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The Evolving Urban Landscape in Nepal: Shifting Definitions Trends, and Spatial Patterns

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Abstract

This article aims to analyse the changing urban landscape of Nepal, including trends, spatial patterns, and changing definitions. This study is based primarily on secondary data. Data were analysed using a descriptive approach. The study findings show that Nepal has experienced rapid urbanization over the last 70 years, with significant growth in urban areas and in the population. The definition of urban areas has changed over time, driven by major factors such as administrative reforms and migration, supported by changing administrative structures that classify urban areas as urban, sub-metropolitan, and metropolitan. However, many municipalities still retain their rural character. Similarly, the spatial patterns of urbanization in Nepal show regional disparities that are indicative of uneven development. Consequently, regional disparities and the expansion of peri-urban areas show the need for regional planning and integrated spatial strategies. In addition, government programs such as Smart Cities and Mega-Cities aim to use urbanization to boost economic growth and regional balance. Nepal is one of the least urbanized countries in the world, but it needs to implement effective policies and flexible management to ensure that urbanization leads to equitable growth, more jobs, and a better quality of life.

Keywords: Urbanization, urban area, spatial, province, municipality, urban population.

Introduction

Concept of urbanization

Urbanization refers to the physical expansion and population growth of urban areas and is closely associated with processes such as modernization, industrialization,

and social rationalization. It is widely seen as an important indicator of demographic and socio-economic change for any country (Bhattarai et al. 2019). Urbanization is a gradual process through which rural settlements develop into towns, and towns into cities (Lampard, 1955, as cited in Subedi, 2014). Similarly, Krishnaiah and Ramanaiah (2001), as cited in Mani, Chanda, & Dilshi (2015), observed that urbanization occurs when the population concentrates in towns and cities, primarily due to lifestyle changes driven by advances in science and technology. According to Thompson and Lewis, urbanization can be defined as the process by which a growing proportion of a nation's population resides in urban areas (Subedi, 2014).

Urbanization usually occurs in densely populated areas and is driven by factors such as rapid population growth, industrialization, infrastructure development, and economic progress (Chapagain, 2008). It often involves the migration of people from rural to urban areas, resulting in more people living in towns and cities. It is both a social and economic process that brings changes in people's lifestyles, family structures, and cultural practices. Economic activities gradually shift from agriculture to industry and the services sector, transforming rural economies into industrial and urban ones. Over time, this process leads to the development of a densely populated urbanized society (NSO, 2025).

Evolution of urban areas in Nepal

Nepal's urban development started in the Kathmandu Valley, where an urban economy had emerged as early as the 18th century through intermediary trade with India and Tibet. Kathmandu was established as the administrative center after the unification of Nepal. During the Rana regime, the extension of Indian railway lines to Nepal's southern border facilitated the establishment of Terai cities such as Biratnagar, Janakpur, Bhairahawa, Birgunj, and Nepalgunj. The development of agro-based industry in Biratnagar throughout the 1930s further fostered urban growth. . As trade between Nepal and India expanded, market centers emerged at border points and in hilly regions, where towns like Bandipur, Dailekh, Tansen, Dhulikhel, Chainpur, and Dolakha developed as administrative centers. After the democratic revolution of 1951 (2007 BS), Nepal opened up to the global community, which paved the way for planned economic development, malaria eradication in the Terai, and advancement in education, transport, and communication. These developments, together with increased public awareness, industrialization, and employment opportunities, caused massive rural-to-urban migration, accelerating the urbanization rate in the country (Sharma, 2060 B.S. as cited in Oli, 2014).

Although the process of urbanization in Nepal has been ongoing for a long time, urban-related data collection officially began in 1952/54. Only 2.9% of the total population was categorized as urban in the 1952/54 census, compared to 17.1% in the 2011 national census, and 66.17% in the 2021 national census (CBS, 2014; NSO, 2025). These data demonstrate a continual increase in the urban population in Nepal, with nearly two-thirds of the population now residing in urban areas. Following the Constitution of the Federal Democratic Republic of Nepal, 2072 BS, the number of municipalities has increased, and currently, Nepal has 6 metropolitan cities (Kathmandu, Birgunj, Lalitpur, Bharatpur, Biratnagar, and Pokhara), 11 sub-metropolitan cities (Kalaiya, Simara, Janakpur, Hetauda, Itahari, Dharan, Butwal, Nepalgunj, Tulsipur, Ghorahi, and Dhangadhi), and 276 municipalities, making a total of 293 urban municipalities (Ministry of Federal Affairs and Local Development, 2017). Although urbanization in Nepal has been well documented, significant research gaps remain. Micro-level analysis of newly formed municipalities and peri-urban areas is sparse, and demographic alterations owing to urbanization have not been adequately investigated. In this context, this study aims to analyse the evolving urban landscape of Nepal, including trends, spatial patterns, and shifting definitions of the urban area of Nepal.

Methods and Materials

This study is primarily based on secondary data. The primary data and information are gathered from the National Statistics Office (NSO), particularly population census reports and urban classification documents. Journals, reference books, and government reports. Trusted websites are also used to gather information. Microsoft Excel is used to compile and organize the collected data, and descriptive statistics are generated to determine the temporal trends and spatial patterns of the urban landscape. Similarly, ethical considerations are maintained throughout the study by ensuring correct citation of all secondary sources, using only publicly available data, and avoiding any distortion of official data. Therefore, the study upholds academic integrity by handling and reporting all secondary data.

Results and Discussion

Changing criteria and classifications of urban areas in Nepal

In Nepal, the definition of an urban area has changed over time, which is based on population size and the availability of urban infrastructure and services. According to the 1952/54 census, ten settlements in Nepal had populations exceeding 5,000, including five in the Kathmandu Valley and the rest in the Terai. The 1961 census introduced the concept of *Sahar*, defined as an area with a population over 5,000 and urban characteristics

like high schools, colleges, judicial and administrative offices, markets, communication facilities, and factories (Chapagain, 2018). The Nagar Panchayat Act of 1962 further formalized urban governance by using the term '*Nagar*' for urban administrative units. Unlike '*Gaun Panchayats*', these '*Nagar Panchayats*' were not limited to a single settlement but encompassed a network of settlements and the surrounding hinterland. A minimum population of 10,000 was established as the prerequisite for Nagar status; however, in the 1971 census, four of the sixteen designated municipalities did not meet this threshold. After malaria eradication in the early 1960s, urban growth surged in the Terai, and by 1971, ten out of sixteen municipalities were located in the Terai and Inner Terai regions (Sharma, 2003).

By 1976, population thresholds were reduced to 9,000, a change that significantly contributed to an increase in the number of municipalities. The Municipality Act of 1992 and the Local Self-Governance Act of 1999 further strengthened urban governance by introducing provisions for additional subdivisions within existing municipalities. In Nepal, Municipalities are categorized into three types: *Mahanagarpalika* (Metropolitan City), *Upa-Mahanagarpalika* (Sub-Metropolitan City), and *Nagarpalika* (Municipality) based on major criteria such as population size, annual revenue, and the availability of infrastructure and public services. These categories are intended to enhance more effective governance and resource allocation aligned with the specific needs and capacities of each municipal category. Likewise, these three municipal categories are defined based on population, revenue, and services. According to these criteria; (i) *Nagarpalika* requires a minimum population of 20,000 and Rs. 5 million revenues in the Terai, or 10,000 population and Rs. 500,000 revenues in the Hill/Mountain regions; (ii) *Upa-Mahanagarpalika* (sub-metropolitan city) must have at least 100,000 population and Rs. 100 million revenues; and (iii) *Mahanagarpalika* (metropolitan city) must have at least 300,000 population and Rs. 400 million revenues. Based on these criteria, the 2001 and 2011 censuses acknowledged 58 municipalities: 1 metropolitan, 4 sub-metropolitan, and 53 municipal bodies (Subedi, 2014; Mofald, 2017).

The Local Government Operation Act 2017 was enacted after Nepal transitioned to a federal system, updating the criteria for municipal bodies. The updated criteria raised population thresholds and emphasized the necessity for suitable infrastructure and services based on the hierarchy of municipalities. Former Village Development Committees (VDCs) were reorganized into *Gaunpalikas* (rural municipalities). Similarly, Municipalities (*Nagarpalikas*) were reclassified by ecological region in the following manner:

- *Nagarpalika*: Minimum population of 10,000 in Mountain, 40,000 in Hill, 50,000 in Inner Terai, 75,000 in Terai, and 100,000 in Kathmandu Valley. All regions except the Mountain region require an annual revenue of Rs. 30 million; the Mountain region requires Rs. 10 million.
- *Upa-Mahanagarpalika* (Sub-metropolitan): Minimum population of 200,000 and annual revenue of Rs. 250 million.
- *Mahanagarpalika* (Metropolitan): Minimum population of 500,000 and annual revenue of Rs. 1,000 million.

Nepal remains one of the least urbanized countries in South Asia and worldwide, although the pace of urbanization has accelerated in recent decades. According to the 2011 census, just 17.1% of the population lived in 58 urban areas. Following the adoption of the Constitution in 2015, the country introduced a federal system, creating seven provinces and 753 local government units. These include 460 Rural Municipalities (Gaunpalika), 276 Municipalities (Nagarpalika), 11 Sub-Metropolitan Cities, and 6 Metropolitan Cities (CBS, 2019).

The National Urban Policy 2007 defined an urban area as one with a minimum population of 5,000, a population density of at least 10 individuals per hectare, and more than 50% of the population (aged 10 and above) engaged in non-agricultural activities. In practice, however, population size became the major criterion for designating municipalities, leading to the merging of numerous Village Development Committees (VDCs) into an urban area; consequently, the number of municipalities increased rapidly from 58 in 2011 to 293 by 2021. This increased urban area presently comprises 276 Municipalities, 11 Sub-Metropolitan Cities, and 6 Metropolitan Cities, collectively comprising 66.2% of the total population of Nepal. Nonetheless, many of these newly established municipalities continue to exhibit largely rural characteristics, lacking adequate urban density, infrastructure, and basic services (NSO, 2025).

In response to this, the NSO, with UN-Habitat and MoUD, adopted the global DEGURBA method to evaluate the census data between 2011 and 2021. DEGURBA classifies areas as urban, peri-urban, and rural based on population, density, contiguity, and built-up characteristics. Urban areas have over 50,000 people and 15+ persons per hectare; peri-urban areas have 5,000+ people with 3–15 ppHa; rural areas consist of less than 5,000 people and under 3 ppHa. Similarly, National Urban Policy (2024) classified 27% of the population as urban, 40% as peri-urban, and 33% as rural. This classification

shows that the Nagarpalika and Gaunpalika consist of a mix of rural and urban wards, thereby questioning previous conceptions of urbanization in Nepal (NSO, 2025).

Urban place, population size, and urban population in Nepal

It is observed that both the number of urban centers and the urban population in Nepal have continuously expanded over time. The growth rate of the urban population has surpassed that of the rural population, reflecting a significant demographic shift. Urban areas are progressively emerging as destinations for people, leading to their rapid expansion (see Table 1).

Table 1. *Number of urban places, population size, and urban population in Nepal, 1952/54-2021*

Census Year	Number of Urban places	Urban population (In million)	percentage of the total population of Nepal
1952/54	10	0.238	2.9
1961	16	0.336	3.6
1971	16	0.461	4.0
1981	23	0.956	6.4
1991	33	1.695	9.2
2001	58	3.227	13.9
2011	58	4.523	17.1
2021	293	19.296	66.17

Source: CBS, 2014, and NSO, 2025

As shown in Table 1, the number of urban places, urban population, and share of the urban population have increased significantly and steadily throughout time. In 1952/54, Nepal had only 10 urban settlements, with an urban population of approximately 0.238 million, accounting for only 2.9% of the total population. By 1961, the number of urban places had increased to 16, and the urban population reached 0.336 million, accounting for 3.6% of the population. With this slow increase continuing, there were 23 urban places with nearly 1 million people living in urban areas, covering 6.4% of the population by 1981. The rate of urban growth accelerated in the following decades, with the number of urban places reaching 58 by the census of 2001 and the urban population increasing to over 3.2 million, accounting for 13.9% of the total population.

Although the number of urban centers remained at 58 in the 2011 census, the urban population rose to 4.523 million (17.1%) of the total population. The most significant change occurred by 2021, with the number of urban places increasing to 293 and the urban population reaching 19.296 million (66.17%) of the total population of Nepal.

This rapid expansion reflects the ongoing urban transition of the country, driven by migration from rural to urban areas, administrative reform, and general demographic shifts. It is observed that changes in percentages of urban population and the number of urban places has been constantly rising since the 1970s. The growth of the urban population has notably exceeded that of rural areas, particularly since 2001, indicating increased rural-to-urban migration and changes in administrative classifications. This trend indicates a significant demographic transition and continuous urban transformation in Nepal.

Spatial distribution of urban population in Nepal by ecological regions

As shown in Table 2, Nepal has experienced a noticeable change toward urbanization, with 66.17% of the population currently living in urban areas. Most of this urban population is found in the Hill and Terai regions. The Hill region, comprising major cities like Kathmandu, Pokhara, and Lalitpur, accounts for 25.2% of the urban population, whereas the Terai region, which includes large industrial and commercial centers like Biratnagar, Butwal, Bhairahawa, Nepalgunj, and Birgunj, makes up the largest share at 34.8%. In contrast, the Mountain region, despite its extensive territory, has only 2.2% of the urban population due to its challenging topography and inadequate infrastructure. Likewise, the Inner Terai, encompassing valleys like Chitwan, Dang, and Surkhet, contains only 3.9%. Overall, the results reveal an increasing concentration of urban residents in more accessible and economically active locations. It also reflects both urban settlement patterns and recent administrative revisions that have reclassified numerous rural areas as urban municipalities.

Table 2. *Distribution of urban population in Nepal by ecological regions, 2021*

Ecological belt	Population Census 2021	
	Urban population	Percentage of total population
Mountain	62,24,481	2.2
Hill	72,75,415	25.2
Terai	1,00,67,093	34.8
Inner Terai	1,132,877	3.9
Nepal	1,90,97,866	66.17

Source: NSO, 2023

Overall, the urban population of Nepal is mainly concentrated in the Hill and Terai regions, driven by greater economic opportunities, improved accessibility, and favorable terrain, but the mountain and inner Terai regions remain sparsely urbanized

due to persistent geographic constraints and limited infrastructure development. This population distribution pattern reflects both urban settlement patterns and administrative restructuring that have broadened urban boundaries and reshaped the country's urban landscape

Distribution of urban population in Nepal by province

There are large interprovincial variations in urbanization levels, with the central and eastern areas having higher concentrations of urban population compared to the western and mid-western parts of the country. Among the seven provinces, Bagmati Province has the highest proportion of urban population with 77.3%, around 11 percent above the national average. It is followed by Madhesh Province with 73.0 percent. Likewise, Koshi Province and Sudurpashchim Province both have 62.4% urban populations, while Gandaki Province is slightly higher with 65.8%. In contrast, Lumbini Province has a moderate rate at 55.2 percent, and Karnali Province has the lowest proportion with 52.1% of its residents living in urban municipal areas (see Table 3). Overall, there are significant provincial disparities in urban development in Nepal. These variations emphasize the need for region-specific urban development strategies.

Table 3. *Distribution of urban population in Nepal by province*

Province	Urban Population	Percent
Koshi	3093489	62.4
Madhesh	4460754	73.0
Bagmati Province	4731125	77.3
Ganaki Province	1621915	65.8
Lumbini Province	2826588	55.2
Karnali Province	880339	52.1
Sudurpashchim Province	1682578	62.4
Nepal	19296788	66.17

Source: NSO, 2023

Urban Population and Urban Place in Nepal according to Population Size/Class in Nepal

Table 4 shows an uneven pattern in Nepal's municipal population distribution. There is a noticeable imbalance between the number of municipalities and their populations. Among the 293 municipalities, the largest group by number falls within the 25,000–50,000 population range, comprising 117 municipalities (39.9%) of the total municipalities. However, these municipalities account for only 22.6 percent of the overall municipal population. Likewise, 105 municipalities have a population between 50,000 and 100,000, representing 35.8 percent of the total number of municipalities

and holding the highest share of the total population at 36.7 percent. Municipalities with populations between 100,000 and 200,000 are fewer in number (30, or 10.2%), and comprise 22.7 percent of the urban population. Likewise, only 7 municipalities have populations exceeding 200,000, with 14.4 percent of the total urban population. By contrast, 34 municipalities have populations below 25,000, accounting for 11.6 percent of the total number of municipalities but holding only 3.5 percent of the urban population. The results show that a large portion of the urban population is concentrated in relatively few municipalities, while many municipalities remain sparsely populated.

Table 4. *Urban population and urban area in Nepal according to population size/class in Nepal*

Population size	Number of municipalities	Percent	Population	Percent
<25000	34	11.6	6,73,503	3.5
25000-50000	117	39.9	43,24,774	22.6
50000-100000	105	35.8	70,04,087	36.7
100000-200000	30	10.2	43,39,393	22.7
200000-300000	4	1.4	10,10,937	5.3
>=3000000	3	1	17,45,172	9.1
Total	293	100	19,097,866	100

Source: NSO, 2025

In short, the municipal population distribution of Nepal is highly uneven. A small number of large municipalities serve a disproportionately large share of the population, while many smaller municipalities have relatively sparse populations, resulting in uneven urban concentration. This pattern demands the need for targeted policies addressing the challenges in both densely and sparsely populated areas.

Spatial distribution of urban areas by ecological region in Nepal

There is a close link between population density and the physical landscape in Nepal. The Terai region exhibits higher population densities compared to the hilly and mountainous regions. Consequently, urbanization in Nepal is more directly tied to areas with high population concentration rather than to the overall pattern of population distribution (Subedi, 2014). Factors, including high population density, industrialization, availability of fertile land, high rate of in-migration, better infrastructure, and socio-economic development activities, have contributed to nearly half of all urban centers being located in the Terai region. By contrast, the mountain region contains relatively few urban centers, mainly due to its rugged terrain, sparse population, scattered settlements, high

out-migration rates, and inadequate infrastructure development. Overall, the number of urban centers in Nepal has shown a gradual increase between 1952/54 and 2021 (see Table 5).

Table 5. *Spatial distribution of urban centers by ecological region in Nepal*

Ecological region	Number of urban areas							
	1952/54	1961	1971	1981	1991	2001	2011	2021
Mountain	-	-	-	-	-	2	2	33
Hill	5	8	7	9	13	27	27	97
Terai	5	8	9	14	20	29	29	163
Nepal	10	16	16	23	33	58	58	293

Source: CBS, 2014, and NSO, 2025

Table 5 shows the changing distribution of urban areas by ecological regions in Nepal: Mountain, Hill, and Terai, from 1952/54 to 2021. Urbanization was slow in the early years, with only 10 cities documented in 1952/54. This number slowly rose to 33 by 1991 and then rose more quickly to 58 by 2001, remaining unchanged in 2011. The most dramatic shift occurred between 2011 and 2021, when the total number of urban places reached 293, largely due to administrative reform and the declaration of new municipalities under the federal system. There were no cities in the Mountain region until 2001, when two were founded. In 2011, this number stayed the same, but by 2021, it had grown to 33, reflecting efforts to ensure regional balance in urban development. In the Hill region, the number of urban centers increased gradually from 5 in 1952/54 to 13 in 1991, then dramatically to 27 in 2001. This number remained static in 2011, but reached 97 by 2021, due to administrative reforms. The Terai region always has the most urban areas, starting with 5 in 1952/54 and growing rapidly to 29 by 2001 and 2011. By 2021, the number of urban areas in the Terai had reached 163, more than half of all urban areas in the country, due to higher population density, economic activities, infrastructure development, and a more favorable terrain for urban growth. Overall, Table 5 demonstrates both the growth of urban areas and the noticeable impact of policy decisions and governance restructuring on the urbanization process of Nepal.

Spatial distribution of urban areas in Nepal by province

According to the Constitution of Nepal (2015), the country is administratively divided into seven provinces. The National Census 2021 shows significant variation in the level of urbanization across these provinces. Out of the total population of Nepal, 19,626,788 people live within municipalities, which constitute the urban places of the country.

Among the provinces, Bagmati Province recorded the largest share of urban places, whereas Karnali Province has the lowest proportion of urban places. (See Table 6)

Table 6. *Spatial distribution of urban area in Nepal by Province in Nepal, 2021*

Province	Number of urban areas			
	Municipality	Sub-metropolitan	Metropolitan	Total
Koshi	46	2	1	49
Madhesh	73	3	1	77
Bagmati Province	41	1	3	45
Ganaki Province	26	-	1	27
Lumbini Province	32	4	-	36
Karnali Province	25	-	-	25
Sudurpashchim Province	33	1	-	34
Nepal	276	11	6	293

Source: NSO, 2025

Table 6 depicts the distribution of urban places by provinces in Nepal, showing regional disparities in urban development and administrative classification. Madhesh Province has the highest number of urban centers, totaling 77, including 73 municipalities, 3 sub-metropolitan cities, and 1 metropolitan city. Similarly, Koshi Province follows with 49 urban centers, which comprise of 46 municipalities, 2 sub-metropolitan cities, and 1 metropolitan city.

Bagmati Province includes 45 urban centers, however it contains the maximum number of metropolitan cities (3), along with 41 municipalities and 1 sub-metropolitan city, showing a higher concentration of significant urban regions. Gandaki Province contains a total of 27 urban centers, including 26 municipalities and 1 metropolitan city, but no sub-metropolitan cities.

Lumbini Province comprises 36 urban centers, comprising 32 municipalities and 4 sub-metropolitan cities, but lacks a metropolitan city. Karnali Province has the lowest number of urban centers among all provinces, with only 25 municipalities and no sub-metropolitan or metropolitan cities. This distribution reveals significant regional variation in urban development and administrative urban classifications within Nepal.

This uneven distribution demands the need for region-specific urban planning and more balanced development policies across Nepal.

Degree of urbanization

In the context of Nepal, DEGURBA categorizes the country into urban, peri-urban, and rural areas based on population, density, contiguity, and built-up characteristics (NSO, 2024). According to Degree of Urbanization (DEGURBA), urban areas of Nepal are characterized by population density of at least 3 up to over 15 ppHa and a population of over 5,000, with 4-point contiguity. Similarly, peri-urban Areas are characterized by density between 3 - 15 ppHa and no minimum population criterion, with 8-point contiguity. Rural Clusters are characterized by a density of 3 ppHa or below and a population of no more than 5,000 with 8-point contiguity.

Between 2011 and 2021, Nepal had a considerable shift in its rural-urban population distribution, as seen in Table 7. The rural population declined from 38.50% to 33.19%, combined with a minor reduction in rural areas, indicating out-migration from villages. Meanwhile, the urban population expanded dramatically from 22.31% to 27.07%, despite a little decrease in urban land area, reflecting growing population density and rapid urbanization in municipalities. Peri-urban areas remained the most populated category, with a modest increase in their share from 39.19% to 39.75%. Although the total population of peri-urban areas declined, their land area expanded, showing continued spatial growth of semi-urban settlements. These trends highlight Nepal's ongoing demographic change, with rising pressure on urban regions for infrastructure and services, along with problems for rural areas to keep their residents.

Table 7. *Three Category classification of rural-urban area in Nepal*

Category	2011			2021		
	AreaSq.km.	Population	Percentage	Area (Sqkm).	Population	Percentage
Rural	124391.95	10106315	38.50	124078.06	9600393	33.19
Peri urban	18547.25	18287464	39.19	19753.76	11496375	39.75
Urban	4741.22	5857811	22.31	4223.65	7828712	27.07
Total	-	26251590	100	-	28925480	100

Source: NSO, 2023

Emerging towns/cities in Nepal

In recent years, rural settlements in Nepal have witnessed major changes into growing urban areas, notably along key transportation links like the East–West Highway (Mahendra Highway), Madan Bhandari Highway, and Middle Hill Highway (Pushpa

Lal Highway). These places are likely to continue expanding in urbanization over the next few years, driven by increased accessibility and economic opportunities. To handle this growth, the Government of Nepal has declared plans to establish several new towns and urban centers strategically located along these highways. The 2016 administrative restructuring, which formed 293 urban places, has further sped up urbanization throughout the country. Since 2010, several towns have been designated for development in both the Hill and Terai regions. These efforts include establishing urban settlements along the Middle Hill Highway, developing Smart Cities, creating new towns in the Terai, Satellite Cities, urban centers along the Hulaki Highway, and planning Mega Cities (Subedi, 2020). Table 8 provides a summary of these recently announced urban places in Nepal.

Table 8. *Description of new urban centers announced by the Nepal Government, 2017/18.*

New towns in the Middle Hill Highway (Pusplal highway)	Phidim(Panchthar), Basantapur (Terhathum), Khurkot (Sindhuli), BairaniGalchhi (Dhading), Burtibang (Baglung), Dumre (Tanahu), Chaurjahari (Rukum), Rakamkarnali (Dailekh), Saphebagar (Achham), Patan (Baitadi), Bheri Ganga (Surkhet), Bhingree (Pyuthan)
New towns in Terai	Katharia (Rautahat), Ishorpuri (Sarlahi), Sambhunath (Saptari), Balwa (Mahottari), Gadhawa (Dang)
New towns in Hulaki Highway	Gaurigunj (Jhapa), Rangeli (Morang), Manhara (Mahottari), Brahmapur (Sarlahi), Bholapur (Rauthat), Mahagadhimai (Bara), Bardaghat (Nawalparasi), Belauri (Kanchanpur), Bhajani (Kailali)
Smart City	Nijgadha(Bara), Lumbini(Kapilbastu), Palungtar (Gorkha), Dhankuta, Mirchiya (Siraha), Chandrapur (Rautahat), Kavre, Bharatpur (Chitwan), Waling (Syanja), Tulsipur (Dang), Dullu (Dailekh), Amargadhi (Dadeldhura), Tikapur (Kailali).
Satellite City	Gothatar, Thimi, Saibu-Chobhar, Suryabinayak-Gundu-Balkot, Lamatar Tokha
Mega City	Biratnagar, Kathmandu valley, Birgunj--Jitpur-Simara, Pokahra valley, Butwal-Siddharthanagar, Nepalgunj-Kohalpur, Dhangadhi-Attariya.

Source: Subedi, 2020

Overall, the designation of new urban centers in 2017/18 shows Nepal's strategic effort to align infrastructure growth with regional development goals. The Nepalese

government seeks to promote economic growth, improve connectivity, and distribute development benefits more evenly across the country by integrating hill towns, Terai hubs, highway-linked settlements, Smart Cities, Satellite Cities, and Mega Cities into a coordinated urban network. If implemented effectively, this plan could transform settlement patterns, reduce rural–urban disparities, and position these emerging urban centers as key drivers of sustainable socio-economic development.

Conclusion

Urbanization in Nepal has witnessed tremendous change over the past seventy years, expanding from only a few urban hubs in 1952/54 to 293 by 2021. These rapid changes show broader demographic, socio-economic, and administrative development, driven by rural-to-urban migration, governance reforms, and advanced urban policies. Urban areas currently serve as the core area of economic activity, population concentration, and service delivery, with classifications ranging from municipalities to metropolitan cities to help governance and resource distribution. Furthermore, many newly established municipalities still have rural characteristics, reflecting the mixed and transitional nature of urbanization.

Spatial patterns of urban growth in Nepal reveal regional differences. The Terai and Hill regions of Nepal have experienced significant urban transformation, whereas the Mountain region remains underdeveloped due to topographic and infrastructural limitations. Differences between provinces and the expansion of peri-urban areas underscore the need for regional planning and integrated land use plans. Government efforts, such as the establishment of new towns, Smart Cities, and Mega Cities, attempt to use urbanization for sustainable growth and balanced regional development. Despite being one of the least urbanized countries in the world, Nepal must implement effective policies and responsive governance to ensure that urbanization supports equitable development, economic opportunities, and an improved quality of life.

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