

PARLIAMENT OF BHUTAN



**PROCEEDINGS AND RESOLUTIONS (TRANSLATED)
OF THE TWENTY-FIFTH SESSION OF THE
NATIONAL COUNCIL OF BHUTAN**

(19th to 26th Day of the 4th Month of Iron Male Mouse Year
corresponding to 9th to 16th June 2020)

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**PROCEEDINGS AND RESOLUTIONS (TRANSLATED)
OF THE TWENTY-FIFTH SESSION OF THE
NATIONAL COUNCIL OF BHUTAN**

*(19th Day of the 4th Month of Iron Male Mouse Year
corresponding to 9th June 2020)*

A. Proceedings for the Opening Ceremony

The 25th Session of the National Council of Bhutan commenced on 9th June 2020 corresponding to the 19th Day of the 4th Month of Iron Male Mouse Year of the Bhutanese Calendar with *Marchhang Tendrel*.

B. Opening Address of the Hon'ble Chairperson

The Hon'ble Chairperson stated that unlike the past Sessions, the 25th Session of the National Council will be conducted as per the Royal Decree for the endorsement of the Annual National Budgets and discussion on other subjects. The Chairperson expressed his gratitude and welcomed all Hon'ble Members for coming to attend the Session without fail in order to conduct the Session as per the Royal Command.

The Chairperson stated that though this session is deemed as the Sumer Session for both the Houses, the last Session of the National Assembly couldn't be concluded due to the outbreak of COVID-19 towards the end of last year. Hence, this session is the continuation to the Third Session of Third National Assembly. However, for the National Council, it's conducted

as the 25th Session since the 24th Session of the National Council concluded before the COVID-19 pandemic.

The Chairperson highlighted that in order to pass the Budget for the FY 2020-21 and achieve the government activities on time, the House will deliberate mainly on the Budget Appropriation Bill for the FY 2020-21 and the Supplementary Budget Appropriation Bill for the FY 2019-20 for five days of the 25th Session.

The Chairperson urged the Members to disregard self interest and devote towards long-term benefits of the country and its people while deliberating on two of the Budget Bills.

The Chairperson expressed gratitude to His Majesty the King for his noble leadership and unwavering support and guidance for the country and the people amid the global COVID-19 pandemic. He thanked His Holiness the Je Khenpo, Zhung Dratshang and other religious bodies for their continuous prayers and various religious conducts for the control of the pandemic. He also acknowledged the health officials and all other frontline workers for their tireless efforts towards controlling COVID-19.

*(20th Day of the 4th Month of Iron Male Mouse Year
corresponding to 10th June 2020)*

C. Legislative Issues

1. Introduction of Annual Budget Bills

The Finance Minister presented the National Budget Report for the FY 2020-21, and introduced the Budget Appropriation Bill for the FY 2020-21 and Supplementary Budget Appropriation Bill for the FY 2019-20 to the House. He informed the House that, with the theme of ‘Economic Resilience and Transformation’, the budget for the FY 2020-21 is aimed at intensifying and accelerating the implementation of programs and activities. The budget for FY 2020-21 is tabled amidst COVID-19 pandemic which has affected the global economic situation and Bhutan is no exception.

The Finance Minister reported that the Budget Appropriation for the FY 2020-21 is for a sum not exceeding Nu. 73.98 billion, of which Nu. 32.90 billion is for current expenditure and Nu. 36.25 billion for capital expenditure. He informed that the domestic revenue for FY 2020-21 is estimated to decline by 14% and the economic growth for 2020 is projected at - 1.1% due to the COVID-19 pandemic. The total public debt as on 31st March 2020 stood at Nu. 192.96 billion. He also introduced the Supplementary Budget Appropriation for the FY 2019-20 for a sum not exceeding Nu. 1.03 billion.

The Finance Minister said that the government has, upon the Royal Command, established National Resilience Fund of Nu. 30 billion to support Druk Gyalpo's Relief Kidu and 50% of the three-month interest waiver on loan. He stated that about 15,000 people have benefitted from the Relief Kidu and about 1,45,000 borrowers from the interest waiver. He informed the House on the government's Fiscal Measures, Economic Contingency Plan and Monetary Measures. He also mentioned that the government, at present, has incurred a total expenditure of Nu. 1.4 billion for COVID-19 response.

The Finance Minister stated that in order to meet the cost of recurrent expenditure from internal resources, the government will implement budget policies such as rationalizing in-country and ex-country travels; deferring Leave Travel Concession (LTC) payments; not hiring private building for office space; postponing the activation of salary indexation; withholding the transfer benefits; deferring the option of monetizing vehicle quota; and providing the current budget as block grants.

Following the introduction, there was a Q&A session during which the Members raised their concerns regarding electricity subsidy, budget policies, block grants, Renewable Natural Resources and roads amongst others.

*(21st Day of the 4th Month of Iron Male Mouse Year
corresponding to 11th June 2020)*

1.1 Deliberation and adoption of Supplementary Budget Appropriation Bill for the Financial Year 2019-2020

The National Council deliberated on the Supplementary Budget Appropriation Bill for the Financial Year 2019-2020 on 11/6/2020, 12/6/2020 and 15/6/2020. The House adopted the Bill on 15/2/2020 and resolved to submit the following amendments and changes to National Assembly for re-deliberation.

PREAMBLE

Accepted National Assembly's Amendment

1. Short Title

Accepted National Assembly's Amendment

3. Supplementary Appropriation

Accepted National Assembly's Amendment

6. Expenditure

Accepted National Assembly's Amendment

Schedule

Nu. in million

| Sl. No. | Agency | Approved Budget | Supplementary /Withdrawals | Technical Adjustment | Revised Budget | Recommendations of the National Council |
|----------------|---|------------------------|-----------------------------------|-----------------------------|--|--|
| 2 | His Majesty's Secretariat (HM the 4th King) | 23.655 | - | 3.642 | 27.297 | Accepted NA Amendment |
| 16 | Centre For Bhutan Studies And GNH Research | 58.228 | - | 14.877 | 73.105 | Centre For Bhutan Studies And GNH GNH Research |
| 274 | Tongmizhangtsha Gewog, Trashi Yangtse | 11.843 | - | 1.121 | 12.964 | Tongmi zhangtsha jangsazhangtsha Gewog, Trashi Yangtse |
| 280 | Samdrupjongkhar Thromde | 278.372 | 25.135 | 12.472 | 315.979 | Samdrup Jjongkhar Thromde |
| | TOTAL | 64,826.725 | 1,929.339-1,031.062 | (0.000) | 66,756.064 65,857.787 | |

1.2 Deliberation and adoption of the Budget Appropriation Bill for the FY 2020-21

The National Council deliberated on the Budget Appropriation Bill for the FY 2020-21 on 11/6/2020, 12/6/2020 and 15/6/2020. The House adopted the Bill on 15/2/2020 and resolved to submit the following amendments and changes to National Assembly for re-deliberation.

PREAMBLE

Accepted National Assembly's Amendment

Title

1. This Act is the Budget Appropriation Act for the Financial Year 2020-21.

Scope

2. The Appropriation shall cover the expenditure of the state for the Financial Year 2020-21.

Effective Duration

3. **This Act** ~~It~~ shall come into effect from 1st July 2020 and is **ineffective from** ~~end on~~ 30th June 2021.

Expenditure rationalization measures

8. Recognizing the Constitutional requirement of having to meet the cost of recurrent expenditures from internal resources, the Government will implement the following budget policies:

e. Transfer of Civil Servants shall be without transfer benefits **except those civil servants who are required to move to a new place of posting based on government directives**; and

Expenditure

10. Accepted National Assembly's Amendment

Schedule of the Budget Appropriation for the Financial Year 2020-21

Nu. in million

| Sl. No. | Agency | Current | Capital | Total | Recommendations of the National Council |
|----------------|--|-------------------|-------------------|-------------------|--|
| 2 | His Majesty's Secretariat (HM the 4 th King) | 20.359 | - | 20.359 | Accepted NA Amendment |
| 69 | Samdrupjongkhar Thromde | 91.442 | 375.548 | 466.990 | Samdrup Jjongkhar Thromde |
| 272 | Tongmizhangtsha Gewog, Trashi Yangtse | 3.984 | 10.992 | 14.976 | Tongmi jangsazhangtsha Gewog, Trashi Yangtse |
| | Total | 32,900.000 | 41,089.881 | 73,989.881 | |

General Recommendations

1. 4.4 Budget Estimates for FY 2020-21 (Page 38)

As there is no mention of Leave Encashment in the Budget Appropriation Bill 2020-21, the National Council recommends deleting it from the Dzongkha text of the National Budget for the Financial Year 2020-21 as below.

2. 4.5.3 Renewable Natural Resources (RNR) sector (Page 44)

The House conveys its appreciation to the Government for allocating Nu. 80 million for the construction of cold stores as it will help to expand opportunities for farmers and further enable the growth of the agriculture sector. In addition to building cold stores, the House recommends the establishment of cold chain to link farms to the market outlet including the provision of transportation of produce by refrigerated van, to maintain the quality of the produce for longer duration and enhance the movement of fresh produce within the country. To ensure optimal utilization and sustainability, the Government could go for smaller capacity store and tie up with Cooperatives and Farmers Groups.

3. 4.5.4 Mining and Manufacturing Industry (Page 45)

The House commended the Government's recent decision to handover the Chunikhola dolomite mines to the State Mining Corporation Ltd (SMCL). The House noted that this bold decision upholds the letter and spirit of Article 1.12 of the

Constitution as well as reflects the consistent position of the National Council that the minerals are the wealth of the nation and must benefit all the people of Bhutan and not just a few very wealthy individuals. The House also noted that the recent decision will enable Government to increase the sources of domestic revenue which has been affected due to the COVID 19 pandemic. Finally, the House noted that the aforesaid decision is in line with the election pledge of the Government to narrow the gap and reflects the mandate of the people.

In view of the above, the House strongly recommends the Government to continue to allocate mines (new mines and those mines whose leases expires) to the SMCL till the process of amending the Mines and Minerals Management Act is completed in Parliament.

The House also deliberated on the importance of promoting Cottage and Small Industries (CSIs) to promote economic growth and employment across the country. To ensure balanced regional development and access to economic opportunities and facilities, the House strongly recommends the Government to also establish a CSI Estate in Eastern Bhutan.

4. 7.3 Hydro-power (Page 78)

Punatsangchu – I hydroelectric project

The National Council expressed deep concerns on the repeated delay in the completion of Punatsangchu - I Hydropower Project from 2016 and further to 2025. Further, the cost has also escalated immensely from an initial estimate

of Nu. 35 billion to about Nu. 94 billion as per most recent estimates. The House also noted with concern the recent media reports that revealed bogus claims exceeding Nu. 7 billion made by contractors of the project.

While the Budget Report states that other options are being looked into including a barrage option, the House expressed concerns on the rising debt burden and the uncertainty of the completion of the project.

Therefore, the House recommends the Government to immediately commission an independent third party to study the current problems and issues at the project site and to find feasible solutions. If such solutions cannot be found in a timely and cost-effective manner, it may be worthwhile terminating the project before the nation is indebted further.

5. 7.5 Government Non-Budgetary Funds (Page 83)

Endowment Fund for Crop and Livestock Conservation

While the Endowment Fund for Crop and Livestock Conservation has increased to Nu. 69.664 million, it is not yet operational to cater its benefit to those affected by wildlife. Wild animals destroying crops and killing domestic cattle have caused concern for farmers especially in rural Bhutan. Although, wildlife depredation has increased in recent times the farmers are not being remunerated or compensated as desired which may jeopardize the conservation effort. Therefore, the House recommends making this fund

operational as soon as possible so that the affected people can be compensated in a beneficial and timely manner.

6. The COVID-19 pandemic has posed a great challenge to our economy and society at large. This is evident from the recent national budget report projecting huge GDP loss and decline in the domestic revenue in the present and future fiscal years. As the pandemic is uncertain, it urgently calls for improvement in the usual business of spending by the budgetary and non-budgetary bodies to ensure economy, efficiency and effectiveness in the overall use of limited public resources. The past annual reports of the Royal Audit Authority and Public Accounts Committee point out significant irregularities in the public spending amounting to millions of Ngultrum along with recommendations to ensure value for money.

Considering the difficult time that the nation is going through and the urgent need to ensure prudent public expenditure, the National Council recommends that the Ministry of Finance in collaboration with relevant agencies to come up with realistic expenditure measures to reduce wastage and redundancy in public spending and achieve overall efficiency in the utilization of limited public resources.

7. The Legislative Drafting Manual 2016 provides that the form and style provided in it must be used in the preparation of bills to promote uniformity in style and to ensure consistency.

However, the House noted that the Budget Appropriation Bill for the Financial Year 2020-21 and the Supplementary Budget

Appropriation Bill for the Financial Year 2019-2020 do not conform to the requirements of the said manual.

Therefore, the House recommends that all bills, including the money and financial bills, be drafted in accordance with the provisions of the said Manual hereafter.

*(26th Day of the 4th Month of Iron Male Mouse Year
corresponding to 16th June 2020)*

D. Closing Ceremony

1. Closing Address of the Hon'ble Chairperson

The 24th Session of the National Council of Bhutan, which commenced from 9 June 2020 with an official opening ceremony, has successfully concluded. The Hon'ble Chairperson, on behalf of the National Council, expressed his gratitude to the news reporters of all media houses for their presence, and all the Bhutanese people who are following the live broadcast of the closing ceremony through television, radio or other social media.

The Chairperson informed that during the 25th Session of the National Council, the House had effectively deliberated and adopted two essential Budget Bills along with the recommendations, and forwarded them to the National Assembly.

The Chairperson expressed his gratitude to the Members for abiding by the directives of the World Health Organization and the Ministry of Health to refrain from visiting their

constituencies and rendering their support and service to the government and the country through various means and capacity by volunteering in De-Suung services and instituting a Parliamentary Committee on COVID-19.

The Chairperson expressed his appreciation to all the Members for attending the Session and contributing significantly during the deliberations for the benefit of the country at large. Similarly, he thanked the Committee and the Members for their dedication and hard work in conducting meetings and carrying out research on the important issues to present the report to the House for deliberation.

The Chairperson thanked the Finance Minister for introducing the Bills and responding to the questions of the Members without failure. He further requested of the same supports from the Finance Minister in the future.

The Chairperson accredited the success of the session to the Department of National Properties for all logistical arrangements and supports; the Royal Bhutan Police for providing security services; Bhutan Agriculture and Food Regulatory Authority for inspecting and ensuring good quality food; Ministry of Health for providing health services; Bhutan Broadcasting Service Corporation for live telecast of the entire proceedings of the session; other media houses for disseminating news and information related to the session; and all the secretariat staff for their efforts and hard works during the session.

Resolution of the 25th Session of National Council

In conclusion, the National Council offered *Zhabten* and *Tashi Moenlam* to seek blessings of the Kenchog Sum and protection of the guardian deities for the long lives and prosperity of His Majesty the Druk Gyalpo, His Majesty the Fourth Druk Gyalpo, Her Majesty the Gyaltsuen, His Royal Highness the Gyalsay, members of the Royal Family, His Holiness the Je Khenpo, Lamas and Truelkus. The 25th Session of the National Council concluded on 16/6/2020 coinciding with the auspicious occasion of the 26th Day of the 4th Month of Iron Male Mouse Year of the Bhutanese Calendar.



(Tashi Dorji)
Chairperson
National Council of Bhutan

ANNEXURE I: Voting details on the adoption of the Supplementary Budget Appropriation Bill for the FY 2019-20

Passed - Date: 15/6/2020; Total Votes: 21; ‘YES’: 21; ‘NO’: 0; ‘Abstain’: 0

| Sl. No. | Name | Delegate | Voting |
|----------------|-----------------------------|-----------------|---------------|
| 1. | Hon’ble Tashi Wangyal | Delegate | Yes |
| 2. | Hon’ble Phuntsho Rapten | Delegate | Yes |
| 3. | Hon’ble Tashi Wangmo | Delegate | Yes |
| 4. | Hon’ble Pema Dakpa | Delegate | Yes |
| 5. | Hon’ble Anand Rai | Delegate | Yes |
| 6. | Hon’ble Surjaman Thapa | Delegate | Yes |
| 7. | Hon’ble Dorji Khandu | Delegate | Yes |
| 8. | Hon’ble Ugyen Namgay | Delegate | Yes |
| 9. | Hon’ble Karma Gyeltshen | Delegate | Yes |
| 10. | Hon’ble Lhatu | Delegate | Yes |
| 11. | Hon’ble Tirtha Man Rai | Delegate | Yes |
| 12. | Hon’ble Choining Dorji | Delegate | Yes |
| 13. | Hon’ble Nima | Delegate | Yes |
| 14. | Hon’ble Dhan Kumar Sunwar | Delegate | Yes |
| 15. | Hon’ble Lhaki Dolma | Delegate | Yes |
| 16. | Hon’ble Ugyen Tshering | Delegate | Yes |
| 17. | Hon’ble Tashi Samdrup | Delegate | Yes |
| 18. | Hon’ble Tempa Dorji | Delegate | Yes |
| 19. | Hon’ble Sangay Dorji | Delegate | Yes |
| 20. | Hon’ble Tshewang Rinzin | Delegate | Yes |
| 21. | Hon’ble Kesang Chuki Dorjee | Delegate | Yes |

ANNEXURE II: Voting details on the adoption of the Budget Appropriation Bill for the FY 2020-21

Passed - Date: 15/6/2020; Total Votes: 21; ‘YES’: 21; ‘NO’: 0; ‘Abstain’: 0

| Sl. No. | Name | Delegate | Voting |
|----------------|-----------------------------|-----------------|---------------|
| 1. | Hon’ble Tashi Wangyal | Delegate | Yes |
| 2. | Hon’ble Phuntsho Rapten | Delegate | Yes |
| 3. | Hon’ble Tashi Wangmo | Delegate | Yes |
| 4. | Hon’ble Pema Dakpa | Delegate | Yes |
| 5. | Hon’ble Anand Rai | Delegate | Yes |
| 6. | Hon’ble Surjaman Thapa | Delegate | Yes |
| 7. | Hon’ble Dorji Khandu | Delegate | Yes |
| 8. | Hon’ble Ugyen Namgay | Delegate | Yes |
| 9. | Hon’ble Karma Gyeltshen | Delegate | Yes |
| 10. | Hon’ble Lhatu | Delegate | Yes |
| 11. | Hon’ble Tirtha Man Rai | Delegate | Yes |
| 12. | Hon’ble Choining Dorji | Delegate | Yes |
| 13. | Hon’ble Nima | Delegate | Yes |
| 14. | Hon’ble Dhan Kumar Sunwar | Delegate | Yes |
| 15. | Hon’ble Lhaki Dolma | Delegate | Yes |
| 16. | Hon’ble Ugyen Tshering | Delegate | Yes |
| 17. | Hon’ble Tashi Samdrup | Delegate | Yes |
| 18. | Hon’ble Tempa Dorji | Delegate | Yes |
| 19. | Hon’ble Sangay Dorji | Delegate | Yes |
| 20. | Hon’ble Tshewang Rinzin | Delegate | Yes |
| 21. | Hon’ble Kesang Chuki Dorjee | Delegate | Yes |

ANNEXURE III: Voting details on the recommendations on the National Budget 2020-21

Passed - Date: 15/6/2020; Total Votes: 21; ‘YES’: 21; ‘NO’: 0; ‘Abstain’: 0

| Sl. No. | Name | Delegate | Voting |
|----------------|-----------------------------|-----------------|---------------|
| 1. | Hon’ble Tashi Wangyal | Delegate | Yes |
| 2. | Hon’ble Phuntsho Rapten | Delegate | Yes |
| 3. | Hon’ble Tashi Wangmo | Delegate | Yes |
| 4. | Hon’ble Pema Dakpa | Delegate | Yes |
| 5. | Hon’ble Anand Rai | Delegate | Yes |
| 6. | Hon’ble Surjaman Thapa | Delegate | Yes |
| 7. | Hon’ble Dorji Khandu | Delegate | Yes |
| 8. | Hon’ble Ugyen Namgay | Delegate | Yes |
| 9. | Hon’ble Karma Gyeltshen | Delegate | Yes |
| 10. | Hon’ble Lhatu | Delegate | Yes |
| 11. | Hon’ble Tirtha Man Rai | Delegate | Yes |
| 12. | Hon’ble Choining Dorji | Delegate | Yes |
| 13. | Hon’ble Nima | Delegate | Yes |
| 14. | Hon’ble Dhan Kumar Sunwar | Delegate | Yes |
| 15. | Hon’ble Lhaki Dolma | Delegate | Yes |
| 16. | Hon’ble Ugyen Tshering | Delegate | Yes |
| 17. | Hon’ble Tashi Samdrup | Delegate | Yes |
| 18. | Hon’ble Tempa Dorji | Delegate | Yes |
| 19. | Hon’ble Sangay Dorji | Delegate | Yes |
| 20. | Hon’ble Tshewang Rinzin | Delegate | Yes |
| 21. | Hon’ble Kesang Chuki Dorjee | Delegate | Yes |

ANNEXURE IV: Hon'ble Members of the National Council of Bhutan

1. His Excellency Tashi Dorji, Chairperson, Wangduephodrang Dzongkhag
2. Hon'ble Jigme Wangchuk, Deputy Chairperson, Samdrupjongkhar Dzongkhag
3. Hon'ble Dasho Tashi Wangyel, His Majesty's Nominee
4. Hon'ble Phuntsho Rapten, His Majesty's Nominee
5. Hon'ble Tashi Wangmo, His Majesty's Nominee
6. Hon'ble Karma Tshering, His Majesty's Nominee
7. Hon'ble Kesang Chuki Dorjee, His Majesty's Nominee
8. Hon'ble Nima, Bumthang Dzongkhag
9. Hon'ble Sangay Dorji, Chhukha Dzongkhag
10. Hon'ble Surjaman Thapa, Dagana Dzongkhag
11. Hon'ble Dorji Khandu, Gasa Dzongkhag
12. Hon'ble Ugyen Namgay, Haa Dzongkhag
13. Hon'ble Tempa Dorji, Lhuentse Dzongkhag
14. Hon'ble Sonam Pelzom, Mongar Dzongkhag
15. Hon'ble Ugyen Tshering, Paro Dzongkhag
16. Hon'ble Choining Dorji, Pemagatshel Dzongkhag
17. Hon'ble Lhaki Dolma, Punakha Dzongkhag
18. Hon'ble Tirtha Man Rai, Samtse Dzongkhag
19. Hon'ble Anand Rai, Sarpang Dzongkhag
20. Hon'ble Tshewang Rinzin, Thimphu Dzongkhag
21. Hon'ble Karma Gyeltshen, Tashiyangtse Dzongkhag
22. Hon'ble Lhatu, Trashigang Dzongkhag
23. Hon'ble Tashi Samdrup, Trongsa Dzongkhag
24. Hon'ble Dhan Kumar Sunwar, Tsirang Dzongkhag
25. Hon'ble Pema Dakpa, Zhemgang Dzongkhag