



Provincial Disparities under Federalism in Nepal

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Abstract

In 2015, Nepal launched federalism to distribute development equally across the country. However, development indicators show that after a decade of federalism practices, there is provincial disparity which this article aims to analyze by using secondary data. The data are drawn from the Nepal Living Standards Survey IV (2022/23) and the Nepal Demographic and Health Survey 2022. It makes use of a comparative descriptive method to examine development access across Nepal. In doing so, it examines different basic development indicators among the seven provinces using data provided by national level surveys. It also compares labor markets, service access, household amenities, maternal health, sanitation, and child well-being to examine provincial disparities that have persisted under federal governance in Nepal. The findings show that Bagmati and Gandaki Provinces perform better in several indicators. Access to stronger infrastructure, institutional concentration, and better markets is comparatively higher in these Provinces, while Karnali and Madhesh appear relatively behind in multiple sectors. However, some positive outcomes in birth registration and immunization show the value of targeted interventions in the Karnali Province, which is significant example of state intervention in health sector. The results infer that political federalization only does not assure balanced development without proportionate distribution of the resources, therefore, it suggests a more equitable distribution of resources can help reduce inequality among provinces. The study contributes to the literature of federalism, showing how unequal resources and governance capacity influence development outcomes.

Keywords: Federalism, Provincial Disparity, Regional Inequality, Governance, Nepal

Introduction

Federalism in Nepal was introduced to reduce historically persisted regional inequality. The debate of federalism arose in the context of persistent centralized development for decades under the monarchy system. It was introduced primarily to promote participatory development through the decentralization of state power (Nepal Administrative Staff College, 2020). It has been practiced in Nepal since the implementation of Nepal's Constitution, 2015. After a decade of federal development practice and participation in local governance, provincial inequalities continue to persist. These continuing inequalities have contributed to the ongoing debate on development and underdevelopment. Theoretically, federalism refers to a system of governance that distributes authority between the central and provincial governments to promote participation, inclusion, and balanced development associated with federalism (Watts, 2008).

Therefore, federalism is known as a means of participatory development with the ownership of local people in governance. It is often adopted in different societies based on diverse identities associated with race, caste, ethnicity, and culture to address regional inequalities and strengthen democratic governance through the sharing of power and responsibilities (Elazar, 1987).

Spatial inequality has become one of the major issues in contemporary development studies, particularly in developing countries, including Nepal. Economic growth and public opportunities are unequally distributed across these regions. Some regions, mainly from the Global North, achieve higher income, better infrastructure, stronger institutions, and wider access to services while other regions from the Global South, remain marginalized due to the present development (World Bank, 2009) model. Comparative evidence also shows that residents of higher-income regions tend to have better access to jobs, in-



infrastructure, and essential services compared to backward regions (Organisation for Economic Co-operation and Development, 2025). This uneven territorial distribution of resources reinforces structural inequality. It limits balanced national growth to attain inclusive goals of development. Such inequalities persist beyond monetary differences, including unequal opportunities in education, health, employment, mobility, and living standards, mainly among the marginalized population. Therefore, spatial inequality is increasingly understood as a multidimensional development issue, which is formed by distinct topography, policy priorities, and historical state formation (Lobao et al., 2007). Regional disparities in Nepal can be historically observed across the five development regions that subsequently forced Nepal to launch federal practices. Economic opportunities, infrastructure, and public services have remained centralized since 1950. These inequalities affect both development outcomes and social inclusion for decades. Therefore, it requires more balanced policies and resources distribution across provinces (Dahal, 2011).

To address these imbalances and disparities, many countries have adopted decentralization policies and federal systems of governance. The central idea behind federalism is that power should be distributed between the center and local levels through an effective federal arrangement. It aims to address local needs more effectively. Classical scholars describe federalism as a constitutional arrangement. It combines self-rule with collective rule among different levels of government (Elazar, 1987). From an economic perspective, decentralization in an economic expectation is often supported in the local context because local governments can deliver public goods and services more efficiently. They are closer to citizens and can meet their expectations more easily through better understanding of the local needs and preferences (Jackman, 1973). However, international experiences show that decentralization equally does not necessarily guarantee a balanced development without an efficient policy that balance center and local structures. Where poorer and weaker regions lack money, capacity, or infrastructure, inequality may continue if federalism is practiced (Rodden, 2004). The goal of federalism in general, in the development context, is to promote governance accountability, inclusion, and equitable development. It encourages and strengthens people's democracy to assure equitable development (Da Silva, 2022). However, in practice, the benefits of federalism for development cannot guarantee equality between provinces. It depends on historical settings with politics, resources and development and available resources. Therefore, the challenges of implementing federal development in societies characterized by historical exclusion, structural imbalances, and differentiated provincial capacities are important issues of a proper outcomes of development (Leyva, 2024). This argument is significant in examining effectiveness of federal outcomes in Nepal in the present context. It was introduced in Nepal to reduce historical inequalities and bring government closer to the people. However, provinces still differ widely in terms of infrastructure availability, economic opportunities, and access to public services (Yadav, 2025). Theoretically, this study tries to combine classical federalism, fiscal federalism, and governance theory with development outcomes in different provinces to examine provincial disparities in Nepal.

Nepal provides an important context for empirically examining this issue after federal system. It has transformed from a

centralized state persisted for long time, to a federal system after the second people's movement. The Constitution of Nepal (2015) formally restructured the country into a federal democratic republic. It is divided into federal, provincial, and local levels with seven provinces. This political transformation aimed not only to restructure the state for political purposes. It also responded to people's demands for inclusion, representation, and equitable development in regions that had historically marginalized. These regions had become marginalized (Government of Nepal, 2015). Thus, Federalism in Nepal was expected to reduce centralized dominance and injustice. It was expected to create new opportunities for a regionally balanced development with greater public participation. Federalism is based on the decentralization of power and resources to provincial and local government. Differences in the capacity to use these resources can contribute to disparities among provinces and are important factor ensuring the outcomes of federal development

Nepal encountered many challenges after implementing federalism while addressing structural inequalities. The provinces differ greatly in demographic structure, geographical location, road connectivity, market access and levels of human development. Provinces such as Bagmati inherited strong institutional concentration and economic advantages because of their status as the historical capital region. In contrast, remote provinces such as Karnali entered federalism with weaker infrastructure and higher levels of deprivation for decades. Many of these conditions have persisted even after the adoption of federalism. Evidence shows that from multidimensional poverty studies shows the acute deprivation in Nepal is strongly regional, especially in remote and historically neglected areas (Oxford Poverty and Human Development Initiative, & Central Bureau of Statistics, 2018). This context suggests that the success of federalism cannot be judged only by constitutional transformation. It must also be assessed through measurable provincial outcomes, including access to services, resource distribution, saving and investment pattern.

Recent Nepal Living Standard survey conducted by the Government of Nepal have made comparative assessment possible and reliable to measure the implication of federalism in Nepal. The Nepal Living Standards Survey-IV (2022/23) provides recent verities of data on employment, amenities, education, and household welfare which support to show comparative trend. These indicators are comparatively show and analyzed different forms of data under seven different provinces. Similarly, the Nepal Demographic and Health Survey 2022, conducted by the Nepal Government, provides reliable province-level information on maternal health and child nutrition in extensive way. It also covers important issues related to sanitation and reproductive health simultaneously. These indicators which are also comparatively examined across provinces under different indicators. These national level data are important for examining disparities by comparing provinces across key development. It provides national level data in a comparative form. It provides an opportunity to examine whether federal governance has contributed to narrowing disparities. It helps in evaluating the comparative achievements of federalism based on data of seven different provinces. This article therefore aims to analyze provincial disparities which helps in evaluating the comparative achievement of federalism in Nepal through a multidimensional comparison of the seven provinces based on National-level data.

It specifically examines differences in labor market conditions, access to services and infrastructure, and household amenities. It also examines maternal and child health and broader living standards. The objective is to evaluate the context in which federalism has created balanced development outcomes. It also identifies the provinces and sectors where inequality remains most visible which may provide information for improving the federal governance model particularly in the context of Nepal. The purpose of the study is to explore and examine the provincial disparities under federalism in Nepal.

Classical Theory of Federalism

Federalism has traditionally been understood as a constitutional provision in which state's political power is shared from central to local level. Each level of government from central to local level exercises authority within its own limits (Wheare, 1946). This interpretation mainly emphasizes legal balance among state agencies. It promotes institutional autonomy and protections against unnecessary imposed by the central government.

Scholars working on federal development (Elazar, 1987) (Watts, 2008), (Acharya, 2021) have expanded this perspective based on political and normative purposes of federal systems for equal development. Daniel J. Elazar defined federalism as a system that combines regional and national government for development purposes. It allows territorial units to govern themselves by declared law and its associated limitations (Elazar, 1987). Watts further argued that federalism often emerges in plural societies to address diverse concerns and issues. It seeks unity without uniformity where local bodies demand recognition participation and some autonomy (Watts, 2008).

Federalism has also been interpreted as a response to historical exclusion and centralized state formation under the monarchical system in Nepal. The political transformation in Nepal notes that demands for federal restructuring were closely connected to issues of identity and self-dignity. It further highlighted demanded for representation and concern about uneven development among regions and communities (Lawoti, 2012). Thus, federalism in Nepal was not simply a constitutional restructuring through political transformation of power. However, it also a political issues aimed at restructuring the state for balanced development. Social relations under federalism expected to ensure participation, identity and prosperity. Understanding of federalism in Nepal was not only a constitutional change. It was also expected to reduce regional inequalities and support for balanced development across regions.

Classical federal theory assumes that territorial decentralization can make governance more responsive to local problems. It can increase local participation and also strengthen local institutions. Layers of governments under federalism may better identify local needs, mobilize participation, and explore context based solutions. However, constitutional restructuring by itself does not guarantee equality. If capacity and resources remain unequal between provinces those historically underprivileged political decentralization may lead to the continuation of socio-economic disparity.

Fiscal Federalism and the Allocation of Public Resources

The economic rationale of decentralization is strongly asso-

ciated with fiscal federalism which is a significant discourse on successful federalism. Oates argued that public services can often be delivered more efficiently when decisions are taken closer to citizens at the local level (Jackman, 1973). It is the commonly known as the theory of decentralization. In practical federalism suggests that local governments may allocate resources more appropriately than a centralized authority with development and political purposes.

Decentralization is based on the devolution of power and authority. It may improve accountability in governance system. However, it does not necessarily reduce inequality and social disparities without proper provisions toward weaker sectors and regions. Richer regions or provinces often have stronger economic resources. It has usually privilege to have a greater capacity to provide services than poorer regions. Without fiscal transfers and fair resource distribution for weaker regions, decentralization can widen regional gaps further (Oates, 1999). Comparative research shows that grants and intergovernmental transfers are important for reducing regional disparities. When grants and intergovernmental transfers mechanism are weak and unclear, richer regions often keep their advantages even after practices of decentralization or federalism (Boadway, & Shah, 2009). In, Nepal some provinces suffer from its historical backwardness and marginalization. Thus situations call for a rethinking of federalism in Nepal.

This intergovernmental transform framework is highly relevant to Nepal because unequal status among provinces. Provinces differ substantially in urban concentration, industrial activity, and tourism potential need to be considered. They also differ in revenue generation and market connectivity which is significant for development. National studies on Nepal's federal transition have emphasized the importance of revenue sharing and fiscal transfers. They have also stressed the need for clear expenditure for functional federalism (Bahl et al., 2020). Therefore, disparities in provincial outcomes may reflect not only governance performance. However, it also reflects in unequal fiscal capacity and persisted resources and development. Fiscal federalism helps explain why development outcomes vary across provinces. Differences in fiscal capacity and resource allocation can contribute to unequal development which is ignored in Nepal.

Governance Theory and Institutional Capacity

Governance theory emphasizes that decentralization succeeds only when supported by strong institutional capability and effective functioning by effected institutions. Administrative professionalism and bureaucratic coordination are essential for its success. Similarly, accountability systems, and planning capacity play important roles in generating real development outcomes. Rondinelli emphasized that many decentralization reforms in developing countries have faced constraints. This is because authority was transferred without adequate resources and proper administrative preparation (Rondinelli, 1981). Comparative research shows that the quality of institutions under decentralized bodies often matters more than formal constitutional provisions. Decentralization outcomes depend on accountability mechanisms. It does depend on availability of fiscal rules, and incentives facing subnational governments (Rodden, 2004). Local governments need to be politically accountable and institutionally functional in decentralization to improve conditions of

deprived people (Faguet, 2014).

Federalism in Nepal was introduced mainly to promote equality and ensure identity recognition after the Madhesh movements, 2063. It was expected to reduce regional inequalities and ensure equal development through the sharing of power and resources to the local level. However, the differences in resources and institutional capacity continue to create uneven development across provinces in Nepal (Acharya, 2021). Historical inequalities in particular regions and uneven development continue to influence outcomes of federal development across provinces in Nepal. An important aspect is that provincial disparities are not shaped only by federalism itself. The impact of federalism and development depends on how effectively resources and opportunities are distributed. These differences indicate that institutional preparedness and governance quality are central explanatory variables to examine effectiveness of federal development. Nepali policy studies also indicate that provincial governments began functioning with limited resources. Similarly, they have faced hurdles from bureaucratic structures, overlapping responsibilities, and shortages of skilled human resources. Early implementation required both institutions building and meeting the service delivery expectations (The Asia Foundation, 2018). This indicates that governance capacity is especially important in performing and continuing Nepal's federal outcomes.

Federalism, Equality, and the Limits of Institutional Reform

Different studies suggest that federalism creates opportunities for participation of local people in their development process. However, it does not guarantee development for all equally. Decentralized and federal systems may improve political representation. They may support policy innovation and local responsiveness ultimately support to development. However, they can also reproduce territorial inequality when the initial conditions of federal units are unequal based on resources and skill. This is particularly matters in terms of resources, markets, and infrastructure which are primarily required for development. Similarly, institutional capability and efficiency are prerequisites for successful federalism. This is particularly relevant in Nepal, where provinces differ in resources, infrastructure, and market access. These differences influence development outcomes across provinces. Institutional capacity and governance effectiveness are therefore important for the success of federalism.

Effective redistribution process and mechanism by law and strong governance capacity for federal units such as, municipal and village level, can help reduce federal disparities. Planned public investment in weak regions for a certain timeframe is also important. When these conditions are absent in federal practices, inequalities may deepen further (Treisman, 2007). Federalism should therefore be understood as a conditional pathway to balanced development in Nepal. Infrastructure development, market access, status of human development, and administrative capacity are fundamental to generate effective output which are vary across the provinces. These are significant issues of federal disparities in Nepal are often overlooked. Existing studies have largely examined the institutional and political dimensions of federalism in Nepal. They have given limited attention to analyzing how provincial disparities associated with development indicators. Only, a few studies have used the latest national

survey data to compare development outcomes across all seven provinces using selective indicators. This study tries to address this gap by examining provincial disparities using different development indicators. Acharya (2021), Acharya and Zafarullah (2025), and Yadav (2025) provide mixed evidence on the relationship between federalism and development. Whether federalism reduces or widens regional disparities remains an important question in the present context. This study examines this issues using provincial data from national survey in Nepal.

Despite the abundance of literature on federalism and development, limited research has systematically assessed provincial disparities in Nepal after she adopted federalism. This study seeks to address this gap by examining socioeconomic differences across provinces and evaluating the implications for balanced regional development. The study adopts an integrated framework to examine federal disparities in Nepal based on diverse indicators. It evaluates provincial disparities from the diverse nature of data provided by two national survey such as, Nepal Living Standards Survey-IV and the Nepal Demographic and Health Survey.

Methodology

This study is based on secondary data drawn from the Nepal Living Standards Survey IV (2022/23) and the Nepal Demographic and Health Survey (2022) to look into social inequality. These two sources provided provincial information under different development indicators. This study applies a quantitative descriptive and comparative research design based on secondary data. It is considered through measurable socio-economic, demographic, and health indicators. A secondary data is appropriate because it enables systematic analysis of nationally representative surveys and are widely used in policy (Johnston, 2014). This analysis is based on two major national level aggregated data provided by government body based national survey. Among them, one is the Nepal Living Standards Survey IV (NLSS-IV 2022/23) which is published by the National Statistics Office of Nepal. Similarly, another is the Nepal Demographic and Health Survey (NDHS 2022) which is published by the Ministry of Health and Population, with help of non-governmental organizations such as, New ERA, and ICF. These reports were chosen to examine the nature of disparities between provinces because they are the most recent and authoritative sources of national level. They provide province-level information which is relevant to the objectives of the present study. NLSS IV provides extensive data at national level on employment, education, household amenities, infrastructure, and service accessibility for the analysis (National Statistics Office, 2024). Similarly, NDHS 2022 provides reliable data on maternal health, child nutrition, immunization, sanitation, and demographic conditions. The principal unit of analysis in this research is the province. Nepal's seven provinces (Koshi, Madhesh, Bagmati, Gandaki, Lumbini, Karnali, and Sudurpashchim) are treated as the key territorial units for comparison. Assessing provincial disparities based on data provided by mainly Nepal Living Standard Survey is directly relevant to evaluating the development outcomes of Nepal's federal system.

The study uses selected indicators from both surveys to understand the multidimensional nature of regional inequality which s persisted since a decade. The indicators were selected to examine different dimensions of development associated with

the seven provinces of Nepal. They were grouped in various categories such as employment, access to services, household facilities, health, and child well-being. Similarly, the data were summarized based on similarities and differences in development outcomes across provinces. The analysis focused to employment, access to basic services, household amenities, and health indicators.

Development indicators such as employment, unemployment, and labor force participation are taken from NLSS-IV is used for this analysis. Access to schools, roads, markets, banks, and health facilities of different provinces is also included of this study. Access on electricity, internet, drinking water, and sanitation-related data from different provinces are used for present analysis. Similarly, health-related indicators including institutional delivery, skilled birth attendance, immunization, child stunting, teenage pregnancy, birth registration, and sanitation taken from NDHS 2022 are used this research. These variables were selected because provincial inequality extends beyond income differences. It includes access to opportunities and human well-being outcomes (Sen, 1999). The study applies descriptive and comparative statistical techniques basically to examine national level secondary data. The comparative method is appropriate because the study focuses on comparing development outcomes across provinces. It helps identify the pattern of provincial disparities across provinces using national level data which was provided by government agencies that assured its reliability. The reliability of the study is ensured by the use and analysis of nationally recognized data from national survey which is conducted by authoritative bodies. These data were collected through scientific sampling procedures and adequately cover diverse sectors. However, present analysis does not separately examine district, municipal, household, caste, ethnic, or gender disparities and suggests direction for further research. The analysis focused on understanding patterns of disparity between the provinces. The study examined which provinces are relatively advantaged or disadvantaged based on survey data and how development outcomes vary under Nepal's federal development system.

Results and Discussion

Labour Market Disparities Across Provinces

Labor market disparities were measured by comparing employment and unemployment rates across the seven provinces. Labour market performance based on employment and unemployment is an important indicator of regional development and may help to identify disparities. It shows the availability of jobs and economic activity. People's participation in productive work assures labor market performance. Provinces with stronger labor markets usually have higher income levels, better household welfare, and stronger local economies is important to examine outcomes of federal development. Weak labor markets reflect unequal development and limited opportunities. This can increase poverty and social exclusion among people. They may also encourage increase out-migration and limit investment opportunities at the local level because of weak infrastructure and development constraints. Table 1 presents province-wise labor market indicators for the population aged 10 years and above.

Table 1 shows clear labour market inequality across provinces. Bagmati Province records the highest employment

share which is 37.3% and similarly the highest labor force participation rate which is 41.2%. This indicates that it remains the most economically active province. This pattern is expected because Bagmati includes the capital city, Kathmandu Valley, the country's major administrative, commercial, and service center. The concentration of public institutions, private business, infrastructure, and urban employment opportunities continues to create provincial advantages. This is especially true in areas that were historically the capital city. Gandaki also performs relatively better status with a labor force participation rate of 36.7%. However, its unemployment rate is 17.9% which remains comparatively high. This may indicate that more people are actively seeking work. However, labor demand has not fully engaged available workers.

Karnali shows the highest unemployment rate (23.8%), indicating the tangible disparity. Lumbini (20.0%) follows Karnali in this regards This suggests that structural constraints have remained for a long time in these provinces It reflects weak condition of industrialization, limited labor markets, lower investment, and geographic barriers. It may also reflect the historical neglect of the Karnali region in development planning and investment through centralized governing system of Nepal. Karnali's relatively low employment rate achieved only 22.0%. It further confirms its disadvantaged labour market position. Similarly, Sudurpashchim records the lowest labor force participation rate which is 24.0% and the highest share of population outside the labor force represent 76.0%. This may be associated with out-migration, limited local opportunities, and other social and economic challenges particularly in Sudurpashchim province. Madhesh province presents a distinctive pattern. It has the lowest unemployment rate which is 5.4%, while its labour force participation rate remains modest at 29.4%. Based on data, low unemployment only does not necessarily indicate a strong labor market. A smaller share of the population may be actively engaged in or seeking employment. Table 1 shows that provincial labor disparities are multidimensional. Provinces differ not only in employment levels. It also in participation behavior, unemployment pressure, and labor force exclusion. This suggests that historical patterns of centralized development may continue, after federalism, to influence regional outcomes under present federal structure.

Provincial Disparities in Access to Basic Education

Provincial disparities in education were examined across the seven provinces. The analysis compared the proportion of people with access to a basic school within 30 minutes of travel time. The comparison helped identify differences in educational accessibility among provinces. Access to basic schools is a core component of social development and needs to be identified to measure disparities. It supports the expand human capability at grassroots level. The essence of a federal governance system is to provide equitable access to education which may help social development. It reflects the reach of public services and the capacity of provincial and local institutions to provide foundational opportunities. Physical closeness to schools is particularly important for enhancing capability by achieved knowledge. Location is a significant factor that affects service accessibility. Table 2 compares provincial access to basic schools within 30 minutes of travel time. According to the survey report define nearby house refers to households located very close to the fa-

Table 1
Labor Force Statistics by Province in Nepal

Province	Employed (%)	Unemployed (%)	Outside Labor Force (%)	Unemployment Rate (%)	Labor Force Participation Rate (%)
Koshi	28.5	3.9	67.6	12.0	32.4
Madhesh	27.8	1.6	70.6	5.4	29.4
Bagmati	37.3	3.9	58.8	9.4	41.2
Gandaki	30.1	6.6	63.3	17.9	36.7
Lumbini	24.5	6.1	69.3	20.0	30.7
Karnali	22.0	6.9	71.1	23.8	28.9
Sudurpashchim	21.0	3.0	76.0	12.5	24.0
Nepal (Total)	28.7	4.1	67.1	12.6	32.9

Source: National Statistics Office (2024), Nepal Living Standards Survey IV (2022/23)

Table 2
Access to Basic Schools Within 30 Minutes by Province (NLSS-IV 2022/23)

Province	Nearby House (%)	Up to 30 Minutes (%)	Within 30 Minutes Total (%)	Mean Time (Minutes)
Koshi	31.6	54.5	86.1	19.5
Madhesh	49.1	49.6	98.7	9.7
Bagmati	63.0	30.0	93.0	11.0
Gandaki	44.6	44.0	88.6	15.3
Lumbini	53.7	38.1	91.8	12.6
Karnali	24.9	49.6	74.5	26.7
Sudurpashchim	34.6	52.3	86.9	17.4
Nepal	47.3	43.5	90.8	14.2

Source: National Statistics Office (2024), Nepal Living Standards Survey IV (2022/23)

cility. Similarly, up to 30 minutes refers to households that can reach the facility within 30 minutes of travel time. Whereas within 30 minutes total includes both nearby households and those that can reach the facility within 30 minutes.

Table 2 shows that access to basic schools is generally high at the national level. About 90.8% of households can reach a school within 30 minutes. However, the data shows that strong territorial inequalities remain among provinces. Madhesh Province performs best in access to basic schools. About 98.7% of households can reach a school within 30 minutes. This is supported by the province's flat geographical location, with the lowest mean travel time of only 9.7 minutes. This probably reflects its dense settlement pattern, relatively flat terrain, and closely distributed settlements. This makes school accessibility easier than in hilly and mountainous provinces.

Data shows that Bagmati Province ranks second with 93.0% access on basic school and a mean travel time of 11.0 minutes. Its strong performance may be associated with urban concentration, better infrastructure, and a denser educational network associate with this region. The province has privileged due to its status as the capital region of Nepal. Similarly, Lumbini also performs well, with 91.8% of households having access within 30 minutes. Gandaki and Koshi remain above or close to the national average. However, their travel times are moderately higher. Karnali is clearly the most disadvantaged province in many sectors including access to school. Only 74.5% of households can access a basic school within 30 minutes. The mean travel time is 26.7 minutes which is the highest among all provinces. These forms of data indicate that geographical re-

moteness, scattered settlement patterns, and infrastructure limitations continue to constrain equal educational access which is significant mediatory factor for the developments.

Sudurpashchim has achieved 86.9% access with a mean time of 17.4 minutes. It suggests a moderate condition but still unequal accessibility compared to the national average. Table 2 shows that even a basic public facility such as school access remains spatially uneven under federalism which is a significant challenge to make equal status between provinces. Some provinces have nearly universal access to nearby schools. Remote provinces continue to face physical barriers even after a decade of federalism. This may reproduce educational disadvantage across generations and contribute to the reproduction of poverty.

Provincial Disparities in Access to Key Facilities

Provincial disparities were assessed by comparing access to key facilities among provinces. The measure was based on the proportion of people who could reach markets, health facilities, financial institutions, roads, and other services within 30 minutes. Higher levels of access denote better development conditions in a province. Access of local people to markets, agricultural services, cooperatives, financial institutions, health centers, and roads is fundamental for sustaining regional development. It shows the level of physical development through which people have access that may promote social development. Similarly, these facilities influence productivity, mobility, household welfare and entrepreneurship. Provinces or regions where these indicators stronger are generally better position to generate eco-

Table 3*Comparative Access to Key Facilities Within 30 Minutes (NLSS-IV 2022/23)*

Indicator	Nepal (%)	Best-performing Province	Value (%)	Weakest-performing Province	Value (%)
Main/core market access	72.7	Lumbini	77.2	Sudurpashchim	59.5
Agricultural/livestock service centre access	74.6	Madhesh	86.6	Karnali	47.4
Cooperative access	83.3	Bagmati	89.1	Karnali	56.1
Bank/financial institution access	74.2	Bagmati	79.8	Karnali	39.3
Basic/urban health centre access	62.1	Lumbini	78.5	Karnali	43.1
Paved road access	80.0	Madhesh	98.1	Karnali	35.0

Source: National Statistics Office (2024), *Nepal Living Standards Survey IV (2022/23)*

conomic growth and improve living standards comprehensively. Table 3 compares access to key facilities within 30 minutes across provinces.

Table 3 shows that access to key facilities for people's livelihood and growth remains uneven across provinces. Nepal has made progress in basic access in recent years. However, development outcomes vary across provinces. The following analysis explores the pattern of provincial disparities under Nepal's federal system practiced since 2015.

Madhesh Provinces performs best in paved road access. About 98.1% of households can reach a paved road within 30 minutes which denotes satisfactory infrastructure development. This reflects its plain geography which makes connectivity easier due to its dense settlement pattern. However, access to social development in this province is not well as compare to Bagmati or Gandaki. Bagmati Provinces performs best in cooperative and bank/financial institution access. This shows stronger institutional concentration, urbanization, market expansion, and the historical advantage of the capital region.

Lumbini Provinces performs best in main market access and basic/urban health center access. This suggests comparatively better market connectivity and service availability which indicates a significant level of development. Karnali Provinces appears as the weakest province in four indicators such as, agricultural/livestock, service centers, cooperatives, banks/financial institutions, and basic/urban health centers. Similarly, it is also the weakest in paved road access. This shows state-based biased and its reproduced disadvantage associated with difficult geography, and weak infrastructure development faced historically. The region geographically, has scattered settlements and difficult ecological conditions. It affected by centralized development historically may contribute to its inadequate development opportunities.

Sudurpashchim is the weakest in main market access, showing weaker market connectivity compared to other provinces. Market access is important for trade, employment, and local economic development which are indicators of basic development. Generally, table 3 indicates that federalism has not yet fully removed territorial inequality and to maintain balanced development as expected by people after federalism. Provinces with stronger infrastructure, markets, and institutions continue to perform better in terms of development. Similarly, remote provinces such as Karnali remain disadvantaged in basic service access shows how functionalism need to be operated. Sociologically, this means federalism has not yet removed deep regional inequality after federalism. Advantaged provinces cause of plain

area, road and market access, capital city, continue to perform better because they have been able to sustain and continue federal nature of development. In contrast, remote provinces such as Karnali remain marginalized for decades with weaker access to basic services due to the cause of centralized development for decades. To overcome these rooted disparities, Nepal needs inclusive and redistributive federalism. It shows the need for special support for disadvantaged provinces such as Karnali to reduce regional inequality by the central government to make federalism successful.

Provincial Disparities in Household Amenities

Provincial disparities were assessed through differences in household amenities among provinces. The analysis compared the access of people living in different provinces to piped water, electricity, internet, and sanitation as indicators of living standards. They reflect the living conditions of people. They are also important indicators of enhancing social development. It reflects both household welfare and the reach of public infrastructure which is significant to obtain broader development goal. Table 4 presents selected household amenities by province.

Table 4 shows that household amenities also reflect a clear hierarchy of provincial advantage indicating level of development. Bagmati Province leads in piped water to the 55.9% household. It also leads in internet access by 59.8%. This pattern reflects the benefits of urban concentration. It is privileged due to the better infrastructure, and stronger public-private service networks. Madhesh Province records the highest electricity access which is 98.5% is significant for supports aimed further development. This indicates significant progress in household electrification compare to other region. However, it simultaneously records the lowest access to piped water which is 5.5% and the weakest sanitation coverage reflect with 79.5% which indicates a lower level of social development. This contributes to minimized social development in Madhesh Province. This mixed pattern of access to development suggests that progress in one sector does not ensure balanced improvement. Comparison with national averages also shows significant provincial differences in development outcomes. These differences remain an important issue in Nepal's federal development process.

Data shows that Gandaki Province performs best in sanitation coverage with 95.7%. It reflects relatively stronger household environmental conditions. By contrast, Karnali Province remains the most deprived in electricity access which is 58.0% is significantly barriers in the development of this region. Similarly, internet access is only 14.0% which is sharp lowest com-

Table 4
Selected Household Amenities by Province (NLSS-IV 2022/23)

Indicator	Highest Province	Value (%)	Lowest Province	Value (%)
Piped water to house	Bagmati	55.9	Madhesh	5.5
Electricity access	Madhesh	98.5	Karnali	58.0
Internet access	Bagmati	59.8	Karnali	14.0
Sanitation coverage	Gandaki	95.7	Madhesh	79.5

Source: National Statistics Office (2024), *Nepal Living Standards Survey IV (2022/23)*

pare to Bagmati providence. It indicates that it has experienced continued exclusion from both basic and digital infrastructures. The table 4 suggests that provincial inequality is multidimensional and sectoral in nature. Some provinces lead in certain amenities while lagging in others which is significant issues in balance federal development. Nevertheless, Karnali repeatedly appears structurally disadvantaged due to the state's decades biased development approach mainly after 1950. At the same time, Bagmati consistently benefits from stronger infrastructure and a concentration of services under privilege of capital region.

Provincial Disparities in Maternal and Reproductive Health

Maternal and reproductive health indicators are among the most sensitive measures of human development. Social development can only be assuring if health system reach to the all categories of people equally. Institutional delivery, skilled antenatal care, and reduced teenage pregnancy are strongly associated with better health outcomes which reflects the level of development. They are also associated with broader human development and capability. Table 5 compares major maternal and reproductive health indicators across provinces.

Table 5 shows clear provincial disparities in maternal and reproductive health outcomes among provinces after federal development in Nepal is the issues of considerable after federalism. Bagmati and Gandaki Provinces perform best in health facility births with 88%. It indicates stronger access to institutional maternity care in these regions. Gandaki Provinces also achieves the highest share of deliveries assisted by skilled providers which is 89%. It reflects better service reach to the people and higher maternal health utilization which is justified its higher level of development. Gandaki and Lumbini Provinces lead in skilled antenatal care coverage (97%). However, Koshi, the lowest performing province achieves 90%. This suggests that antenatal care has expanded at national level significantly although provincial differences remain visible, raising important question for policy makers and development actors practicing federalism in Nepal over the decade under new constitution.

Madhesh has the lowest rate of institutional births. Only 67% of deliveries take place from health facilities areas such as hospitals, health posts, or birthing centers. It may reflect barriers related to service accessibility and health awareness. Similarly, gender relations, and uneven institutional performance are barriers that hinder improvements in maternal and reproductive health. Karnali Provinces shows the highest teenage pregnancy rate (21%) compared with only 8% in Bagmati Province. This wide gap indicates deeper inequalities in education and reproductive knowledge. Women's empowerment, and access to ado-

lescent health services are may responsible for such gap. These disparities show that maternal health outcomes are shaped not only by medical services. It also by persisted social structure, gender relations, education, spatial context, and the effectiveness of provincial governance. This difference may be associated with variations in education, reproductive health awareness, and access to adolescent health services

Provincial Disparities in Birth Registration and Sanitation

Birth registration and sanitation are important indicators to measure the level of public awareness. It similarly indicates level of social inclusion and public welfare. Birth registration gives children legal identity which assists the policymakers. It helps them access citizenship rights, education, and state services which are the basis of individual empowerment. Sanitation is also closely associated with health, environmental safety, and quality of everyday life which may remain bases of social development. Better sanitation reduces disease risk and improves human well-being and capability. Table 6 compares provincial differences in birth registration, access to basic sanitation services, and open defecation in Nepal which shows the comparative level of development among provinces.

Table 6 presents a complex and analytically significant pattern of provincial variation. Karnali Province, despite a low level of development able to achieves the highest birth registration rate which is 89%. This suggests that targeted administrative interventions by the government may have been relatively effective for social development. It also proved that weak performance in one sector does not equally involve weak outcomes in all sectors. Sudurpashchim Province also performs strongly in birth registration at 82% which is a significant example. It is followed by Lumbini Province at 77% and Koshi Province achieves the lowest level at 66%. It indicates that legal inclusion and documentation remain uneven among provinces. This is visible even in provinces with relatively better economic and social indicators.

Gandaki Province achieves the highest proportion of households with at least basic sanitation services at 79%. It is followed closely by Koshi Province with 77% and Lumbini Province with 76%. Madhesh Province the weakest at 63%. It indicates a notable gap in health infrastructure. The contrast becomes sharper when examining open defecation. Madhesh records by far the highest dominance at 18% with compared to Koshi and Gandaki Provinces highest only 1%. Bagmati and Sudurpashchim Provinces stand at 3% and Karnali Province records 6%. These differences indicate that progress in sanitation has not advanced

Table 5*Maternal and Reproductive Health Disparities by Province (NDHS 2022)*

Indicator	Best-performing Province	Value (%)	Weakest-performing Province	Value (%)
Health facility births	Bagmati / Gandaki	88	Madhesh	67
Skilled ANC from provider Skilled (Antenatal care from a health provider)	Gandaki / Lumbini	97	Koshi	90
Teenage pregnancy	Bagmati	8	Karnali	21
Deliveries assisted by skilled providers	Gandaki	89	Madhesh	68

Source: Ministry of Health and Population (MoHP) et al. (2023), *NDHS 2022*

evenly across provinces. Table 6 shows that provincial disparity is multidimensional and sectoral and mainly depend on education and health awareness. A province may perform strongly in legal inclusion and political decentralization. However, it may remain weak in sanitation. This may depend partly on people's health awareness.

Provincial Disparities in Child Immunization

Child immunization shows less variation than many other indicators is significant issues of this analysis. This may be due to the effectiveness of national immunization programs across provinces. It suggests that targeted health interventions can improve outcomes even in less developed regions. Child immunization is an important indicator of preventive public health and the state service delivery mechanism. High vaccination coverage shows effective access systems. Similarly, functioning health networks, and public trust in health programs is are equally important. These are provincial disparities in child immunization coverage among children aged 12–23 months. Gandaki Province performs best with 93% for child immunization coverages. Sudurpashchim Province with have 89% at the same time. Bagmati, Karnali, and Lumbini provinces are above the national average of 80%. This shows broad immunization coverage with other basic health services make support to life expectancy ultimately in coming days. Karnali's better performance is particularly significant because it contrasts with its weaker position in other development indicators. This suggests that targeted health programs can reduce structural disadvantage in some sectors need to be continued. Madhesh Province records the lowest coverage at 68% indicate lower level of development. These verities of data create a gap of 25 percentage points compared with Gandaki Province is significant to show unequal achievements. This indicates unequal access to a basic health service and differences in provincial capacity under federalism. The findings show that provincial inequalities in Nepal are multidimensional and uneven across different development sectors. Differences in employment access, access on infrastructure, services, and health outcomes suggest that equitable development between provinces remains a major challenge under present federal system of development.

Discussion

The findings indicate that Nepal's federal system has created a new constitutional framework for development and social change through equal participation. Power has been redistributed among federal, provincial, and local governments

through the federal system. It creates wider political participation and territorial recognition which are significant for identity-based development particularly in Nepal. However, the evidence shows that institutional restructuring under a political framework only has not fully reduced provincial inequality. Provinces such as Bagmati continue to perform better in employment, infrastructure, financial access, and several social indicators. Historically weaker provinces still lag behind which raised questions to the state and political system. Federalism provides a framework for decentralizing authority through the devolution of power among different levels of government. Theoretically, fiscal federalism focuses on resource sharing for balanced development. Governance theory emphasizes institutional capacity which appears weak in some areas of Nepal. The provincial disparities identified in this study suggest that development outcomes are influenced by differences in resources and capacity across provinces. this means that an integrated theoretical framework is essential to promote and ensure power, resources and capacity which may help to reduce provincial disparities in Nepal.

The results strongly reflect the relevance of fiscal federalism with some improvements at policy level. Oates (1999) emphasized that local governments may respond more efficiently to local needs. This finding is inconsistent with fiscal federalism. It emphasizes the importance of fiscal capacity and resource distribution in affecting development outcomes across provinces. Nepal's provincial pattern support to this argument that need to be reinstruction of resources to the weaker regions. Provinces with stronger urban economies, markets, tourism, and revenue bases generally perform better. Karnali and some remote regions face continued constraints in road access, job availability, and basic service access after a decade of federal development which make continue the legacy of monarchical centralized development. This suggests the need for stronger intergovernmental transfers and equalization grants with mutual trust. They can help reduce fiscal gaps and improve development infrastructure and service delivery in weaker provinces. However, the discourses on this not raised effectively in Nepal. Fair expenditure assignments are also important to achieve the federal goal of development.

Governance theory is also useful in interpreting the findings of this analysis. Provincial disparities are not same in every sector. Karnali performs weakly in several economic indicators. However, it records stronger outcomes in birth registration and immunization. Such variation indicates that administrative commitment, planning quality, and proper policy can improve out-

comes even under structural constraints. As Rondinelli (1981) and Faguet (2014) argued, decentralization works best when institutions are accountable, capable and efficient. An accountable and responsive governance system with adequate resources may help achieve development goal. It supports to minimize disparities in diverse sectors faced by people at the local level. Therefore, differences among provinces are shaped not only by resources and politics they have. They are also equally influenced by governance systems, institutional accountability and efficiency, and political commitment. Provinces with stronger governance systems and historically privileged and responsible leadership are more likely to achieve balanced development and better public outcomes with compare other. The results of this analysis are associated with the argument of Acharya and Zafarullah (2025). This means that the effectiveness of federalism at different level depends on the actual devolution of resources and authority. Bagmati Province shows better development outcomes compared to other provinces. In contrast, historically disadvantaged provinces such as Madhesh and Sudurpachhim, continue to face development challenges which is significant how federal governance is affected by resources and capacity. This suggests that simple political restructuring is insufficient to reduce regional disparities without stronger and effective fiscal equalization and institutional support.

The broader implication is that Nepal's federalism remains in a cross-road till the date. The redistribution of gain and resources by the initiations of central government for the weaker provinces, enhancing institutional capacity, and sustained investment sources for each province may reduce disparities and can narrow the gap between people. If these conditions remain weak and are neglected historical inequalities in some provinces continue to influence equal outcomes. Federalism in Nepal should be understood not only as a system of political restructuring with three layers as commonly understood. It also needs to be evaluated based on how effectively it can expand equal opportunities across all regions through accountable governance. Its success ultimately depends on whether it can be reduced regional disparities in an intersectional form and ensure balanced and inclusive development as people's expectation. The differences between provinces such as Bagmati, Gandaki, Karnali, and Madhesh suggest that political decentralization alone cannot ensure equal federal development at least in the context of Nepal. The findings support the view that fiscal capacity is the essence of successful federalism. Accountable governance, resources, capacity, social consensus and political stability together are important for reducing provincial disparities under federalism.

Conclusion

This study examined provincial disparities under federalism in Nepal using recent national level data. In so doing it encompassed labor markets, infrastructure, household amenities, health, sanitation, and child well-being to identify and parse the nature of provincial disparities which is methodologically significant. This analysis further shows that a notable level of inequality persists across provinces which makes it more challenging to achieve equal outcomes under federalism in Nepal. Bagmati and other relatively accessible provinces generally perform better across many indicators may be due to the historically privileged of the capital region and road and resource accessibility. This advantage is associated with centralized development practices

adopted prior to 1990 and even after the restoration of democracy. Karnali, Madhesh provinces, and some remote regions continue to lag behind in several development indicators. These differences are associated to historical variations in development opportunities, infrastructure, and access to resources which is practiced since 1950 under *pahadi* nationalism. The evidence confirms that federalism has succeeded in redistributing political authority in Nepal. However, this has not yet ensured balanced territorial development which raises questions for federal system. Fiscal federalism shows that unequal revenue capacity and limited redistribution chances continue to unequal provincial outcomes is significant to the at least Karnali and sudurpachhim and Madhesh provinces. Governance theory further indicates that institutional effectiveness, planning capacity, and accountability are crucial factors for equal development. They are important for successful federal development to meet regional justice (Rodden, 2004). It helps explain why some provinces perform better than others. Therefore, Nepal requires a more inclusive and people-centered development approach in federalism. To reduce regional inequality mainly based on provincial level we need effective equalization transfers are needed from policy level. Similarly, to create more opportunities and services enhanced, investment on targeted infrastructure is required at first which may have expected large amount of resources. Balanced social development can only be possible through efficient provincial institutions and requires ongoing support for regions that are falling behind historically. The findings show that political decentralization only cannot reduce provincial disparities and ensure equity at the peoples' level. Federal outcomes in Nepal are strongly influenced by historical inequalities, available institutional capacity, infrastructural development and the distribution of resources across provinces. Therefore, federalism can succeed only when regional disparities are reduced through fair resource allocation and capacity enhancement.

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