

FISCAL DECENTRALIZATION AND ECONOMIC GROWTH OF SUDURPASHCHIM PROVINCE

A Research Report

Submitted to:
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DECLARATION

We hereby declare that the research report entitled, FISCAL DECENTRALIZATION AND ECONOMIC GROWTH OF SUDURPASHCHIM PROVINCE submitted to the Social Development Ministry of Sudurpaschim Province, Nepal is our original work. This report has not been submitted earlier in part or full in any other form to academic institutes elsewhere. The references that we have used or referred to are acknowledged through proper citations and references. We believe that the report supports to transform knowledge into actions. Our team is liable to bear all the legal responsibilities if any misleading information and unethical activities are found.

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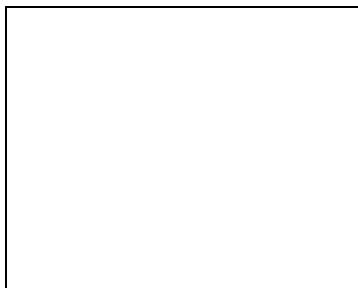
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ACRONYMS AND ABBREVIATIONS

| | |
|-------|--|
| GDP | Gross Domestic Production |
| HDI | Human Development Index |
| IFA | Intergovernmental Fiscal Arrangements |
| LGO | Local Government Operation |
| NNRFC | National Natural Resources and Fiscal Commission |
| OSR | Own Source Revenue |
| SDGs | Sustainable Developmental Goals |
| UAE | United Arab Emirates |
| UN | United Nations |
| US | United States |

EXECUTIVE SUMMARY

The constitution of Nepal 2015 has classified the three tiers of government: federal, provincial, and local level, and assigned financial rights like budget preparation, revenue collection, and expenditure. The study employed a descriptive and analytical research design considering primary and secondary information. The results shown that around 50 percent of local level governments only utilized the exclusive right and regarding the concurrent rights majority of the local level governments are ambiguous. The expenditure of local level governments has been found significant and positive impact on the economic growth. Whereas, the expenditure of prudential and federal government has been found insignificant. The provincial government has very small part of revenue generating right, for strengthen the federal system the more economic rights should be provided. The findings of the study are useful to policymakers, and employees of local level governments, provincial governments, and federal government.

Keywords: Exclusive and concurrent rights, Federalism, Revenue Generation, Expenditures.

CHAPTER 1

INTRODUCTION

1.1 Background and Research Gap

Federalism is a form of governance wherein the federal government shares executive power with state or local governments (Elazar, 1987). Realizing the best way of decentralization, several nations have recently embraced this governance structure. Federalism divides state powers among federal divisions, including budgetary, administrative, and political authority. As per the definition of the United Nations (UN), there are 195 countries, out of which 34 countries have adopted the federal system in different forms. Among them, 14 countries have adopted the federal system always, 5 countries have adopted the federal system usually, 8 countries have adopted the federal system sometimes, one country has adopted the federal system rarely, and 6 countries have adopted a quasi-federal system.

Table 1

Countries Adopted Federal Government System

| Always | Usually | Sometimes | Rarely | Quasi-federal |
|---|---|--|--------|--|
| India, United States, Pakistan, Brazil, Russia, Ethiopia, Germany, Argentina, Canada, Malaysia, Australia, Belgium, UAE | Mexico, Nepal, Venezuela, Austria, Bosnia and Herzegovina | Sudan, Iraq, Somalia, South Sudan, Switzerland, Comoros, Micronesia, and Saint Kitts and Nevis | Cyprus | Philippines, France, South Africa, Italy, Spain, Chile |

Sources: Retrieved from <https://worldpopulationreview.com/country-rankings/federal-states> on 9th May 2024

To achieve long-lasting peace, good governance, and prosperity through a federal, democratic, and republican system of governance, Nepal adopted the federal system of governance with three tiers of government and promulgated a new constitution in 2015 (Constitution of Nepal, 2015). Nepal is a landlocked nation in South Asia that shares borders with China to the north and India to the south, west, and east. Nepal is renowned for its breathtaking natural beauty, and the Himalayan mountain range, which includes Mount Everest, is a top travel destination for people all over the world. With a GDP of

about \$46.097 billion and a per capita income of about \$1,336.5 (World Bank, 2022), Nepal is still among the world's poorest nations despite having an abundance of natural resources and natural beauty. The people are employed in agriculture, which accounts for around 25% of the GDP of Nepal and drives the country's economy. Nepal has had several political shifts throughout its history.

The Constituent Assembly of Nepal formally declared Nepal to be a federal democratic republic. A country that had been a unitary state for a long time has now adopted a new political structure, although previous attempts at decentralization had taught some valuable lessons. The administrative organizations such as development areas, zones, districts, municipalities, and village development committees have been restructured. Despite the approval of a new constitution in 2015, there is currently another stage of political, economic, and administrative upheaval happening. Article 56 of the constitution establishes the federation, the province, and the municipal levels of administration. Consequently, Nepal has been split up into seven provinces and 753, mostly rural local levels (of which 293 are urban municipalities).

Three levels of government are each given exclusive and concurrent state power according to the constitution's schedules 5, 6, 7, 8, and 9. These authorities serve as the governments' areas of expenditure jurisdiction. The process of passing many laws has been underway for the past seven years since the adoption of the Constitution. The paradigm of fiscal federalism enshrined in the constitution has already been implemented through acts such as the National Natural Resources and Fiscal Commission (NNRFC) Act of 2017 and the Intergovernmental Fiscal Arrangements (IFA) Act of 2017. The majority of the provisions of the IFA Act deal with intergovernmental transfers and income sharing between the various governmental levels.

Additionally, the Local Government Operation (LGO) Act (2074 BS) has enhanced the functioning of local government entities. The National Natural Resources and Fiscal Commission, a constitutional entity, now has a full legal framework to operate within to fulfill its duties and responsibilities as outlined in the constitution and other relevant legislation thanks to the NNRFC Act. Budgetary federalism is the division of budgetary power and accountability among the several levels of government in a federal system. It includes the principles and procedures guiding revenue collection, spending allocation, and intergovernmental fiscal transfers in order to achieve an efficient and equitable

distribution of resources and the delivery of public services across the many levels of government.

In accordance with the constitution and the aforementioned laws and acts, Nepal has established all the necessary frameworks to carry out fiscal decentralization, including the authority to raise income, allocate expenditures, and conduct different kinds of fiscal transfers between governments.

The Fiscal Federalism Update Report 2023 of the World Bank has incorporated a macro-fiscal update on provincial and local governments, Legal, policy, and institutional frameworks on fiscal federalism, and Progress on public finance management in provincial and local government. The report has also depicted the existing condition of federal, state, and local levels of government. This report has not addressed the sources of revenue generation.

The Sustainable Developmental Goals (SDGs) progress evaluation report 2020, between 2016 and 2019 has incorporated all the stated goals and progress as well as targeted goals. However, the analysis of sources of revenues for the proposed expenditure seems less analyzed sections. Almost all reports and studies have been focused on budgeting and expenses only. So, an investigating issue emerged at this point what is the structural pattern of sources of revenue, and how it can be linked with the expenditure.

An Overview of Sudurpashchim Province

Sudurpacshim province, which is in far western Nepal, has boundaries with Karnali province to the north and east as well as with India to the west and south. The province is made up of 9 districts, one sub-metropolitan, 54 rural municipalities, and 33 urban municipalities. At 19,539 square kilometers, it is one of the smallest provinces in terms of overall size in Nepal, making up 13 percent of the country's total land area. In terms of demographics, the province is youthful, with 60% of its people being in the 15–40 age range. The province has 2,552,517 residents, with an average household size of 5.4 persons and a gender ratio of 1.1 (47 percent male and 52 percent female). The province of Sudurpaschim does poorly in terms of development. With a per capita income of \$685, much less than the national average, nearly 45% of the population lives below the poverty line. 64 percent of people are literate, including 81 percent of men and 53 percent of women. Similarly, the province's Human Development Index (HDI) is 0.41 and 33.6

percent of the population is multidimensionality poor, both of which are lower than the national averages of 28.6 percent and 0.49, respectively. At 11.5 percent, the unemployment rate is nearly identical to the national figure of 11.4 percent. The age range of 15 to 24 years old has the greatest unemployment rate (20%), followed by the 25 to 39 year old age group (11%).

In this regard, firstly this study aims to address the implication status of exclusive and concurrent rights of local-level governments and state government (Sudurpaschim Province) by analyzing the primary sources of information. Secondly, the study analyzes the structural pattern of revenues and expenditures of the provincial government. Finally, the impact of economic decentralization on economic growth in the context of Sudurpaschim Province has been analyzed. This could be a milestone for policymakers, employees of governments, and researchers.

1.2 Problem Statement

The liberal political atmosphere and economic reform programs of the post-1990s have enhanced economic activity. But the result was not what was expected given the ensuing ten-year struggle. The country's present constitution, which institutionalized a federal democratic republic governance structure and allowed for economic development, was drafted by the historical constituent assembly that was founded by the People's Movement of 2006. To honor its international commitment, Nepal must achieve the Sustainable Development Goals (SDGs) by 2030. In federal, provincial, and municipal development initiatives, the Sustainable Development Goals (SDGs) are being integrated and contextualized as part of the effort to guarantee that no one is left behind in all aspects of development.

In the past, Nepal has historically fallen behind other nations of comparable ranks in socioeconomic development hence significant advancements in this area are imperative. The National Planning Commission (2020) states that Nepal's fifteenth plan also has a long-term goal to improve people's lives and achieve economic growth, but it is a challenging task that requires a lot of resources, such as modern infrastructure and highly skilled labor.

Additional important factors include the use of renewable energy sources, planned urbanization, and the expansion of rural infrastructure. Making use of demographic

advantages also means reducing income inequality, maintaining macroeconomic stability, and increasing opportunities for productive employment. Other ways to build a just society include providing social security and safety, encouraging investment, and igniting the socially supportive economic sectors.

Laleye and Oloru (1989) added that fiscal federalism integrates the local peoples' aspiration, and participation and creates efficient and equitable services based on their capacity and knowledge, leading towards the greater participation of the public and maintaining political stability.

Fiscal federalism is useful in managing the conflict of heterogeneous groups of People (Offiong, 1999). It is the mechanism of collecting tax and nontax revenue and distribution in the various layers of government (Kayode, 2014). Without the proper control over resources and the implementation of proper policy, one country can achieve sustainable development. There is a provision for revenue collection and redistribution within three levels of government in Nepal. Central, provincial, and local level governments have given certain right and duties to collect revenue and redistribution. Broadway and Shah (2009) explained fiscal federalism denotes the financial connection between the central, provincial, and local levels of government, which dictates the financial activities for economic development, and authority is shifted from the top to the lower level.

Fiscal federalism is the process of decentralizing the fiscal structure from the center to the local unit (Namocha, 2002). It reduces the central power of revenue collection and provides autonomy to the subnational government of the country. Economic growth can be achieved by creating healthy competition among different levels of government (Bahil & Lil, 1992). Yang (2019) highlights that fiscal federalism is transferable of the central power of revenue collection and redistribution to the sub-national or lower-level government so that each government can enjoy the authority of tax collection, new generation of tax and tax system and redistribution of revenue to uplift the living standard of local people in a different province and local levels. The tax authority of subnational governments varies from country to country as the provision of the nation. In Nepal, tax authority is determined by the constitution, act, and National Resource Management Commission of Nepal.

The main goal of fiscal federalism and tax collection is to increase GDP, enhance public sector efficiency, and reduce the deficit budget (Bird, 1993; Bird & Wallich, 1993). It

states that fiscal federalism stimulates to the local government to deliver their service because the local government are better situation than the central government. It is assumed that fostering economic growth is possible through fiscal federalism. it is widely assumed to bring political activities closer to the people, thereby facilitating information flows between the government and the local population and reducing information asymmetries (Burrent, Feld & Schaltegger, 2021). This mechanism increases the political awareness of the voters and makes it easier to control their local and provincial government, it also increases the willingness to pay tax for government services. As a result, the political responsiveness to the heterogeneous local needs and the efficiency of resource allocation is increased (Oates, 1972). Political and fiscal autonomy is given to the local government to do the best social and economic performance. If voters base their election decision on the performance of their region in compression to other regions, the government is exposed to a yardstick competition (Besley & Case, 1995).

Hirschman (1970) reveals taxpayers' performance and creates incentives for the subnational government to satisfy local performance, provide public goods efficiently, and conduct business-friendly policies, thereby federal competition supports regional economic performance. It is suggested that federal competition is frequently considered to be a check on the power to tax revenue-maximizing leviathans (Brennan & Buchanan, 1980)

Fiscal federalism increases the capacity of subnational governments to take more risks and new experiences with new policies and solutions for local problems (Baldwin & Krugman, 2004). It is not guaranteed that fiscal federalism is not always good for all tires of government poorer governments are forced to levy high taxes for financing public goods, poorer subnational government lose their competition as well and there is fear that capital outflows would result in a degradation of the welfare state (Cai & Trusman,2005). The federal system is new for Nepal. All the policy rules and acts have not yet been formulated or completed to collect revenue in Nepal. Sufficient resources are needed to achieve the target of sustainable development goal. A broader aspect of the revenue collection system is necessary to meet the upcoming demand of the public.

There is a national natural resource and fiscal commission to determine the revenue and sharing formula in three tiers of government in Nepal. Based on the report of the commission planning, all layers of government make different types of policies and

programs to generate revenue for sustainable economic development. The revenue collection of the government is the main indicator of economic performance, central, provincial, and local level governments collect different types of revenue in Nepal. Custom duty, excise duty, value-added tax, corporate tax, and individual income tax service tax visa fee, are the main tax revenue of the central government. In the jurisdiction of the provincial and local government, house and land registration fees, motor vehicle tax, agro-income tax, and local tax are the main sources of revenue (Constitution of Nepal, 2015)

The concept of the welfare state is stronger among people in the global market. The responsible government tries to fulfill the requirements of the public. to meet all the needs, sufficient resources are needed. The government tries to raise the revenue from various sources. Fiscal federalism is taken as an important tool to raise the revenue for reducing resource GDP. Ola and Offiang (1999) argued that revenue management is the mechanism for distributing resources of the country between different levels of government so that economic development is possible by minimizing inter-governmental conflict and maintaining peace and harmony with national unity. Nepal has adopted federalism for sustainable development, but its achievement is not justified yet. Whether the country can achieve the target of people's aspirations or not. under the unitary state, tax collection was not satisfactory. three tiers of government are trying to mobilize their resources to provide public goods and services. Many constitutional provisions and acts are formulated for revenue collection. The impact of this effort is measured through revenue collection. Administration expenditure is increasing in Nepal due to the federal system. Central, provincial, and local government has their rights and duties to collect revenue and redistribute resources. All the layers of government have prepared different types of acts and policies to provide the best services in the territory. Without sufficient resources, the government cannot provide welfare programs and services.

The federal system's early stages, the lack of a clear implementation plan, the ambiguity surrounding the relationship between the federal, provincial, and local governments, the inability to achieve the expected level of coordination between the government bodies, and the absence of a strategy to improve administrative capacity at the provincial and local levels are the main problems. Furthermore, there is uncertainty regarding the interpretation of the concurrent powers conferred by the constitution, as evidenced by the intricacy and overlap of the three governments' tax jurisdiction, obstacles to a balanced development

because of remoteness, and difficulties in developing human and physical capital at the provincial and local levels. Therefore, it is an investigating issue that examines the effects of the federal system on the economy of Nepal. This study focused on the Sudurpaschim Province. The following are the specific issues:

1. Do provincial and local levels of governments of Sudurpashchim Province have properly executed their exclusive and concurrent rights?
2. What is the structural pattern of revenues and expenditures of Sudurpashchim Province?
3. What is the effect of fiscal decentralization on economic growth?

1.3 Objectives of the Study

This study's primary goal is to investigate how Nepal's fiscal federalism has affected the country's economic development. Therefore, the purpose of this study is to determine how Nepal's fiscal decentralization has affected the growth rate of GDP per capita in the Sudurpashchim Province following the introduction of a new federal government structure. The following are the specific objectives:

1. To explore whether the provincial and local levels of governments of Sudurpashchim Province have properly executed their exclusive and concurrent rights.
2. To analyze the structural pattern of revenues and expenditures of Sudurpashchim Province.
3. To examine the effect of fiscal decentralization on economic growth.

1.4 Significance and Rational of the Study

The goal of the transition from a unitary to a federal system was to improve governance, promote economic growth, and accomplish balanced development. The purpose of this study is to examine the impact of the federal system on the economy from the evidence of Sudurpaschim Province. Explore whether the exclusive and concurrent rights of local level and province governments have been properly executed or not. Furthermore, analysis of structural pattern of incomes and expenditures of Sudurpaschim Province helps to understand the sources of incomes and their allocations for expenditure. Understanding how federalism affects Nepal's economy is important since the country has long struggled to see steady economic growth and progress. Using key regional economic indicators such

as GDP per capita, internal revenue, and provincial spending, this research project examines Sudurpashchim Province's economic performance since post-federalism.

1.5 Literature Review

Painter and Bae (2001) examined the factors that influence state spending in the US. Panel data analysis was used to do the study using data from 1965–1966–1992–1993. The many institutional, political, and demographic characteristics were independent variables, while state spending per capita was the dependent variable. The study discovered that state government spending is significantly influenced by demographic characteristics. It was discovered that the unemployment rate, total long-term debt, and per capita income all positively impacted state government spending.

Ding (2007) looked at whether fiscal decentralization since 1994 has had an impact on economic growth. This research indicates that fiscal decentralization greatly boosts economic development using a panel data set for 30 provinces covering the years 1994–2002 and a straightforward endogenous growth model that accounts for expenditure by various levels of government. This result is in line with the theoretical assumption that more economic efficiency may be achieved by fiscal decentralization. Furthermore, this article aims to explore the variations in the link between provincial growth and fiscal decentralization among the various areas under consideration, as well as the economy/culture. The thirty Chinese provinces and regions are divided into three traditional economic belts—the eastern, central, and western regions—for this purpose. The results of this study show that these three areas have different fiscal decentralization consequences on economic growth.

Amagoh, and Amin (2012) assert that fiscal decentralization offers several advantages for public sector governance, such as increased growth, accountability, and responsiveness of public servants to local needs and demands. On the other hand, opinions on how fiscal decentralization affects macroeconomic development and performance are divided. This study scrutinizes both perspectives and suggests that although fiscal decentralization offers several advantages; its effects on economic growth are limited by various elements that are contingent on the specific circumstances of the societies/economies concerned. So, the circumstances and the state of the economy/society determine whether fiscal decentralization has a beneficial effect on growth.

Adil and Anwar (2015) investigated the impact of fiscal decentralization on economic growth in the context of Pakistan. There are three levels to Pakistan's present fiscal arrangement structure: federal, provincial, and municipal. Through awards from the National Finance Commission (NFC) and Provincial Finance Commission (PFC), resources are allocated among these tiers. Additionally, special and development grants, executive and legislative discretionary monies, and other sporadic payments are given to local governments. Because of its efficiency advantages, fiscal decentralization may benefit economic growth, according to empirical theorists. However, if it is not complemented by improved political accountability and the local government apparatus's skill set, it may have detrimental consequences on economic growth and bring macroeconomic instability. Johansen's co integration technique is used within the framework of a basic endogenous growth model to estimate the effects of fiscal decentralization on economic growth in Pakistan for the period from 1972 to 2010, in accordance with the theoretical models of fiscal decentralization developed by Barro (1990) and Davoodi & Zou (1998). As a set of control variables in the research, the study utilizes revenues and expenditures as indicators of fiscal decentralization. The assumption is that public expenditure and income creation have historically been handled by the federal and provincial levels of government, notwithstanding the lack of data available at the local level. According to empirical findings, fiscal decentralization boosts economic development over the long term, although in Pakistan's situation, this benefit is statistically negligible in the near term.

Bojanic (2018) examined how fiscal decentralization affected political and civil freedoms, economic freedom, and accountability in twelve American nations. Panel data analysis was used to perform the study. Based on revenue and spending, measures of political and civil freedoms, accountability, and economic freedom were regressed against indicators of fiscal decentralization. The findings indicate that while decentralization first obstructs political and civil freedoms and accountability, it eventually improves them. This is consistent with the expected beneficial relationship between more financial autonomy and a more inclusive, participatory government. Nonetheless, the impact of fiscal decentralization on economic liberty defies anticipated outcomes. Decentralization shows that increased accountability and political and civil rights are not always the consequence of what at first seems to be support for freedom, but eventually serves to limit it.

Kuntari et al. (2019) examined the variables influencing Indonesian local governments' capital expenditures. The province of Central Java's 35 local governments served as the study's basis. Regression analysis was utilised to examine secondary data spanning from 2014/15 to 2016/17. The dependent variable, capital expenditure, was defined as the amount spent on building land, building machinery and equipment, building buildings, developing roads, irrigation systems, networking, and other fixed assets. Revenue generated locally, revenue sharing funds, special allocation funds, and general allocation funds were the independent variables. The research revealed that capital expenditure was positively impacted by every independent variable that was taken into account.

Research Gap

Since the new constitution was adopted in 2015, Nepal has undergone a unique experiment in federal governance with the creation of the three levels of government. The rights and responsibilities of state power have been distributed to the federal, provincial, and local levels of government, with a combination of exclusive and concurrent powers for each. Sub national governments have the authority to create laws pertaining to financial rights, establish their own budgets, make decisions, create plans and policies, carry them out, levy taxes, and collect revenues in matters under their purview. Over the course of the approximately six years since devolution took effect, certain issues and uncertainties have surfaced, especially with regard to the exercise of power. The sub-national governments express dissatisfaction at the center's lack of cooperation in drafting laws, allocating funds, transferring institutional frameworks, and other areas (Devkota, 2021). Various local and provincial governments now engage in healthy rivalry with one another. But the fiscal framework that upholds the recently created rights and responsibilities of regional administrations continues to be a point of disagreement for Nepal's federal delegation.

In the present situation of federalism, there have been limited studies about the effectiveness of fiscal decentralization on economic growth. So, this study will provide some empirical evidence about the practices of financial freedom in provincial and local-level government and its output.

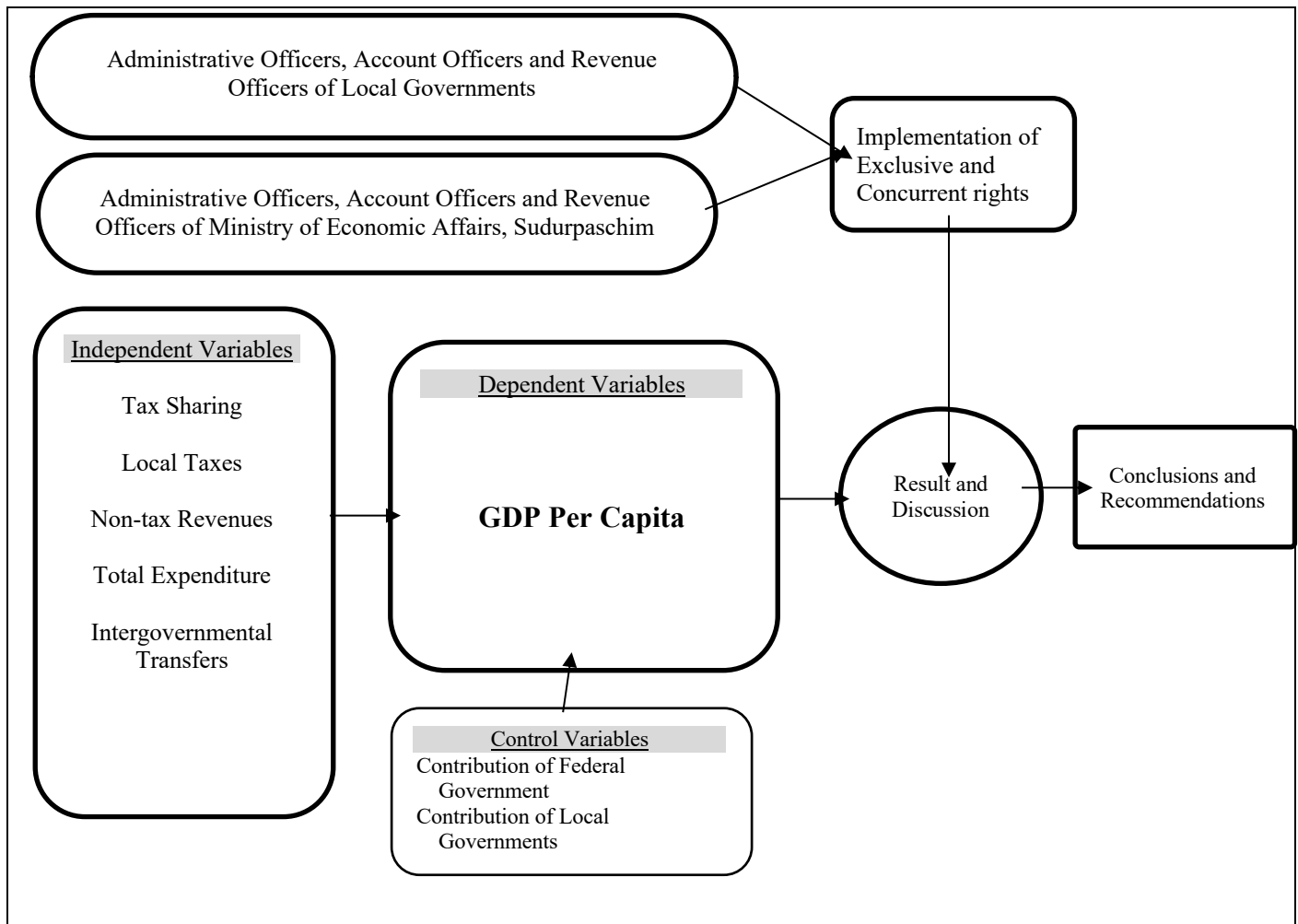
1.6 Conceptual Framework

The situation of sources of revenues and expenditures have examined using secondary data. Furthermore, the effect of fiscal decentralization on economic growth have examined

by creating the linkages between sources of revenues, expenditures and GDP per capita. The control variables are taken to minimize their effect on the dependent variable. The following figure shows the framework of the study.

Figure: 1

Conceptual Framework



1.7 Operational Definition of the Variables

The operational definition of the variables used in the study are as follows:

Exclusive Rights: The exclusive right refers the right of collecting and spending revenues in their own plans and projects of local and provincial governments. Among them following variables have been chosen: Integrated Property Tax, Land Tax and Housing Tax, Malot Tax, House & Land Rent Tax, House & Land Rent Tax, Business Tax, Rental Tax, Parking Tax, Herbal, Scrap & Livestock Tax, Service Fees, and Loan & Grants.

Concurrent Rights: The concurrent right refers the right of collecting and dividing revenues between local and provincial governments. Among them following variables have been chosen: Vehicle Tax, House & Land Registration Fee, Advertisement Tax, Entertainment Tax, Tourism Fees, Natural Resources Taxes, and Revenues from other Sources.

Dependent Variable: GDP per capita is dependent variable, in this study the GDP per capita of the Sudurpaschim Province has considered.

Independent Variables: The tax sharing, local taxes, non-tax revenues, total expenditure, and intergovernmental transfers are independent variables.

Control Variables: The contribution of central government and local level governments are considered as control variables.

1.8 Methodology

The methodology of the study incorporated: research design, population and sample, methods of analysis, and variables used in the study.

Research design

The study employed descriptive and analytical research design incorporating primary and secondary data. For the analysis of primary data descriptive statics were used. The analysis of secondary data, the descriptive statistical tools as well as inferential tools were used. For instance, mean, median, and standard deviation of descriptive statics and correlation and regression of inferential statics were used. Therefore, the descriptive and analytical research design was employed.

Population and sample

Purposive sampling has used in this investigation to get the necessary data. The research has focus on Sudurpashchim Province, one out of seven provinces. 46 local levels governments: (1 Sub-metropolitan city, 17 Municipalities, and 28 Rural municipalities from 9 districts have selected as samples for the study out of the 88 local levels in Sudurpashchim the province.

Table 2

Sample Local Level Governments

| Local level governments | Total | Samples |
|-------------------------|-----------|-----------|
| Sub Metropolitan city | 1 | 1 |
| Municipality | 33 | 17 |
| Rural Municipality | 54 | 28 |
| Total | 88 | 46 |

Sources of Data

The secondary data used in this study covers 7 years (2017-2023). Information have been gathered from Ministry of Economic Affairs of Sudurpaschim Province, Nepal government agencies, International financial institutions (IFIs), and Central Bureau of Statistics (CBS). used to determine the nominal per capita GDP growth rate for each province.

Tools for data analysis

This chosen regression model enables a comprehensive examination of the relationship between fiscal federalism and economic growth in the context of Sudurpaschim Province, Nepal. It includes the fiscal decentralization index as the primary explanatory variable along with the control variables. The dependent variable is the annual per capita GDP of the Provincial government. Here is the specification of the regression model for this study:

$$GDPPC_t = \beta_0 + \beta_1 TS_t + \beta_2 LT_t + \beta_3 NTR_t + \beta_4 TE_t X_{it} + \beta_5 IGT_t + \varepsilon_t$$

Where,

$GDPPC$ - GDP per capita of Sudurpaschim Province.

TS_t – Tax sharing for the period

LT_t – Local tax for the period

NTR_t – Non-tax revenue for the period

TE_t – Total Expenditure for the period

IGT_t – Inter governmental transfer for the period

ε_t – Error term

β = Beta coefficient

1.9 Limitations of the Study

Understanding the limitations of short-term research in a country still implementing federalism, this study examines the immediate effects of fiscal decentralization on Nepal's economy from 2017 to 2023. The study emphasizes the need for care when extrapolating the results and the challenges associated with assessing federalism's economic benefits in such a short amount of time. It also recognizes that certain modeling methodologies may provide different results and that important control element like remittance may have been overlooked. To obtain more dependable and definitive results, future research should wait for the complete implementation of fiscal federalism and examine a wider variety of factors over longer time horizons. Furthermore, this study emphasized in the context of

Sudurpaschim Province for the period of 7 year (2017-2023). The findings might not truly implacable to other regions and periods.

Ethical Issues and Safety

The research entitled; Impact of Fiscal Decentralization on Economic Growth of Sudurpashchim Province is the original work of the researchers. The sole responsibility go to the researchers. If any fault is found regarding the ethical issue, the research grant provider can discontinue its support and can take legal action as per the rule of this institution.

CHAPTER 2

IMPLEMENTATION STATUES OF EXCLUSIVE AND CONCURRENT RIGHTS IN LOCAL GOVERNMENTS OF SUDURPASHCHIM PROVINCE

2.1 Introduction

This chapter explores the exclusive and concurrent rights of local level and provincial governments considering five sections: introduction, presentation and analysis of data, major findings, results and discussion, concluding remarks, and contribution and implications. The exclusive right are integrated property tax, land and housing tax, *Malpot*, house and land rent tax, business tax, rental tax, parking charge, herbal, scrap and livestock tax, service fees, loan and grants, and revenue from other sources. Similarly, the concurrent rights are vehicle tax, house and land registration fees, advertisement tax, entertainment tax, tourism fees, natural resources tax, and revenues from other sources.

In this chapter how the local and provincial government have been implemented the exclusive and concurrent rights have been analyzed.

Functional and Revenue-Raising Powers and Provisions for Fiscal Transfers

With the adoption of a new Constitution in September 2015, Nepal formally became a federal nation; the State power in the previous unitary system was divided into three tiers of government: federal, provincial, and local. There are seven provinces and 753 local governments in Nepal. The rights of the three tiers of government are outlined in the constitution's schedule and include functional rights, revenue rights, borrowing rights, and provisions for fiscal transfers. Following the nation's federalization, provincial and municipal governments have benefited from grants of all four kinds, with the National Natural Resources and fiscal Commission (NNRFC) overseeing fiscal transfers. To provide legal arrangements for the fiscal transfers, the National Natural Resources and Fiscal Commission Act, 2017 and the Intergovernmental Fiscal Arrangement Act, 2017 have both been promulgated. Similarly The Local Government Operation Act of Nepal, enacted in 2017, outlines the exclusive tax revenue rights granted to local governments in the country. These rights empower local bodies, such as Rural Municipalities and Municipalities, to independently levy and collect taxes within their jurisdictions to finance local development projects, deliver essential services, and fulfill their administrative

responsibilities. Table 2.1 lists the assignment of some important governmental powers in the three tiers of governments.

Table 2.1

Exclusive and Concurrent Powers by Assignment

| | Exclusive Powers | Concurrent Powers | |
|------------|--|--|---|
| | | Federal and Provincial | Federal, Provincial, and Local |
| Federal | Defense, central planning, currency, foreign affairs, citizenship, passport, etc. (Schedule 5) | Civil and criminal procedure, supply and distribution of essential goods, population | Cooperatives, education, health, agriculture, irrigation, mines, minerals, disaster |
| Provincial | Provincial police administration, provincial civil service, higher education, provincial-level development activities such as electricity, irrigation, roads, land management, etc. (Schedule 6) | management, social security, casino, etc. (Schedule 7) | management, environment, forest, personal events, archaeology, motor vehicle permits, etc. (Schedule 9) |
| Local | Town Police, management of local services, basic and secondary education, basic health, local roads, drinking water, etc. (Schedule 8) | | |

Source: Constitution of Nepal 2015

Prior until now, a lot of the functional duties that are allocated to the federal, provincial, and municipal governments overlapped and were repeated throughout the three levels of government. The constitution made it plain which tiers of government are responsible for each function in order to prevent confusion and better adhere to the "finance follows the function" theory. The fundamental question of the functional assignment is "Who will do what" (Devkota, 2020).

According to an analysis of revenue allocations, the federal government is granted the majority of the authority to raise money under the constitution. But this does not imply that all of the money raised by the federal government is spent. Article 60 (2) of the constitution mandates that "the Government of Nepal shall make necessary arrangements for the equitable distribution of the revenue generated by it from its sources, between the federal, province, and local level entities." As a result, a portion of this revenue is sent to the subfederal units. The National Natural Resources and Fiscal Commission (NNRFC),

which was established and is now operating within the parameters specified by the constitution, is another entity designated by the document to oversee fiscal transfers.

Table 2.2

Revenue-Raising Powers by Assignment

| | Federal | Provincial | Local |
|-------------------|--|--|---|
| A. Tax Revenue | (1) Custom Duty (2) Excise Duty (3) Value Added Tax (4) Corporate Income Tax (5) Personal Income Tax (6) Remuneration Tax | (1) House and Land Registration Fee (2) Vehicle Tax (3) Entertainment Tax (4) Advertisement Tax (5) Tax on Agricultural Income | (1) Property Tax (2) House Rent Tax (3) House and Land Registration Fee (4) Vehicle Tax (5) Land Tax (Land Revenue) (6) Entertainment Tax (7) Advertisement Tax (8) Business Tax |
| B. NonTax Revenue | (1) Passport Fee (2) Visa Fee (3) Tourism Fee (4) Service Fee (5) Gambling/Lottery (6) Fines and Penalties | (1) Service Fee (2) Tourism Fee (3) Fines and Penalties | (1) Service Fee (2) Tourism Fee (3) Fines and Penalty |
| C. Other Revenue | (1) Other tax and nontax raised/levied according to federal and other prevailing laws. | (1) Other tax and nontax raised/levied according to the provincial law and other prevailing laws on the provincial jurisdiction. | (1) Other tax and nontax raised/levied according to the local law and other prevailing laws on the local government level jurisdiction. |

Source: Devkota (2020).

Table 2.2 shows the revenue-raising power assigned to the three tiers of governments. Proper execution of these rights is very important for the effectiveness of federalism. The province and local governments have a duty and responsibility to implement the norms of decentralization for the development of local levels.

This study aims to investigate the status of exclusive and concurrent fiscal rights execution at the municipal and provincial levels of Sudurpashchim Province. In order to do that, structured and open-ended questions were posed to the key informant (KII) using the survey technique of data collecting. The Sudurpashchim province's local government's account officers and chief administrative officers served as the KII for this study. 46 local governments in nine districts responded to the questionnaire that was sent to all 88 local

governments in the nine districts. The current status of execution of exclusive and concurrent revenue rights and problems in execution and their suggested solutions were asked of the respondents, and their responses were presented in the following tables 2.3 to 2.6.

Local Governments' Position on the Use of Financial Rights in Sudurpaschim Province

Table 2.3

Taxes and Fees Collection Position of Local Governments

| Sources of Tax and Revenue | Tax & Fees Collection | |
|---|-----------------------|-------|
| | Yes (%) | No(%) |
| Integrated Property Tax, Land Tax and Housing Tax | 65.22 | 34.78 |
| Malpot Tax | 86.96 | 13.04 |
| House & Land Rent Tax | 63.04 | 36.96 |
| Business Tax | 95.65 | 4.35 |
| Rental Tax | 28.26 | 71.74 |
| Parking Tax | 10.87 | 89.13 |
| Herbal, Scrap & Livestock Tax | 50.00 | 50.00 |
| Service Fees | 76.09 | 23.91 |
| Loan & Grants | 4.35 | 95.65 |
| Revenues from other Sources | 2.17 | 97.83 |
| Average | 48.26 | 51.74 |

Source: Survey 2024

Table 2.3 provides a concise overview of the tax and fees collection practices of local administrations in the Sudurpashchim Province of Nepal. The majority, specifically 65.22%, of local governments said that they collect Integrated Property Tax, Land Tax, and Housing Tax, while the remaining 34.78% do not collect these taxes. The collection of Malpot Tax is widespread, with 86.96% of local governments reporting that they collect it, while only 13.04% do not. 63.04% of local governments collect the House & Land Rent Tax, while the remaining 36.96% do not. The Business Tax exhibits the highest collection rate, with 95.65% of local governments successfully collecting it, while only 4.35% do not.

In contrast, several taxes and levies exhibit low rates of collection. Just 28.26% of local governments gather Rental Tax, while only 10.87% collect Parking Tax. The majority, 71.74% and 89.13% respectively, do not collect these taxes. The Herbal, Scrap &

Livestock Tax is divided equally, with 50% of local governments responsible for its collection. Service Fees are levied by 76.09% of local governments, whereas 23.91% do not impose such fees. Only a small percentage of local governments, specifically 4.35%, make use of loans and grants, while the majority, 95.65%, do not utilize these sources. Only 2.17% of local governments gather funds from other sources, whereas a significant 97.83% do not engage in this practice.

Table 2.4**Presence of Problem on Taxes and Fees Collection of Local Governments**

| Sources of Tax and Revenue | Is there any Problem in collection? | |
|---|-------------------------------------|--------|
| | Yes (%) | No (%) |
| Integrated Property Tax, Land Tax and Housing Tax | 48.39 | 51.61 |
| Malpot Tax | 37.50 | 62.50 |
| House & Land Rent Tax | 48.28 | 51.72 |
| Business Tax | 75.00 | 25.00 |
| Rental Tax | 28.57 | 71.43 |
| Parking Tax | 50.00 | 50.00 |
| Herbal, Scrap & Livestock Tax | 60.87 | 39.13 |
| Service Fees | 22.86 | 77.14 |
| Average | 46.43 | 53.57 |

Source: Survey 2024

Table 2.4 displays the response of local governments in Sudurpashchim Province, Nepal, on any difficulties they encounter while collecting different taxes and fees. Regarding Integrated Property Tax, Land Tax, and Housing Tax, 48.39% of local governments face issues, while 51.61% do not. Regarding the Malpot Tax, 37.50% of individuals have problems, while 62.50% do not. The distribution of House & Land Rent Tax shows that 48.28% of local governments have reported problems, while 51.72% have reported no concerns.

The task of collecting business taxes seems to provide a significant challenge, as 75.00% of local governments encounter difficulties, while only 25.00% do not encounter any challenges. On the other hand, Rental Tax presents fewer challenges, with 28.57% of respondents reporting problems and 71.43% not experiencing any difficulty. The results for the Parking Tax are evenly divided, with 50.00% reporting problems and the remaining 50.00% stating no issues.

60.87% of local governments encounter difficulties in collecting taxes related to herbal, scrap, and livestock, whilst 39.13% do not encounter any difficulty. Finally, the collection of Service Fees appears to be quite efficient, as just 22.86% of local governments reported encountering problems, while a substantial 77.14% indicated a seamless collection process with no complications.

Issues or Problems in the execution of Exclusive Financial Rights by Local Governments

An open-ended question asked to the KII is: Is there any problem with the implementation of financial rights by the local governments? The replies from KII indicated that there were several issues with the implementation of income-generating rights and also offered possible solutions. There has been discussion in the next season about the problems and potential remedies associated with granting exclusive financial rights.

1. Issues Related to Integrated Property Tax and Land & House Tax:

The current tax collecting system suffers from much inefficiency caused by the absence of an online tax collection mechanism and a lack of technology infrastructure. There is a lack of public understanding regarding tax duties, which makes it challenging to collect taxes. Moreover, the absence of well-defined standards for assessing land and houses complicates the process of determining the worth of properties that are combined. This complexity impedes efficient tax collection, as individuals frequently postpone tax payments until they are personally compelled to do so. Moreover, there is a lack of comprehensive information and specific criteria for conducting integrated property assessments, along with a shortage of appropriate evaluation standards. The limitations of the system also affect the categorization of land, which worsens the difficulty of accurately estimating property tax rates and conducting comprehensive property assessments. As a result, these structural problems lead to the general public not following the schedule for paying property taxes promptly, choosing instead to make payments only when it suits their current need.

Measures can be taken to solve these issues:

In order to improve the effectiveness and precision of tax collection, it is crucial to implement an online tax collection system and ensure its compatibility with technology. Efforts should be made to create public awareness campaigns aimed at enhancing compliance and comprehension of tax payment. Moreover, it is crucial to set efficient

standards for assessing land and houses. The criteria should be established using a strong framework derived from economic actions. Accurate property appraisals need the proper classification of land and the establishment of tax restrictions. In order to promote early tax payments, it is recommended to provide annual announcements that acknowledge and provide incentives for taxpayers who comply with timely payment schedules, such as granting tax exemptions for those who pay promptly.

2. Issues Related to Land Tax (Malpot)

The existing land tax system has many inefficiencies. The land office lacks a sophisticated technical system and does not support information updating. Tax law is also poorly understood by the public. No clear land use policy exists, hence land is underutilized. Lack of land registration hinders tax collection. Property assessment rules are weak, and political authorities are unwilling to pass laws. Land acreage is difficult to calculate without updated property ownership certificates. The lack of timely tax compliance is worsened by land classification challenges and poor, late tax revenue collection. Tax collection is troublesome, and land records are inaccurate.

Measures that can be taken to solve these issues

The integration of the land office and municipality/rural municipality through the internet is essential for improving efficiency and precision. In addition, enhancing awareness and implementing technological advancements will streamline operations. Facilitating the transfer of land ownership from inactive owners and developing a comprehensive land utilization policy are crucial. Implementing the requisite legislation and issuing revised land ownership certificates will aid in preserving precise records. It is crucial to organize awareness initiatives in order to motivate taxpayers and ensure that they comply with tax obligations promptly. Moreover, guaranteeing accurate categorization of land and issuing certificates of land ownership will enhance the efficiency and effectiveness of the system.

3. Issues Related to House and Land Rent Tax

There is a notable deficiency in tax knowledge among both property owners and tenants, resulting in several problems in the collection of housing levies and home rent taxes. Landowners frequently refuse to pay housing taxes, worsening the problem. Furthermore,

the challenge of precisely classifying properties and individuals for tax purposes exacerbates the problem, impeding the efficient collection of taxes. Moreover, the absence of a particular legal act regulating this procedure contributes to the perplexity and ineffectiveness. A significant number of property owners who lease out their houses are unregistered, leading to the underreporting of rental revenues. In addition, there is a propensity to underreport rent prices in order to avoid taxes, which further hinders the process of collecting them. Notably, only organizations are liable to pay rental taxes, while individuals are exempt, resulting in discrepancies in taxation. In general, the absence of precise data exacerbates these difficulties, rendering it challenging to formulate efficient approaches for tax collection and enforcement.

Measures that can be taken to solve these issues

A diverse approach is essential to tackle the issues in tax administration and collection. First and foremost, it is crucial to make a concentrated endeavor to enhance the understanding of tax responsibilities among landlords and tenants. This should be accompanied by the incorporation of technical improvements to simplify the tax system and improve its accessibility. Efficient administration of taxes requires the implementation of proper classification and management systems. To offer a clear framework for taxation operations, it is needed to adopt specific legislative act. An comprehensive action plan should be established to delineate efficient tax collection techniques, which should include implementing surveys to acquire pertinent rental information for precise taxation. It is necessary to implement regular and efficient monitoring systems to ensure that people follow tax regulations. In order to encourage people to comply voluntarily, incentives and encouragement should be given to honest taxpayers. Furthermore, it is imperative to promote prompt tax payment by utilizing diverse communication channels and outreach programs. This will foster a sense of tax accountability and enhance the overall financial stability of the system.

4. Issued Related to Business Tax

The difficulties of encompassing all enterprises within the tax boundary are complex and varied. A significant number of business proprietors exhibit a reluctance to fulfill their tax obligations, particularly in the context of small enterprises where the process of tax collection becomes notably challenging. The registration of enterprises presents a substantial obstacle, as there are cases where businesses are either not registered at all or

fail to renew their registration. Adding to this problem is the occurrence of enterprises participating in several activities under a single registration, resulting in inconsistencies in tax evaluation and collection. Tax payments being postponed are frequent, with several enterprises functioning without adequate registration entirely. The absence of precise tax payment requirements and the lack of clear recommendations regarding the payable amount worsen the issue, resulting in uncertainty and avoidance. Moreover, there is a high incidence of multiple tax payment issues, which adds further complexity to the taxing process and obstructs the efforts to collect taxes. Furthermore, insufficient oversight, categorization, and implementation systems contribute to the occurrence of tax evasion. The lack of punitive actions against those who avoid taxes worsens the issue, enabling non-compliance to continue without any intervention. Moreover, the postponement of tax payment and renewal, together with the incapacity of businesses to furnish audit reports, also hinder the precise evaluation and gathering of taxes.

To summarize, the difficulties in encompassing all enterprises in the tax bracket stem from factors such as resistance to payment, insufficient registration and renewal procedures, complications in dual tax payments, and inadequate monitoring and enforcement systems. To tackle these problems, a thorough strategy is needed that includes implementing changes to registration procedures, providing clear guidelines for tax payments, strengthening monitoring and enforcement efforts, and offering incentives to encourage prompt compliance.

Measures that can be taken to solve these issues

In order to completely revamp the tax system and guarantee full adherence, a number of crucial steps need to be put into effect. Firstly, it is necessary to require all firms to register, and strict enforcement of laws should be implemented to ensure compliance with registration requirements. Simultaneously, tax awareness campaigns should be implemented to educate business owners about their financial obligations. Registering all firms with their respective local government bodies is crucial in establishing a transparent and accountable system. Legislative actions should be taken to eliminate the practice of collecting taxes twice, while strong monitoring systems should be put in place to ensure that registrations are renewed as required. Furthermore, it is essential to improve the efficiency of tax collection by implementing stricter enforcement methods, all while keeping tax rates low. Enabling Market Evaluation

Committees can assist in precise tax assessment, while connecting tax payment with other government services and benefits can encourage adherence. Stringent measures should be implemented to ensure adequate tax collection, which includes mandating registered enterprises to engage in self-declaration of income tax. Implementing a one-door policy for business registration can simplify the process and promote adherence to regulations. Additionally, integrating all firms into the Ward tax system with rigorous monitoring will strengthen accountability.

In addition, it is imperative to discontinue services and facilities for individuals who do not pay taxes in order to deter tax evasion. Finally, it is crucial to engage in training programs to increase the skills and abilities of personnel who are directly involved in implementing these measures. This will guarantee the success of the reformed tax system.

5. Issues Related to Rental Tax

The improper use of resources, coupled with the unwillingness to pay taxes, presents a critical problem. Many individuals and businesses utilize public properties and infrastructure without contributing to their upkeep.

6. Issues Related to Herbal, Scrap, and Livestock Tax

The other rural municipality collects taxes from natural resources located within our jurisdiction, but the process for collecting these taxes remains unclear. This ambiguity, coupled with the prevalent theft and trafficking of herbal products, hampers effective tax collection. Additionally, herbal businesses do not pay taxes due to the lack of relevant legislation. The contradiction regarding resource utilization with the forest office and the lack of coordination among the rural municipality, forest office, and forest committee further complicate the issue. Despite partial implementation, we have not been able to include all herbal areas within the tax brackets, and a centralized hub for buying and selling herbal products has not been established. As a result, many herbal businesses remain untaxed.

Measures that can be taken to solve these issues

To address the challenges outlined, specific actions are imperative. Firstly, an amendment to the Forest Act pertaining to herbal items must be drafted, clarifying regulations surrounding their conservation, utilization, and taxation. Effective coordination mechanisms among the Rural Municipality (RM), Forest Office, and Forest Committee are

essential for streamlined management processes. Designating distinct tax collection areas for each organization will enhance clarity and accountability in tax collection procedures. Additionally, the enactment of new legislation is necessary, granting local authorities the mandate to conserve and utilize forests and herbal plants. This legislation should empower local entities with the requisite resources and authority to fulfill these responsibilities effectively.

7. Issues Related to Service Fees

The widespread lack of knowledge and understanding on the importance of paying service fees worsens the problem of non-payment, especially among economically disadvantaged individuals who are unable to fulfill their financial responsibilities. Due to the lack of appropriate legislation regarding fee collection, people are hesitant to pay for necessary services such as public toilets, resulting in frequent non-payment of taxes or fees.

Measures that can be taken to solve these issues

In order to effectively tackle these problems, it is necessary to make coordinated and focused efforts. This includes conducting awareness programs that are specifically targeted, implementing legislative changes to make fee collection easier, and launching projects to reduce financial hardships for vulnerable groups in society.

Table 2.5

Concurrent Taxes & Fees Collection

| | Tax & Fees Collection | |
|--------------------------------|-----------------------|--------|
| | Yes (%) | No (%) |
| Vehicle Tax | 10.87 | 89.13 |
| Housse & Land Registration Fee | 21.74 | 78.26 |
| Advertisement Tax | 17.39 | 82.61 |
| Entertainment Tax | 2.17 | 97.83 |
| Tourism Fees | 6.52 | 93.48 |
| Natural Resources Taxes | 32.61 | 67.39 |
| Revenues from other Sources | 2.17 | 97.83 |
| Average | 13.35 | 86.65 |

Source: Survey 2024

The table presents the percentages of concurrent taxes and fees collected by the local governments of Sudurpashchim Province. Regarding Vehicle Tax, 10.87% of local

governments reported collecting it, while 89.13% reported not collecting it. The collection rate for the House and Land Registration Fee is 21.74%, whereas 78.26% of individuals do not collect it. Regarding the Advertisement Tax, 17.39% of local governments confirmed that they collected it, while 82.61% did not. The collection rate for Entertainment Tax is extremely low, with only 2.17% of local governments reporting collection, while the remaining 97.83% do not collect it. 6.52% of local governments collect Tourism Fees, while the remaining 93.48% do not. The collection rate for Natural Resources Taxes stands at an impressive 32.61%, nevertheless, a significant majority of local governments, specifically 67.39%, do not collect these taxes. Finally, the revenues generated from sources other than Entertainment Tax have a collection rate that is consistent with the low rate of 2.17%, indicating that only a small percentage of 2.17% is collected, while the majority of 97.83% is not collected.

Table 2.6*Presence of Problem on Concurrent*

| | Is there any Problem | |
|--------------------------------|----------------------|--------|
| | Yes (%) | No (%) |
| Vehicle Tax | 50.00 | 50.00 |
| Housse & Land Registration Fee | 33.33 | 66.67 |
| Advertisement Tax | 57.14 | 42.86 |
| Entertainment Tax | 0.00 | 100.00 |
| Tourism Fees | 0.00 | 100.00 |
| Natural Resources Taxes | 76.92 | 23.08 |

Source: Survey 2024

The table presents the responses from the local governments of Sudurpashchim Province, who collect various concurrent taxes and fees, regarding the presence of problems associated with these taxes and fees. For Vehicle Tax, the responses are evenly split, with 50.00% of local governments indicating a problem and 50.00% indicating no problem. For House and Land Registration Fee, 33.33% of local governments reported a problem, while 66.67% did not. Advertisement Tax has 57.14% of local governments indicating a problem and 42.86% reporting no issue. Notably, for both Entertainment Tax and Tourism Fees, none of the local governments reported any problems, with 0.00% indicating a problem and 100.00% indicating no problem. In contrast, Natural Resources Taxes have the highest percentage of reported problems, with 76.92% of local governments indicating a problem and 23.08% reporting no issue.

1. Issues Related to Vehicle Tax

There is not proper allocation of vehicle tax. Even though it is clearly specified in the act, the tax collection for vehicles other than motor vehicles is done by the Provincial Transport Office. As a result, people are not willing to register.

2. Issues Related to House and Land Registration Fees

The slowdown in the real estate business has resulted in a decrease in tax collection. Additionally, authorities are not able to bring house and land registration under the tax bracket.

3. Issues Related to Advertisement Tax

There have been delays in advertisement tax collection and issues with its allocation.

4. Issues Related to Natural Resource Tax

Tax collection has been limited, and there is a general lack of interest in the tenders announced. This issue is further exacerbated by the ineffectiveness of the Tax Advisor Committee and difficulties with the tender procedure, which are worsened by the lack of a competent legislation. As a result, there is no interest in the stated tenders.

Concluding Remarks

The objective of the study is to identify the position of implication of financial rights assigned by the constitutions of Nepal to the local government. The effective executions of exclusive and concurrent revenue generating rights are essential to generate revenue in the local. So the issue of this study is whether the local governments are able to utilize their assigned revenue generating power properly or not? Only assigning rights is not sufficient there effective implementation is equally importance. After analyzing the responses from KII, the authority of revenue generation has been utilized by the local government by formulating economic act for the utilization of resources and generation of revenue. Preparation of annual budget and making effort for the effective application by the local governments is another beautiful aspect of fiscal decentralization and this found effective utilization of budgetary practice in the local level governments.

In the context utilization of exclusive revenue generating financial rights, analyzing the responses from KII, the authority of revenue generation has been implemented to some

extent and there have been facing different kinds of problems associates in the execution of these rights.

Analyzing the execution of exclusive financial rights average 48.26 percent of local governments are effectively collecting the revenue and remaining 51.74 percent are not able to utilize the rights. Among all exclusive rights, the integrated property tax and land tax have been collecting by the 65 percent and 87 percent of local governments. Similarly service fees and business taxes also collected by the majority of Municipalities and Rural Municipalities. The taxes from other sources like rental tax, perking tax, herbal and livestock tax depends upon the geographical location of the Rural Municipality and Municipality.

From these findings it is concluded that the execution of exclusive financial rights not only depends upon the performance of local governments but also on the geographical location of the local governments.

In the implementation of exclusive financial rights there have been identified different problems like: absence of online tax collection mechanism, limited public awareness and understanding of tax obligations, the absence of well-defined standards for assessing land and houses, problem of double tax liability of tax payers. For the solution of these problems the federal and province government should make proper policies by addressing the issues.

The position of concurrent rights utilization is found very low in the local level governments. The study found average 13.35 percent of sampled municipalities and rural municipalities have collected revenue by using sources of taxes under concurrent rights. Among the all areas, natural resources tax and house and land registration fee have collected by the 32.61 percent and 21.74 percent respondents respectively. The fund collected from these sources is deposit in the locative account.

Lack of proper policy to implement the rights and tax evasion on natural resources tax are found major problems in the execution of concurrent rights in the local governments.

CHAPTER 3

EFFECT OF FISCAL DECENTRALIZATION ON ECONOMIC GROWTH

3.1 Introduction

This chapter analyzes the structural pattern of sources of revenues and expenditures considering five sections: introduction, presentation and analysis of data, major findings, results and discussion, concluding remarks, and contribution and implications. The sources of revenue incorporate agriculture tax, vehicle tax, entertainment tax, advertisement tax, natural resource tax, house and land registration charge, tourism charge, service and sales charge, fines and penalties, and other revenues. The combination of all these revenues is considered as total internal revenues. Furthermore, royalties, value-added tax, and excise duties are proportionately divisible among the federal, provincial, and local governments. In addition to this, the federal government provides grants: equalization grants, conditional grants, subsidy grants, and special grants. The three sources: internal, dirigible, and grants of revenues combined as the province's total revenue.

Similarly, the total expenditure incorporates the expenditures of the Provincial Parliament, Attorney General Office, Chief Minister and Ministerial Office, Economic Affairs Ministry, Industry, Tourism, Forest, or Environment Ministry, Land Management, Agriculture, or Cooperative Ministry, Internal Affairs, or Law Ministry, Physical Development Ministry, Social Development Ministry, Economic Miscellaneous, and local level governments. The combination of all these expenditures is considered as total provincial expenditure.

The analysis of the structural pattern of revenue, and expenditure shows how the Sudurpaschim Province has been generating revenues, and how it has been utilized for the province's economic development. Furthermore, the trend of revenue collection and expenditure can be estimated. In the same way, the economic growth (GDP per capita) of the provincial government is also analyzed. The analysis of these elements helps us to understand the way revenue generation, and expenditure have positively contributed to the economic development or not. If there is a positive contribution, the conclusion is the same way of generating revenues and expenditure leads to economic development otherwise we need to think of alternate ways of revenue generation and expenditure.

3.2 Presentation and Analysis of Data

Firstly, the structural pattern of revenues has been presented, and then the structural pattern of expenditures has been presented.

Table 3.1

Structural Pattern of Revenues of Sudurpaschim Province in Terms of Amount

| Revenues of Sudurpaschim Province (Amount in thousand) | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue Titles | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Agriculture tax | 0 | 0 | 0 | 0 | 0 | 0 | |
| Vehicle tax | 377150 | 466502 | 556454 | 659654 | 288014 | 411385 | 441028 |
| Entertainment tax | 0 | 0 | 0 | 6 | 0 | 0 | 86 |
| Advertisement tax | 226 | 762 | 871 | 1589 | 0 | 14448 | 163 |
| Natural resource tax | 22867 | 3105 | 3462 | | 1560 | | |
| House and land registration charge | 290111 | 339492 | 406346 | 403651 | 227759 | 102862 | 187944 |
| Tourism charge | 0 | 0 | 0 | 0 | 0 | 0 | |
| Service and sales charge | 74518 | 72388 | 86436 | 105805 | 43146 | 65877 | 63152 |
| Fines and penalties | 2362 | 3907 | 6119 | 18758 | 2073 | 11509 | 7769 |
| Other revenues | 108261 | 408348 | 258804 | 174392 | 250661 | 125493 | 66237 |
| Total internal revenues | 875495 | 1294504 | 1318492 | 1363855 | 813213 | 731574 | 766379 |
| Royalty | 0 | 45098 | 40221 | 59720 | 40221 | 59720 | 32469 |
| Opening balance | 5599338 | 7535705 | 5676123 | 7467256 | 5676123 | 7467256 | 4560191 |
| Value added tax | 4036634 | 5218233 | 5874649 | 5890638 | 3681676 | 3582803 | 3707253 |
| Excise duty | 1345545 | 1510524 | 1902617 | 2085424 | 1081747 | 1170449 | 1139294 |
| Grants | | | | | | | |
| Equality grants | 7952400 | 8076800 | 8544000 | 7881563 | 4272000 | 4503750 | 4758575 |
| Conditional grants (operating) | 0 | 1200000 | 1630385 | 1443775 | 1044412 | 896616 | 768840 |
| Conditional grants (capital) | 4412451 | 2017697 | 2277870 | 1715571 | 1138375 | 1623750 | 1219200 |
| Special grant (operating) | 0 | 0 | 74457 | 24166 | 204300 | 398900 | 168750 |
| Special grants (capital) | 350000 | 485000 | 122216 | 147735 | | | 296250 |
| Subsidy grants (operating) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subsidy grants (capital) | 566100 | 1262900 | 570162 | 561482 | 409700 | 382500 | 577500 |
| Total Grants | 13280951 | 13042397 | 13219090 | 11774292 | 7068787 | 7805516 | 7789115 |
| Grand total revenue | 25137963 | 28646461 | 28031192 | 28641185 | 18361767 | 20817318 | 17994701 |

Source: Ministry of Economic and Affairs, Sudurpaschim Province

The internal sources of revenue are a small part of the total revenue while analyzing the result in terms of amount it takes more time to understand. Therefore, let us present the same table in terms of percentage.

Table 3.2*Structural Pattern of Revenues of Sudurpaschim Province in Terms of Percentage*

| Revenue Titles | Revenues of Sudurpaschim Province (in %) | | | | | | |
|--|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Agriculture tax | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Vehicle tax | 1.5003 | 1.6285 | 1.9851 | 2.3032 | 1.5686 | 1.9762 | 2.4509 |
| Entertainment tax | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0005 |
| Advertisement tax | 0.0009 | 0.0027 | 0.0031 | 0.0055 | 0.0000 | 0.0694 | 0.0009 |
| Natural resource tax | 0.0910 | 0.0108 | 0.0124 | 0.0000 | 0.0085 | 0.0000 | 0.0000 |
| House and land registration charge | 1.1541 | 1.1851 | 1.4496 | 1.4093 | 1.2404 | 0.4941 | 1.0444 |
| Tourism charge | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Service and sales charge | 0.2964 | 0.2527 | 0.3084 | 0.3694 | 0.2350 | 0.3165 | 0.3509 |
| Fines and penalties | 0.0094 | 0.0136 | 0.0218 | 0.0655 | 0.0113 | 0.0553 | 0.0432 |
| Other revenues | 0.4307 | 1.4255 | 0.9233 | 0.6089 | 1.3651 | 0.6028 | 0.3681 |
| Total internal revenues | 3.4828 | 4.5189 | 4.7037 | 4.7619 | 4.4288 | 3.5143 | 4.2589 |
| Royalty | 0.0000 | 0.1574 | 0.1435 | 0.2085 | 0.2190 | 0.2869 | 0.1804 |
| Opening balance | 22.2744 | 26.3059 | 20.2493 | 26.0717 | 30.9127 | 35.8704 | 25.3419 |
| Value added tax | 16.0579 | 18.2160 | 20.9575 | 20.5670 | 20.0508 | 17.2107 | 20.6019 |
| Excise duty | 5.3526 | 5.2730 | 6.7875 | 7.2812 | 5.8913 | 5.6225 | 6.3313 |
| Grants | | | | | | | |
| Equality grants | 31.6350 | 28.1948 | 30.4803 | 27.5183 | 23.2657 | 21.6346 | 26.4443 |
| Conditional grants (operating) | 0.0000 | 4.1890 | 5.8163 | 5.0409 | 5.6880 | 4.3071 | 4.2726 |
| Conditional grants (capital) | 17.5529 | 7.0434 | 8.1262 | 5.9899 | 6.1997 | 7.8000 | 6.7753 |
| Special grant (operating) | 0.0000 | 0.0000 | 0.2656 | 0.0844 | 1.1126 | 1.9162 | 0.9378 |
| Special grants (capital) | 1.3923 | 1.6931 | 0.4360 | 0.5158 | 0.0000 | 0.0000 | 1.6463 |
| Subsidy grants (operating) | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| Subsidy grants (capital) | 2.2520 | 4.4086 | 2.0340 | 1.9604 | 2.2313 | 1.8374 | 3.2093 |
| Total Grants | 52.8322 | 45.5288 | 47.1585 | 41.1097 | 38.4973 | 37.4953 | 43.2856 |
| Grand total revenue | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| <i>Source: Ministry of Economic and Affairs, Sudurpaschim Province</i> | | | | | | | |

The result shows that internal sources of revenue are less than 5 percent of total revenue throughout the seven-year study period (2017-2023). Among the seven years, internal sources of revenue were highest in 2020, which was 4.76 percent of the total revenue, and lowest in 2017, which was 3.48 percent of the total revenue. This implies that the internal sources of revenue are a very small part of the total revenue. Until and unless the internal sources of revenues increase the impact of federalism will not be effective.

The structural pattern of the sources of revenues is found mostly structured in some cases only it has been changed. This implies that the efforts of the federal government are also less effective.

Figure 3.1

Sources of Revenues

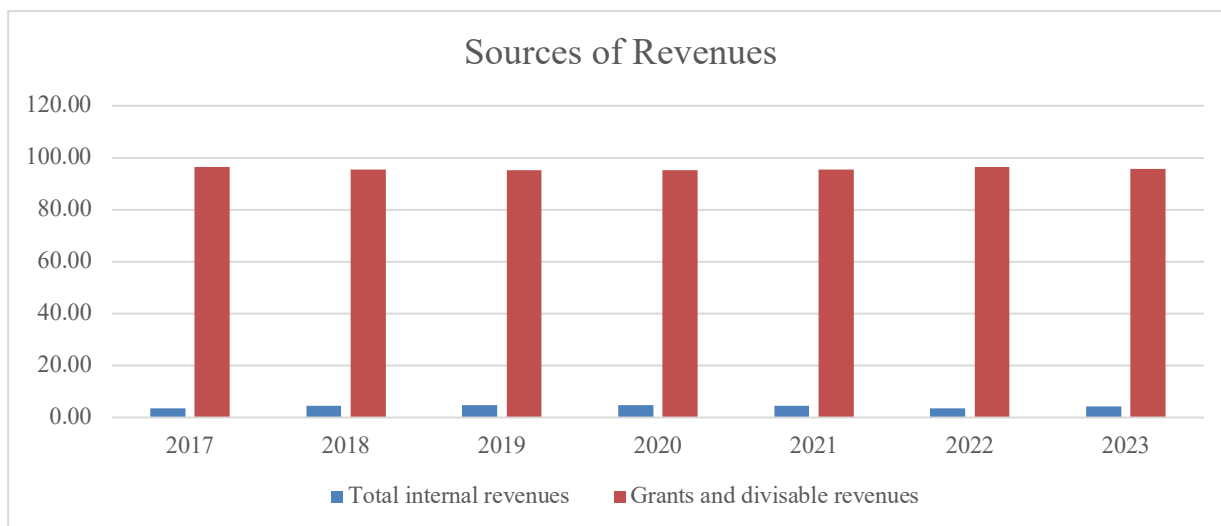


Figure 3.1 shows internal revenues and grants and divisible revenue. The internal sources of revenue are found small part in comparison to grants and divisible revenue. This indicates that the economic condition of the federal government is more dependable and weaker. If we want to make a sound federal system, more revenue-generating power should be handed over to the federal government.

Table 3.3

Structural Pattern of Expenses of Sudurpaschim Province in Terms of Amount in Thousand

| Expenditure Titles | Expenditures of Sudurpaschim Province (,000) | | | | | | |
|---|--|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| | Years | | | | | | |
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Provincial Parliament | 203143 | 138495 | 165535 | 141797 | 142275 | 81811 | 70611 |
| Attorney General Office | 24847 | 91288 | 245850 | 50369 | 58808 | 26832 | 37379 |
| Chief Minister and Ministerial Office | 90534 | 452035 | 58875 | 192299 | 223408 | 81456 | 142175 |
| Economic Affairs Ministry | 2053070 | 1069100 | 2067833 | 126501 | 125588 | 48678 | 65519 |
| Industry, Tourism, Forest, or Environment Ministry | 1107137 | 1928482 | 2635802 | 1729634 | 1990353 | 707337 | 595317 |
| Land Management, Agriculture, or Cooperative Ministry | 1004124 | 108430 | 476627 | 2209631 | 2296550 | 621021 | 733614 |
| Internal Affairs, or Law Ministry | 147930 | 8262278 | 9484557 | 542799 | 307389 | 441857 | 181571 |
| Physical Development Ministry | 6202326 | 3250426 | 5298739 | 9019698 | 12419331 | 2274869 | 3884712 |
| Social Development Ministry | 3330279 | 0 | 0 | 4931396 | 5210116 | 1902831 | 2219673 |
| Provincial Planning Commission | 0 | 0 | 0 | 21494 | 21003 | 13686 | 11254 |
| local level governments | 0 | 2301720 | 2531520 | 1911746 | 1268274 | 837623 | 688826 |
| Total | 14163390 | 17602254 | 22965338 | 20877364 | 24063095 | 7038001 | 8630651 |

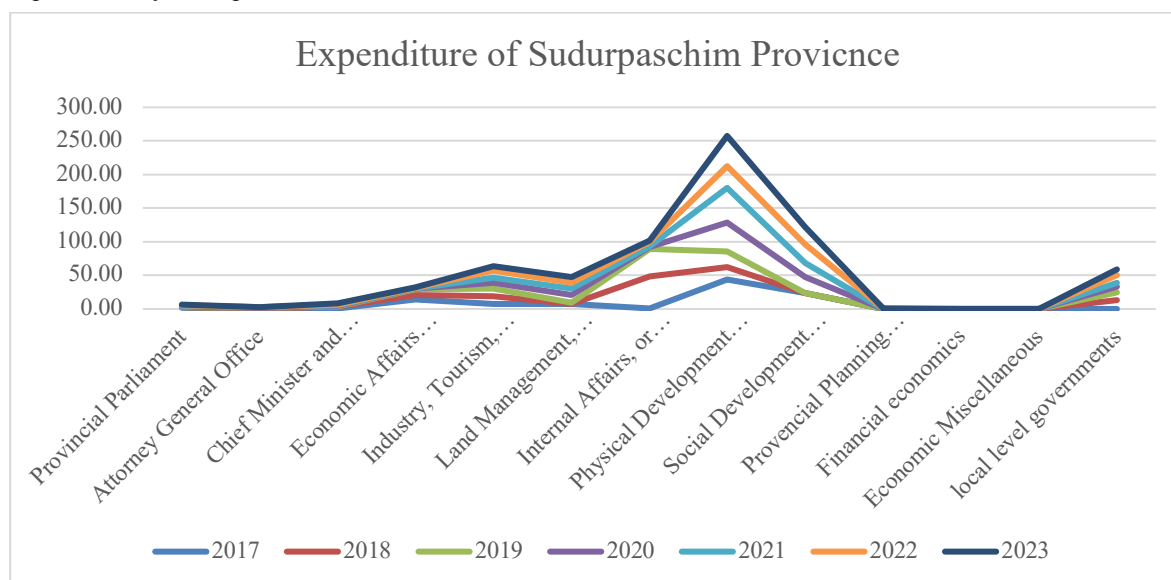
Sources: Ministry of Economic Affairs, Sudurpaschim Province

Table 3.4*Structural Pattern of Expenses of Sudurpaschim Province in Terms of Percentage*

| Expenditure Titles | Years | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Provincial Parliament | 1.43 | 0.79 | 0.72 | 0.68 | 0.59 | 1.16 | 0.82 |
| Attorney General Office | 0.18 | 0.52 | 1.07 | 0.24 | 0.24 | 0.38 | 0.43 |
| Chief Minister and Ministerial Office | 0.64 | 2.57 | 0.26 | 0.92 | 0.93 | 1.16 | 1.65 |
| Economic Affairs Ministry | 14.50 | 6.07 | 9.00 | 0.61 | 0.52 | 0.69 | 0.76 |
| Industry, Tourism, Forest, or Environment Ministry | 7.82 | 10.96 | 11.48 | 8.28 | 8.27 | 10.05 | 6.90 |
| Land Management, Agriculture, or Cooperative Ministry | 7.09 | 0.62 | 2.08 | 10.58 | 9.54 | 8.82 | 8.50 |
| Internal Affairs, or Law Ministry | 1.04 | 46.94 | 41.30 | 2.60 | 1.28 | 6.28 | 2.10 |
| Physical Development Ministry | 43.79 | 18.47 | 23.07 | 43.20 | 51.61 | 32.32 | 45.01 |
| Social Development Ministry | 23.51 | 0.00 | 0.00 | 23.62 | 21.65 | 27.04 | 25.72 |
| Provincial Planning Commission | 0.00 | 0.00 | 0.00 | 0.10 | 0.09 | 0.19 | 0.13 |
| Local level governments | 0.00 | 13.08 | 11.02 | 9.16 | 5.27 | 11.90 | 7.98 |

Sources: Ministry of Economic Affairs, Sudurpaschim Province

Table 3.4 shows the expenditure of Sudurpaschim Province, among all the expenditures, Physical Development Ministry's expenditure has found highest. Whereas, for the year 2028 and 2019 the expenditure of Ministry of Internal Affairs, or Law Ministry has spent large portion.

Figure 3.2*Expenditure of Sudurpaschim Province*

The expenditure of Sudurpaschim Province has been increasing for the study period. Among all the expenditures Physical Development and Internal Affairs Ministries expenditure holds majority part of the expenditure.

Table 3.4*Correlation between Variables*

| GDPPC | TPE | TS | LT | IGT | NTR | CLG | CGC | |
|--------|---------|---------|---------|---------|---------|---------|---------|-------|
| 1.0000 | -0.3912 | -0.6928 | 0.8883 | -0.9827 | -0.7301 | 0.8944 | -0.8811 | GDPPC |
| | 1.0000 | 0.5784 | -0.2681 | 0.3448 | 0.7553 | -0.3156 | 0.4714 | TPE |
| | | 1.0000 | -0.3602 | 0.7272 | 0.8450 | -0.3710 | 0.9326 | TS |
| | | | 1.0000 | -0.8652 | -0.5398 | 0.9977 | -0.6323 | LT |
| | | | | 1.0000 | 0.7284 | -0.8669 | 0.8917 | IGT |
| | | | | | 1.0000 | -0.5519 | 0.8578 | NTR |
| | | | | | | 1.0000 | -0.6328 | CLG |
| | | | | | | | 1.0000 | CGC |

*Correlation coefficients, using the observations 2017 - 2023**Where,**GDPPC – Gross domestic production per capita**TPE – Total provincial expenditure**TS – Tax sharing**LT – Local governments tax**CLG – Contribution of local governments**IGT – Inter governmental transfer**NTR – Non-tax revenue*

It is assumed that the expenditure of local level, provincial level and federal level have positive impact on the economic growth. However, the results shown that local level government contribution has positive impact on economic growth, but the contribution of provincial and federal level have negative impact. This implies that the expenditure of provincial and federal level governments better to reform.

Table 3.5*Regression Analysis***Panel-1**

GDP per capita is dependent variable and tax sharing, local tax, non-tax revenue, total provincial expenditure, and inter-governmental transfer are independent variables

| Model | Constant | TS | LT | NTR | TPE | IGT | Adj. R ² |
|-------|---------------------|---------------------|--------------------|--------------------|---------------------|--------------------|---------------------|
| OLS | 1313.49 (0.2936) | -0.0000 (0.9828) | 0.0000 (0.8421) | 0.0000 (0.9566) | -0.0000 (0.8378) | 0.0000 (0.5222) | 0.8510 |

Panel-2

GDP per capita is dependent variable and contribution of local level government and federal governments are independent variables

| Model | Constant | CLG | CFG | Adj. R ² |
|-------|---------------------|---------------------|----------------------|---------------------|
| OLS | 1000.84 (0.0023) | 0.00001 (0.0094) | -0.00001 (0.0118) | 0.948333 |

The results shown that the insignificant relationship between expenditure of prudential government and federal government. Whereas, the expenditure of local level governments shows significant and positive relationship. This implies that the prudential government

should be strength and the modality of prudential government and federal government should be reformed.

3.3 Major Findings

The expenditure of prudential government has found very small, which is less than 5 percent of total expenditure. Furthermore, the expenditure of prudential and federal government has been found less effective. Whereas, the expenditure of local level governments has been found significant and positive relationship with economic growth.

3.4 Concluding remarks

For the success of federal system, the government should increase revenue collecting and expenditure right of prudential government.

4.5 Implication

The findings are supportive for the policy reform and implication.

CHAPTER 4

SUMMARY, CONCLUSION AND IMPLICATIONS

4.1 Summary

The chapter one has presented the background of the study, issues, objectives, rationales, methodology and limitations of the study regarding the impact of economic decentralization and its impact on economic growth. Similarly, chapter two has explored the exclusive and concurrent rights of local level governments and prudential government. Similarly, the chapter three examined the impact of economic decentralization on economic growth of Sudurpaschim Province. The chapter four has presented the summary, conclusion and implication of the study.

4.2 Conclusion

Around 50 percent of the local level governments have been utilized the exclusive rights and around 50 percent of the local government have unable to utilize the exclusive right. Regarding the concurrent right majority of the local governments are confused and provisions are not clear. The expenditure of local level governments has significant and positive relationship with economic growth. Whereas, the expenditure of prudential and federal government has insignificant relationship with economic growth.

4.3 Implications

The findings of the study are helpful to the policy makers, and employees of local level government, prudential government and federal governments offices.

4.4 Future Research Avenues

This study has focused Sudurpaschim Province only, if the study can be extended covering all the provinces of Nepal would have more impressive and valuable results.

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Appendix

सुदूरपश्चिम प्रदेशको वित्तीय विकेन्द्रीकरण र आर्थिक वृद्धिको अनुसन्धान अध्ययन

सर्वेक्षण प्रश्नावली

हामी सुदूरपश्चिम प्रदेशको आर्थिक वृद्धिमा वित्तीय विकेन्द्रीकरणको प्रभावको अध्ययन गरिरहेका छौं। यस सर्वेक्षणमा तपाईंको सहभागिता हाम्रो अनुसन्धानका लागि महत्वपूर्ण छ। तपाईंको उत्तरहरू गोप्य राखिनेछन् र केवल शैक्षिक उद्देश्यका लागि प्रयोग गरिनेछ। अध्ययन समाप्त भएपछि छ महिनामा सबै जानकारी सुरक्षित रूपमा नष्ट गरिनेछ र कुनै पनि व्यक्तिगत जानकारी अध्ययनमा खुलासा गरिनेछैन। तपाईंको सहयोग र समर्थनका लागि धन्यवाद।

अनुसन्धान टोली: मुख्य अनुसन्धानकर्ता (PI): डा. राजेन्द्र बिर चन्द

सह अनुसन्धानकर्ता (Co-I): डा. शिव प्रसाद सापकोटा, श्री टेक बहादुर मडै, र श्री दिपक राज पन्त

खण्ड क: जनसांख्यिकीय चरित्र

| | |
|----|---|
| १ | उत्तरदाताको नाम: |
| २ | पद : |
| ३ | कार्य अनुभव (वर्ष): |
| ४ | उत्तरदाताको उमेर: a) >३० <input type="checkbox"/> b) ३०-३९ <input type="checkbox"/> c) ४०-४९ <input type="checkbox"/> d) ५०-५९ <input type="checkbox"/> e) ६० < <input type="checkbox"/> |
| ५ | ठेगाना: उपमहानगरपालिका/नगरपालिका/गाउँपालिका वडा नं. <input type="text"/> |
| ६ | जातजाति: a) ब्राह्मण/क्षेत्री <input type="checkbox"/> b) आदिवासी/जनजाति <input type="checkbox"/> c) दलित <input type="checkbox"/> d) मधेसी <input type="checkbox"/> e) अन्य <input type="checkbox"/> |
| ७ | धर्म: a) हिन्दू <input type="checkbox"/> b) बौद्ध <input type="checkbox"/> c) क्रिश्चियन <input type="checkbox"/> d) इस्लाम <input type="checkbox"/> f) अन्य <input type="checkbox"/> |
| ८. | शिक्षा: a) साक्षर <input type="checkbox"/> b) एसएलसी/एसईई भन्दा कम <input type="checkbox"/> c) एसएलसी/एसईई <input type="checkbox"/> d) पीसीएल/+२ स्तर <input type="checkbox"/> e) स्नातक <input type="checkbox"/> f) स्नातकोत्तर <input type="checkbox"/> g) स्नातकोत्तर भन्दा माथि <input type="checkbox"/> |

खण्ड ख : गाउँपालिका तथा नगरपालिकाको वित्तीय अधिकार क्षेत्र

१. एकीकृत सम्पत्ति कर र घर जग्गा कर

क. के तपाईंको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र एकीकृत सम्पत्ति कर र घरजग्गा कर लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस्।

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घ. समस्या समाधानका उपायहरु के-के हुन सक्दछन् ?

२. भुमिकर (मालपोत)

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र भुमिकर (मालपोत) लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

घ. समस्या समाधान का उपायहरु के के हुन सक्दछन् ?

३. घर जग्गा बहाल कर

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र घर जग्गा बहाल कर लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

घ. समस्या समाधान का उपायहरु के-के हुन सक्दछन् ?

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४. व्यवसाय कर

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र व्यवसाय कर लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

क. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

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ख. समस्या समाधानका उपायहरु के-के हुन सक्दछन् ?

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५. बहाल बिटौरी शुल्क

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र बहाल बिटौरी शुल्क लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

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घ. समस्या समाधानका उपायहरु के-के हुन सक्दछन् ?

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६. पार्किङ शुल्क

क. तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र पार्किङ शुल्क लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

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घ. समस्या समाधानका उपायहरू के-के हुन सक्दछन् ?

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७. जडीबुटी, कवाडी र जीवजन्तु कर

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र जडीबुटी, कवाडी र जीवजन्तु कर लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

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घ. समस्या समाधानका उपायहरू के-के हुन सक्दछन् ?

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८. सेवा शुल्क

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र सेवा शुल्क लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

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घ. समस्या समाधानका उपायहरु के-के हुन सक्दछन् ?

९. ऋण तथा अनुदान

क. के तपाइको गाउँपालिका वा नगरपालिकाले कुनै क्षेत्र वा निकायबाट ऋण तथा अनुदान लिएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने कुन निकायबाट लिएको छ उल्लेख गर्नुहोस् ।

ग. ऋण तथा अनुदान उपयोग गरेको क्षेत्र उल्लेख गर्नुहोस् ?

१०. तपाइको गाउँपालिका वा नगरपालिकाले माथि उल्लेख गरिएका बाहेक अन्य क्षेत्रबाट कर तथा आय-आर्जन गरेको छ ?

क. यदि छ भने उल्लेख गर्नुहोस् ।

ख. तपाइको विचार मा राजस्व अभिवृद्धि गर्न थप के गर्न सकिन्छ?

११. तपाइको गाउँपालिका वा नगरपालिकाले माथि उल्लेख गरिएका वित्तीय अधिकारक्षेत्र प्रत्यायोजन गर्न ऐन कानुन तर्जुमा गरेको छ ?

(अ) छ ☐ (आ) छैन ☐

यदि छ भने कुन कुन प्रयोजन का लागि ऐन बनेको छ उल्लेख गर्नुहोस्

यदि छैन भने कुन आधारमा राजस्व सङ्कलन गर्ने गरेको छ ?

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खण्ड ग: संध, प्रदेश र गाउँपालिका वा नगरपालिकाको दोहोरो अधिकार क्षेत्रभित्रका कर निर्धारण, सङ्कलन तथा बाँडफाँड

१. सवारी साधन कर

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र सवारी साधन कर लगाएको छ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि छ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

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घ. समस्या समाधानका उपायहरू के-के हुन सक्दछन् ?

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ङ. संकलित आम्दानी बाडफाँड को के व्यवस्था छ?

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२. घरजग्गा रजिस्ट्रेसन शुल्क

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र घरजग्गा रजिस्ट्रेसन शुल्क सङ्कलन गर्दछ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि गर्दछ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

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घ. समस्या समाधान का उपायहरु के के हुन सक्दछन् ?

ङ. संकलित आम्दानी बाँडफाँट को के व्यवस्था छ ?

३. बिज्ञापन कर

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र बिज्ञापन कर निर्धारण गरि सो को सङ्कलन गर्दछ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि गर्दछ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

घ. समस्या समाधानका उपायहरु के-के हुन सक्दछन् ?

ङ. संकलित आम्दानी बाँडफाँटको के व्यवस्था छ ?

४. मनोरञ्जन कर

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र मनोरञ्जन कर सङ्कलन गर्दछ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि गर्दछ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

घ. समस्या समाधानका उपायहरु के-के हुन सक्दछन् ?

ङ. संकलित आम्दानी बाँडफाँड को के व्यवस्था छ?

५. पर्यटन शुल्क

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र पर्यटन शुल्क सङ्कलन गर्दछ ?

(अ) छ ☐ (आ) छैन ☐

ख. यदि गर्दछ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

ग. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

घ. समस्या समाधानका उपायहरु के-के हुन सक्दछन् ?

ङ. संकलित आम्दानी बाँडफाँडको के व्यवस्था छ ?

६. प्राकृतिक स्रोत कर

क. के तपाइको गाउँपालिका वा नगरपालिकाले आफ्नो अधिकारक्षेत्र भित्र ढुङ्गा, गिट्टी, स्लेट, बालुवा, चनुढुङ्गा, खरीढुङ्गा, अभ्रख र दहत्तर बहत्तर प्राकृतिक स्रोत कर सङ्कलन गर्दछ ?

(अ) छ ☐ (आ) छैन ☐

ग. यदि गर्दछ भने यसको कार्यान्वयनमा कुनै समस्या छ वा छैन ।

(अ) छ ☐ (आ) छैन ☐

घ. यदि समस्या छ भने उल्लेख गर्नुहोस् ।

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ङ. समस्या समाधानका उपायहरू के-के हुन सक्दछन् ?

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च. संकलित आम्दानी बाँडफाँडको के व्यवस्था छ ?

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७. तपाइको गाउँपालिका वा नगरपालिकाले माथि उल्लेख गरिएका बाहेकका अन्य शीर्षकहरूमा शुल्क निर्धारण गरि कर संकलनगरेको छ ?

क. यदि छ भने उल्लेख गर्नुहोस् ।

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ख. तपाइको विचार मा राजस्व अभिवृद्धि गर्न थप के गर्न सकिन्छ?

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८. तपाइको गाउँपालिका वा नगरपालिकाले दोहोरो अधिकार क्षेत्रभित्रका कर निर्धारण, सङ्कलन तथा बाँडफाँड गर्न ऐन कानून तर्जुमा गरेको छ ?

(अ) छ ☐ (आ) छैन ☐

यदि छ भने कुन कुन प्रयोजन का लागि ऐन बनेको छ उल्लेख गर्नुहोस्

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धन्यवाद

सुदूरपश्चिम प्रदेशको वित्तीय विकेन्द्रीकरण र आर्थिक वृद्धिको अनुसन्धान अध्ययन सर्वेक्षण प्रश्नावली

हामी सुदूरपश्चिम प्रदेशको आर्थिक वृद्धिमा वित्तीय विकेन्द्रीकरणको प्रभावको अध्ययन गरिरहेका छौं। यस सर्वेक्षणमा तपाईंको सहभागिता हाम्रो अनुसन्धानका लागि महत्वपूर्ण छ। तपाईंको उत्तरहरू गोप्य राखिनेछन् र केवल शैक्षिक उद्देश्यका लागि प्रयोग गरिनेछ। अध्ययन समाप्त भएपछि छ महिनामा सबै जानकारी सुरक्षित रूपमा नष्ट गरिनेछ र कुनै पनि व्यक्तिगत जानकारी अध्ययनमा खुलासा गरिनेछैन। तपाईंको सहयोग र समर्थनका लागि धन्यवाद।

अनुसन्धान टोली: मुख्य अनुसन्धानकर्ता (PI): डा. राजेन्द्र बिर चन्द

सह अनुसन्धानकर्ता (Co-I): डा. शिव प्रसाद सापकोटा, श्री टेक बहादुर मडै, र श्री दिपक राज पन्त

खण्ड क: जनसांख्यिकीय चरित्र

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| १ | उत्तरदाताको नाम: |
| २ | पद : |
| ३ | कार्य अनुभव (वर्ष): |
| ४ | उत्तरदाताको उमेर: a) >३० <input type="checkbox"/> b) ३०-३९ <input type="checkbox"/> c) ४०-४९ <input type="checkbox"/> d) ५०-५९ <input type="checkbox"/> e) ६० < <input type="checkbox"/> |
| ५ | कार्यरत कार्यालय: |
| ६ | जातजाति: a) ब्राह्मण/क्षेत्री <input type="checkbox"/> b) आदिवासी/जनजाति <input type="checkbox"/> c) दलित <input type="checkbox"/> d) मधेसी <input type="checkbox"/> e) अन्य <input type="checkbox"/> |
| ७ | धर्म: a) हिन्दू <input type="checkbox"/> b) बौद्ध <input type="checkbox"/> c) क्रिश्चियन <input type="checkbox"/> d) इस्लाम <input type="checkbox"/> f) अन्य <input type="checkbox"/> |
| ८. | शिक्षा: a) साक्षर <input type="checkbox"/> b) एसएलसी/एसईई भन्दा कम <input type="checkbox"/> c) एसएलसी/एसईई <input type="checkbox"/> d) पीसीएल/+२ स्तर <input type="checkbox"/> e) स्नातक <input type="checkbox"/> f) स्नातकोत्तर <input type="checkbox"/> g) स्नातकोत्तर भन्दा माथि <input type="checkbox"/> |

खण्ड ख: संघ, प्रदेश र गाउँपालिका वा नगरपालिकाको दोहोरो अधिकार क्षेत्रभित्रका कर निर्धारण, सङ्कलन तथा बाँडफाँड

७. शाखा आर्थिक अधिकारक्षेत्रको प्रयोग को अवस्था

च. प्रदेश सरकारलाई स्थानिय तहहरूबाट बाँडफाँट भयर आउने आम्दानी प्राप्त भएको छ वा छैन?

(अ) छ ☐ (आ) ☐

छ. यदि छैन भने किन भएको छैन उल्लेख गर्नुहोस्।

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ज. यदि छ भने यसको बाँडफाँट कुनै समस्या छ।

झ. समस्या समाधानका उपायहरु के-के हुन सक्दछन् ?

८. केन्द्र सरकार बाट प्राप्त हुने अनुदान तोकिय बमोजिम आयको छ वा छैन ?

(अ) छ ☐ (आ) छैन ☐

यदि छैन भने किन आयकोको छैन उल्लेख गर्नुहोस् ।

९. प्रदेश ले राजस्व सङ्कलन गर्न का निमित्त पायको आर्थिक अधिकार कार्यान्वयन को अवस्था के छ?

१०. प्रदेश सरकारले आर्थिक क्रियाकलाप लाई ब्यबस्थित गर्न ऐन कानून बनाएको छ वा छैन ?

(अ) छ ☐ (आ) छैन ☐

यदि छ भने उल्लेख गर्नुहोस् ।

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११. तपाइको विचार मा प्रदेशको राजस्व अभिवृद्धि गर्न के गर्न सकिन्छ?

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धन्यवाद