. Others includes national and international funding agency. The disbursed & remain other source for Bardibas municipality is 17Percent& 83Percent respectively. Similarly, for Mithila municipality is 57Percent& 43 Percent respectively. The paragraph outcome are concerned to FY 2078/79.

For the FY 2078/79 of Bardibas municipality, local Gov. has higher budget contribution. Concurrent & special grant budget is equal to zero. Maximum & minimum disbursed budget accounted to municipal source & provincial Gov. respectively. Similarly, Maximum & minimum remain budget is others source that includes international donor agencies, as well as internal loan and Revenue dist.-Provincial Gov. respectively. Out of 100Percent, 54Percent budget is only mobilized and 46Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is fair only.

For the FY 2078/79 of Mithila municipality, conditional grant has higher budget contribution and provincial Gov. have no budget contribution respectively i.e. provincial government has not allocated budget. Maximum & minimum disbursed budget is conditional & concurrent grant respectively. Similarly, Maximum & minimum remain budget is others source that includes international donor agencies, as well as internal loan and special grant respectively. Disbursed budget is 73Percent& remain budget is 27Percent which shows good absorption capacity. Out of 100Percent, 73Percent budget is mobilized and only 27Percent of budget is ideal. It means the gap between B.A & B.D i.e. absorptive capacity of the municipality is good. As seen above, Mithila municipality have higher absorption capacity than Bardibas municipality by 19Percent.

5.2   Conclusion

Nepal's new federal constitution provides equal state power to each level of federal unit (that is, federal, provincial and local governments). After adoption of Nepal's constitution 2072, local level have authority and responsibility regarding budgetary process in accordance with law. Following the constitutional spirit, election for three levels of government have been conducted in 2017 that brought a safe landing of political transition.

Different periodic plans shows that current expenditure is higher than capital expenditure. The rate of expenditure growth is higher than the rate of revenue growth. The major principle of resources disbursement is consistency of spending resources with policy priorities. All policies have financial implications have to be recognized for the duration of the propped policies. A large amount of government expenditure issued for current expenditure and small portion left is used for capital expenditure.

Nepal is facing inefficiency and mismanagement on public spending. Deficits in the budget planning, resources allocation and expenditure management process have been found a major factor contributing to low productivity. This study pointed out the institutional weakness for the ineffectiveness of –public spending in Nepal.

The Local Level Plan and Budget Formulation Guideline 2017 require LGs to allocate budgets by the five thematic areas as economic, social, Infrastructure, Forest, environment and disaster management & Good governance and institutional development.

Under the current federal structure, a seven-step planning process was defined for the preparation of local level AWPBs. In this structure, municipal (palika) and ward offices play crucial roles in the planning process, coordinated by Sectoral Committees and responsible Divisions or Sections.

The public expenditure plays a very prominent role in an economy development of the nation. It is the main instrument of fiscal policy of the government. It has to play significant role to achieve higher rate of economic growth, higher rate of employment,

higher rate of per capita income and equitable distribution of income and wealth in the society.

The absorptive capacity of local governments, particularly concerning the implementation of projects under capital expenditure was affected by several factors including project selection and cost estimations done without proper study; the politicization of project selection and implementation; limited administrative and technical capacity; lack of public participation; procedural hurdles in the Public Procurement Act; and ineffective monitoring and evaluation.

Public expenditure is very important to provide services over a broad spectrum, however, accountability and control issues in the delegation and decentralization of funds are two major challenges in developing countries.

Most local governments prioritized infrastructure development over other thematic sectors. A study conducted in 2018 found that local residents prioritized infrastructure development, with roads and electricity being identified as major needs.

Least developed countries are characterized by very low levels of absorptive capacity. It becomes crucial to understand how this capacity can be built and utilized so that the firms can benefit to the optimum.

The absorption capacity of Mithila municipality is higher than Bardibas municipality by 7Percent, 30Percent& 19Percent in FY 76/77, 77/78 & 78/79 respectively. This shows that Mithila municipality has higher resources mobilization.

5.3 Recommendations

From this study the following recommendations can be made.

i. The budget allocation and implementation processes should maintain transparency and remain accountable to citizens. To increase absorption capacity the local government must account on public procurement methods depending upon the nature of the project, the possibility of user's participation, local governments' administrative capacity, and the estimated cost of the project.

ii. A large proportion of budgets are spent on road construction and physical infrastructure development. Future budgets should give sufficient priority to other sectors, including social and economic development, by identifying local needs in these sectors.

iii. The least development country like Nepal has general problem of resource gap despite the existence of potentiality with regard to domestic resources mobilization. There is decline in revenue surplus over year because of the weak resources mobilization which lead the country to depend on the foreign aids. The objective of economic development can only be achieved when government expenditure are made wisely and meaningfully in the productive sector.

REFERENCES

Bergh, A. &Henrekson, M. (2011). Government size and growth: A survey and interpretation of the evidence. *Journal of Economic Surveys*, 25(5):872-897.

Bhusal, T. P. (2014). Government spending and economic growth in Nepal. *Nepalese Journal of Economic Studies,* 1(1):52-61.

Blakely, E. J. & Bradshaw K. T. (2002). *Planning Local Economic Development: Theory and Practice.* London: Sage Publication.

Chaudhary, D. (2020). The decentralization, devolution and local governance practices in Nepal: The emerging challenges and concerns. *Journal of Political Science*, *19* (5):43-64.

Cheema, G. &Rondinelli D.A. (2007). Decentralizing Governance: *Emerging Concepts and Practices*, 22(4):115-130.

Cohen, W. M. & Levinthal, D.A. (1990). Absorptive Capacity: A New Perspective on Learning and Innovation, *Administrative Science Quarterly,* 155(6): 82-85.

Dantas, E. & Marin, A. (2008). The Persistence of 'Capabilities' as a Central Issue in Industrialization Strategies. *Asian Journal of Technology Innovation,* 15(2):19-43.

Desmond .I&Odiche .L (2012).Effects of public expenditure on economic growth in Nigeria: A disaggregated time series analysis.*International Journal of Management Sciences and Business Research* 1 (7).

Drummond, P. & Mansoor, A. (2003). Macroeconomic management and the devolution of fiscal power. *Emerging Markets Finance and Trade,* 39, (1): 63-82.

Goode, R. (1984). *Government Finance in Developing Countries*. Washington D.C.: Brookings Institution.

Government of Nepal (2016). *Local Government Operation Act 2074,* Kathmandu:Government of Nepal.

Havenga, B. (2003). *The restructuring of local government with specific reference to the City of Tshwane.* Published PhD Thesis. Pretoria: University of Pretoria.

Karna, B. (2007). Trend and structure of public expenditure of Nepal *(Unpublished master's thesis).* Kirtipur, Kathmandu;CEDECON, Tribhuvan University.

Kauzya, J.M. (2007). Political decentralization in Africa: Experiences of Uganada, Rawanda, and South Africa. *African Journal of Political Science and International Relations,* 12(2):22-32.

Kawai.M&Lamberte .B (2010). Managing capital flows: The search for a framework. *Asian Economic Integration and cooperation Series,* 2(5), 154-234.

Kennedy, J. (2012). *Public finance*. New Delhi, India: PHI Learning Private Limited.

Lall, S. (1992). Technological capabilities and industrialization. *World Development.* 20(2):165-186.

Letelier, L. S. (2005). Explaining fiscal decentralization. *Public Finance Review,* 33 (2), 155-183.

Liou, K. T. (2009). Local economic development in China and the United States: Strategies and issues. *Public administration review,* 69(5), 55-53.

Marques, E. (2013). The government, political actors, and governance in urban policies in Brazil and Sao Paulo: Concepts for a future research agenda. *Brazilian Political Science Review,* 7 (3): 8-35.

MoFAGA (2017), Annual plan and budget formulation of Local Governments*: A Handbook, Ministry of Federal Affairs and General Administration*, Government of Nepal.

Narula, R. (2004): Understanding absorptive capacities in an "Innovation Systems Context: Consequences for Economic and Employment Growth". *DRUID working paper.*

National Planning Commission. (2074). *Local level planning guideline,* Kathmandu: NPC.

NHSSP-III (2021). Strengthening local planning and budgeting to deliver Basic Health Care Services: Lessons from selected local governments. *National Joint Annual Review.* 50(6), 55-59.

Pokhrel, S. (2020). Governance processes for formulation of energy act, policy, regulation, directive, plan and budget in Nepal. *Nepal Renewable Energy Program me.* 1(4), 23-26.

Rondinelli, D. A. (2003). Promoting national competitiveness in a globalizing economy. *The State's Changing Roles*, 55(6), 33-60.

Sapkota, B.D &Malakar, I.M (2021). Local Development Planning Process: A Policy-Level Analysis in Nepal.*Journal of Population and Development*, 2(1): 68–76.

Schoreder, L. (2007). Forecasting Local Revenue and Expenditure in Local Budgeting. Washington DC:World Bank.

Sevilla, J. (2005). Accountability and Control of Public Spending in a Decentralized and Delegated Environment OECD. *Journal on Budgeting,* 5(2): 7–21.

Subedi, S. (2013). Trend of public expenditure and its relation with gross domestic product, import and money supply (1990-2010). *Published master's thesis.* Kirtipur, Kathmandu;CEDECON, Tribhuvan University.

World Bank Group (2000). *Nepal - Public expenditure review (English).* World Bank, Washington, DC.

World Bank Group (2011). Public Finance for Poverty Reduction. *World Development Indicators.* World Bank, Washington, DC.

Website:

Nepal Archives. (2019, November). Bardibas Municipality (Mahottari). *Economic Census 2018.* https://www.nepalarchives.com/content/bardibas-mahottari-2018-economic-census/

Nepal Archives. (2019, November). Mithila Municipality (Dhanusa). *Economic Census 2018.* https://www.nepalarchives.com/content/mithila-dhanusa-2018economic-census/

National Statistics. (2022, January 27). *Preliminary Report of National Population Census 2021.* https://censusnepal.cbs.gov.np/Home/Details?tpid=1

Wikipedia contributors. (2022, May 20). Mithila Municipality. *Wikipedia, The FreeEncyclopedia.* https://en.wikipedia.org/w/index.php?title=Mithila_Municipality&oldid=1088903525

Wikipedia contributors. (2023, January 1). Bardibas. *Wikipedia, The Free Encyclopedia.* https://en.wikipedia.org/w/index.php?title=Bardibas&oldid=1130855815