



## IMPACT OF DECENTRALIZATION ON RESTRUCTURING NEPAL

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### ABSTRACT

This article discusses how decentralization laws have affected the implementation of federalism in Nepal, as well as when and how it started. Federalism and decentralization are different issues but the practice of decentralization in Nepal in different periods that has affected the existing governance system. Politics and state forms have also been influenced by modern and post-modern thought. This research focuses on the impact of decentralization laws on federalism. The study uses only secondary data to examine what old decentralization practices were employed during state restructuring in Nepal. Since ancient times, Nepal has been ruled by a unitary system. Nepal's institutionalized decentralization history is not long. Before Nepal's unification, there were various minor states. At that time, it was necessary to increase the state size based on power. Nepal does not have a long history of legal rule though decentralization has been used throughout history. Some of the effects of the old laws are reflected in the updated laws. This study examines how decentralization affects federalism throughout different historical periods. It reveals how old decentralization laws influenced federalism. Using descriptive and analytical methods, the study came to its conclusion.

**Keywords:** decentralization - federalism - governance - restructure - unitary

### INTRODUCTION

This research article is related about the state restructuring of Nepal. New dimensions of public participation in power and state management have been explored in modern political theory. It has changed the political system and the nature of the state. Its influence has also been affecting the politics of states. 'However, remains to be seen whether these are the

outcome of a unique combination of circumstances, or whether the social and political consequences of development, by their nature, tend in that direction', (Kapur 2016). Nepal has had a unitary system of government for a long time. The unitary system with a long history has been removed and a centrifugal federal system has been implemented. After the restructuring of the state, it is found that some of the old laws continue to influence federal Nepal. As a result of history, the old laws also influence the central district and local levels, just as some of the federal laws have been influenced by the old laws. Therefore, the purpose of this study is to briefly explain how the laws were used in the respective areas based on their historical development.

The history of decentralization is not long as the concept of the rule of law has developed very slowly. 'However, in the territory conquered by King Prithvi Narayan Shah during the unification period, the facts can be shown that the people there have been given autonomy,' (K.C 2063 B.S.). Similarly, during the reign of Rana, in some places including Kathmandu, there is some evidence that the people of Kathmandu have issued a charter of questions from the center to work by making laws on some local issues. Looking at the history of Nepal, it is found that different cultures and castes have given rise to governmental leadership in Nepali society. The political history of Nepal is divided into different phases, including the Pre-Historical Period or the Kirant period, the Lichhavi period, the Malla period, and the Shah period. Studying the political tradition of Nepali society, one does not find any history of a federal-state system operating here. Nepal has been ruled by a unitary system since ancient times. 'The present Kathmandu Valley from the Head of the Bagmati River has been developing as a center of Nepali civilization and culture since ancient times. Several resources have been found here related to the subject,' (Acharya 2063 B.S). Looking at these historical facts, it is confirmed that Kathmandu Valley has been a center since before unification.

Nepal's federal system was created due to discomfort and immediate impact. Because there is no history of federalism here. It's always complicated with this subject. "Therefore, our federal state is not to be formed through the method of 'coming-together' of already existing separate state. Rather is to build central federation by dividing more than 238-year-old unitary structure into different autonomous political and administrative units" (Khanal 2009 p.123). It cannot be considered unusual that decentralization also affects federalism in Nepal. Those historical

works have stood as a major foundation for Nepal's decentralization. Based on these facts, the impact of decentralization laws on Nepal's constitution-making and state restructuring is the subject of research in this article.

## **METHODOLOGY**

Federalism is an entirely new experiment in Nepal. Looking at the historical background of the country, it is found that Nepal has had a unitary system for a long time. The current constitution, which was a result of the movement, restructures the country into a federal system. The study's focus is the effect of the decentralization laws used in the unitary system on the new structure. The study relies on a theoretical approach. Only secondary data has been collected from the library. For the descriptive method, data is analyzed. Based on the theoretical review of the decentralization process, different information is used. In the appropriate circumstances, identification, dependent variables, and other methodological components are consulted. The research is structured in a descriptive design and completed.

## **STATEMENT OF THE PROBLEM**

This study analyzes historical efforts to decentralize before the federal system was implemented. This was formulated and implemented through the unitary system in Nepal. It also analyses its implications for state restructuring. Some exercises have played a significant role in the decentralization process in history. In the restructuring of any state, the history of the country has a significant impact. The governance system of Nepal has changed from a unitary system to a federal system. The study's main research question is the impact of the decentralization laws implemented in Nepal during the unitary system when it transitioned into federalism. There are some research questions in the study which are as follows.

- \* What types of decentralized laws and since when were implemented in Nepal?
- \* What are the impacts of the decentralization laws applied in the unitary system on state restructuring?

## **OBJECTIVES**

The study intends to examine the impact of decentralization laws made before federalization on federalism. The study has the following specific objectives:

- To analyze decentralized laws and since when they were implemented in Nepal.
- To examine the impacts of the decentralization laws applied in the unitary system on state restructuring.

### INTEGRATION PERIOD

The foundation of the map of modern Nepal was prepared after the unification of King Prithvi Narayan Shah. He is also credited to make Kathmandu the capital of Nepal. The fact is that there were various fragmented states in Nepal before the unification. There were states like *Baise*, *Chaubise*, Vijaypur, Makwanpur, and Tanahu which can be found in history. Apart from Kantipur, Kirtipur, and Bhadgaon states in the valley, there were other small states in the hills. ‘The Gurkha kingdom was considered separate from the 24 small hill tribes. Its administration was started by Ram Shah, which seems to have continued till the time of Narbhupal Shah. *Chautara* used to go to *Thakurai* of Jumla to work as a cooperative rather than a king. Ram Shah made a rule to appoint his brother to this post. Ram Shah had made a rule to distribute the posts of *khachanji*, *kapardari*, and *khardari* to the people of different clans alternately. A small number of soldiers were also educated in the Siranchok, Salyan, and Dhading battalions. Khukuri was the weapon of soldiers’, (Acharya 2061 B.S.). The belief that the local people should be given some responsibility at the local level is also found in practice at that time. It may be the wisdom of the king that there should be no rebellion rather than the recognition of democracy and decentralization.

‘Although the rule of the Gurkha kingdom formed during the reign of King Ram Shah. About three hundred thirty-seven years before, king Prithvi Narayan Shah started the work of unification of Nepal to merge with the kingdom of Gorkha’, (Acharya 2061 B.S.). ‘The Kathmandu Valley is estimated to be the center of the Kirat period for the state structure of Nepal. That period was known as pre-historic time. Some historians have also mentioned that the *Kirat* period state is in a more elaborate form than the borders of present-day Nepal based on various evidence’s, (Sambidhan Sabha 2066 B.S). Looking at the facts, it is found that different kings have ruled in different places in Nepal since before Christ. It has been seen since ancient times that the state has expanded and disintegrated based on power. It seems that even before Prithvi Narayan Shah, tribes and small states had been unified by various dynasties to expand and unify Nepal. As far

back as ancient history is concerned, Nepal has not adopted the federal system adopted in former Switzerland or the United States. There was, in the case of pre-unification Nepal, the fact that the Malla, Shah, Sen, and twenty-two-twenty-four kingdoms ruled independently and sovereignly in their respective places confirms this', (Regmi 2007). From early Nepal to the time of unification, Nepal had several independent fragmented states.

'Prithvi Narayan Shah had adopted a policy of giving local autonomy to the states accepting his asylum. The red seal he gave to the Rai Limbus in the former Vijaypur district in 1774 is a good example of this kind of policy. His successors followed the same policy with more than a dozen states and *Rajputs* including Bajhang, Salyan, Mustang, and Jajarkot,' (KC 2063 B.S). 'In 1774, there was a separate agreement to govern the eastern *Limbuwan* state', (Baral 2063 B.S.). In 1804, the Royal Army was deployed to the west under the command of Kazi Amar Singh Thapa. That army had annexed the provinces up to the Punjab Sutlej of India into Nepal. Currently the border of Nepal seems to have reached East Tista, West Sutlej, and Digarcha across the Himalayas, and the Ganges in the south. The Sugauli Treaty of March 1816, with the English merchants (East India Company), fixed the southern boundary of Nepal. After this, there was no effort to increase Nepal's borders', (Basnyat 2028 B.S.). There have been no pre-republican disputes and conflicts over Nepal's borders and sovereignty since then. The map of Nepal built during the Shah period is the basis of the map of today's Nepal and the basis of the system of governance is also the basis of the unitary system of governance determined from that time.

## **PERIOD OF RANA RULE**

The legal history of Nepal started during the reign of Ranas. The old country law of 1910 B.S. is the old legal basis of Nepal. During the Rana period, some local levels were given rights even through charter issues. Jang Bahadur had taken the reins of power into his hands through massacres in the interest of the queens inside the palace and the functionalism of the rulers. 'In 1846, due to several conspiracies and assassinations against the will of His Majesty's King Rajendra Bikram Shahadev, Jung Bahadur was the first to be appointed as Majesty's deputation and Prime Minister. From the time of Jung Bahadur, the monarchy of Nepal, like the monarchical democratic system of England, ruled Nepal in the name of the king by exercising all the state power. But in the Rana regime, there was no restriction on the Prime

Minister being loyal to the king and the representative of the people like in England', (Basnyat 2028 B.S.). The autocratic Rana reign ruled Nepal for 104 years under the family rule of brothers of the same family.

The first law that exercised legal rights at the local level in Nepal was the charter authorized in the Dang Deukhuri district on 1983-01-27 B.S. The first charter on the Kathmandu municipal system was issued in 1976 B.S. After that, the charter was issued regarding the reorganization of the municipality, *Madhesh Saptari's Charter*, 1993, B.S. and Charter to set up a panchayat in east no. 2 and west no. 3', (Dhungel 2060 B.S. ka) are the old legal bases delegated to the local level of Nepal. Similarly, the Kathmandu Municipal Charter was the first law at the municipal level. These charters and question issues of the Rana period show that the concept of decentralization was developed at that time. These decentralization-related legal practices in the early days are the foundations of modern Nepal's laws. Even at the time of integration, the following bodies had practiced legal rights.

Since pre-political history, the central government has given powers to the lower bodies, and those bodies have had no historical basis to decentralize their powers. 'The old charter issued for local bodies during the Rana period also gives some authority to the Kathmandu Municipality,' (Dhungel 2060 B.S ka). Similarly, rights are given to Dang Deukhuri and other charter issues have also been issued. 'Decentralization should consider both the authority delegated by higher-level officials to subordinate officials or offices and the constitutional and legal authority to delegate to regional or local level bodies. The state's policy framework or strategy should be considered as part of the government's strategy. From the charter issued for the formation of a municipality in Bhotahiti, Kathmandu', (Dhungel 2060 B.S ka) to the present 'Local Autonomous Act' and the regulations issued under this strategy. From the time of the origin of the state and even earlier from the feudal period, it was accepted that the government of the country would be governed by the policy of the center. It was also the starting point of state operation.

## **DEMOCRATIC PERIOD**

On February 18, 1951, King Tribhuvan detained the title of Shri 3 Maharaj from Rana. At the same time, King Tribhuvan announced the historic end of the Rana rule. After that, the reign of Rana which started from the Kot festival, ended after a gap of 104 years. The period until

the subsequent implementation of the Panchayat system is considered a democratic period.

Shri 5 Tribhuvan abdicated his throne and took refuge in India through the Indian Embassy. At that time, the Nepali Congress Salvation Army had attacked Kathmandu, Birgunj, and Biratnagar. After the fall of the Rana regime as per the agreement reached by Mohan Shamsher in Delhi on January 8, 1951, Shri 5 Tribhuvan had decided to govern and form a 14-member cabinet consisting of 5 Rana and 5 Congress members. In the same agreement, it was mentioned that the representatives elected based on adult suffrage would form a constitution-drafting committee by 1952', (Yadav, 2042 B.S.). This government had put an end to the *Birta* practice that had been going on since the time of unification. In 1951.09.24. the Cabinet approved the immediate abolition of the *Birta* practice across the country, (Devkota 2016, B.S.). Thus, after the abolition of the *Birta* practice in Nepal, *Birta* land had been opened for sale in 1957, and the law regarding it was made in 1959. Along with the movement against dictatorship, the demand for regional autonomy and self-governance has been raised in Nepal, but on a small scale.

'After 1951, the Terai Congress was the first to demand a Terai Autonomous State. But its leaders themselves could not stand the demand and surrendered to the monarch's autocratic rule after 1960. At that time there were anti-Rana movements in the eastern parts of Nepal. There were uprisings in some places in the east in connection with the anti-Rana movement. In those revolts, certain castes were leading. Similarly, in 1950, the Terai *Muktimorcha* including the Nepal Terai Congress demanded local autonomy in *Madhesh* and the 'Terai Mukti Morcha' had decided to wage a guerrilla war to end the discrimination and neglect of the Madhesis, demanding autonomy and the right to self-determination. The *Madhesi Mukti Andolan (Madhesi Jana Krantikari Dal)* had raised the issue of autonomy including the right to self-determination through a national poll under the auspices of the United Nations,' (Baral 2063 B.S).

"The resolution, introduced by Pushpalal at the first conference of the Communist Party of Nepal (1951) and passed by the conference, introduces the provision of local and territorial (regional) governments and mentions that such governments should be elected by the adult people and be given more power over local issues. Similarly, in the proposal of the 'Janakpur general convention (1952)', the Nepali Congress had proposed to change the state structure of Ranas' reign and make a new structure including

zonal, district, village, and town. Both above proposals seem to emphasize decentralization rather than federalism,” (Sambidhan Sabha 2066, p.12).

The first democratic government also did something about decentralization. “Some concrete initiatives were also taken first elected government in 1949 while recommending for 7 provinces, 32 districts, 77 sub-districts, 165 blocks and 6500 *grame panchayat* to share the central power with the smaller units for efficiency and democratization of the government functions” (Khanal n.d, p. 30). With the announcement, the king dissolved the democratic government and formed a nine-member cabinet on December 26 under his chairmanship. Meanwhile, King Mahendra declared the Panchayati system on January 5, 1960. The democratic government formed in 1959 had given legal recognition to the government's declaration of the abolition of *Birtain* 1951. Similarly, it was decided to appoint district governors across the country to run the internal administration of Nepal.

‘On 23rd November 1959, His Majesty's Government appointed Bada Hakim in the second category of Nepal Administrative Service for a one-year probationary period and recommended him in twenty-two places across the country, ... Similarly, this government, by adopting the principle of decentralization, had constituted an empowered development board in each district since 1959,’ (Devkota 2036, B.S.). ‘At the same time, since the time of unification, the Raja and *Rajaraudahars* who have been kings at the local level, have been given the State *Rajarajuta* Act, 1960, and the practice of *Rajajauta* within the Kingdom of Nepal had been abolished’, (Devkota 2021, B.S.). According to this Act effected from 16th July 1961, the children of the Raja *Rajaputs* who were abolished under the act were to receive a lifetime allowance. ‘The allowance was revoked on January 21, 1963, due to the misconduct of the *Bajhang* king and his sons’, (Devkota 2021 B.S.). Analyzing this issue, it can be found that even till 1963, local kings and *Rajautas* ruled in the state of Nepal. But the fact that the rule of those kings and queens was based on the federal system or the local autonomous system is not found there. But with the permission of the king, the general administration of the old local kings seems to be in operation at the local level. Many laws made in this democratic period are the foundations of the legal system of Nepal while the laws of the local level are also the cornerstones of that area regarding decentralization.

## **PERIOD OF PANCHAYAT**

The Panchayat system was operated as an autocratic monarchy for about 30 years in the name of a non-party Panchayat system. During



this period, the constitution and laws were formulated under the direct direction of the king who was ruling the state system. The Constitution of the Kingdom of Nepal, 1962, was a constitution of its own accord designed to govern the unitary system. In the preamble of the constitution, it was mentioned, that the governing power of the kingdom of Nepal would be vested in its Majesty the King, while it was mentioned by the king that the constitution of the kingdom of Nepal has been made the basic law. The Panchayat system was the first to define land rights and put an end to the 'zamindari' system. 'On April 12, 1963, the Agriculture Act, 1963, came to accept as a red seal', (Devkota 2021, B.S.). The act provided for 25 'bigah' in the Terai and 80 'ropanis' in the hills and no more than 50 ropanis in the Kathmandu Valley. The *Muluki* Act, which came into force on August 17, 1963, enforced the same legal system throughout country while repealing the old *Muluki* Act. The repeal of the Raja *Rajputs* Act, 1961, the Constitution of the Kingdom of Nepal, 1962, the Agriculture Act, 1963, and the *Muluki* Act, 1963, laid the foundation for a unitary system of government in Nepal. Land reform, introduced in 1966, helped manage the land. During the Panchayat system, the 'Land Reform Program was implemented in 1966 to eradicate exploitation from village to village', (Basnyat 2028 B.S.) and the Local Government Act 1961 was implemented in Nepal on January 5, 1961. This Act divided Nepal into 14 zones and 75 districts and arranged administrative units accordingly.

'Panchayat rule was given the form of a fusion of the parliamentary presidency system. Accordingly, the constitution of 1962 was promulgated, and it was amended in 1966, 1975, and 1979 to include some of the first two amendments', (Shivakoti 2070, B.S.). This amendment to the constitution strengthened the unitary system of direct rule of the king. In the Panchayat system, the feudal system was eliminated. Although such monarchical dynasties had been abolished since the unification period, ethnic or regional powers did not oppose unitary rule. After the attainment of democracy in 1950, Nepal Terai Congress demanded a 'Terai Autonomous State', but since the advent of the Panchayat system, such organizations seem to have disappeared. From the time of unification, in some parts of the country, local *Rajputs* were given land in the form of *Birta*. It was customary for *birtawala* to collect such land tax. This practice was abolished by Nepal's first democratic government in 1960. 'After the land reform was implemented in the Kingdom of Nepal in 1966, the privilege of the land of the Limbus also came to an end. This greatly weakened the economic

status of the secastes, (KC 2063 B.S.). *Kipat* is the owned land that has been populated by clearing forests.

“In *Limbuwan*, especially in Ilam, the land under the *Kipat* system was not provided by the king, nor by the high official running the state. Rather, it is the land acquired as the first inhabitants” (Kaplan 2000, p. 26).

In the current context of such reforms, decentralization or federalism and state restructuring have not been given priority. In the Panchayat system, the *Madhesh Mukti Andolan* raised the demand for federalism in 1967. Lately, the Nepal *Sadbhavana Parishad* accepted the demand for federalism in 1983’, (Shrestha 2066 B.S.). Demands and protests are happening from time to time regarding the rights of the local level. ‘The old Village Panchayat Act, 1949, which came in the form of an Act, had made provisions regarding the constitution, functions, and rights of the village panchayats. Article 12 of the Act had given some rights to the work to be done by the village panchayat. The act had provided that if the village panchayat is not satisfied with the action taken, it can be appealed in ‘*Gaunda Gadhi Goshwara*’, (Article 14 (2)). Then the Village Panchayat Act was issued in 1956. In the preamble of the act, it is mentioned that the act has been issued as per the advice of the Cabinet from His Majesty the King as it is necessary to strengthen the foundation of local autonomy in the rural areas and make the village panchayats well-organized so that the work of village administration and development can be integrally successful. This provision shows the concept of local autonomy since that time. The Act authorizes the village to order the construction of roads at the expense of the people, demolition of houses, the opening of schools, construction of ‘*Dhara*’, ‘*Paati Pauwa*’ dug wells, etc. (Article 32), whereas there was also a provision for the radio to have arrangements for entertainment, and to have control over rural roads and lights. (Article 33),’ (Dhungel 2060 B.S. Kha). Looking at this system, it is found that the Village Panchayat Act has decentralized a lot of power to the village panchayats.

‘The Nepal Rajya Nagar Panchayat Act, 1949, came into force. The Act had given some rights to the Nagar Panchayat. It had the right to make roads, bridges, toilets, sanatoriums, alleys, traps, and ditches. (Article 24) The work related to the zoo, art gallery, hospice, library, rest house, bathroom, auditorium, pond, dug well, lake, etc. was placed under the authority of the Municipal Panchayat (Article 39). After that, the new ‘Nepal State Municipal Act 1952’ was implemented. There were establishment of municipal-based offices in Biratnagar, Birganj, Bhaktapur, Lalitpur, and

Kantipur as well. (Dhungel 2060, B.S. Kha). In the state of Nepal, the Municipalities Act assimilated the recognition of decentralization. Looking at the rights of the act, it is found that the municipalities were relatively autonomous.

The Village Development Committee Act, of 2018 B. S. was enacted during the Panchayat period. The act was amended 16 times to increase novel voice that all-round development of national life which was possible only through the principle of decentralization of power. The Act gave rights to look after property protection, acquisition of their land, health improvement work, government work, assistance to government employees, minor issues such as road mishap, *Aalidhur*; wage labor, *Paanighaat*, *Charicharaau*, firewood, cross border, cow dung, and measurement fraud. Under the Act, the *Gadi* Village Panchayat and its rights were under the government of His Majesty the King. The law provided that His Majesty's Government could dissolve the village panchayat if it did not abide by the rules or abuse power, (Nepal Sarkar 2018 B.S.). The principle of decentralization of Panchayat has not accepted autonomy. Looking at the provisions of the Acts, it is found that these bodies have emerged as the lower application part of the central level. The Nagar Panchayat Act of 1963, enacted at the same time, was an act of the Panchayat system applied at the municipal level. The Municipal Panchayat Act, like the Village Panchayat Act, the spirit was to implement work for local bodies of the central government. The Act was enacted during the Panchayat system in the District Panchayat Act, (Nepal Sarkar 2019 B.S.). It was an act issued to direct and implement village and municipal panchayat programs.

Zonal level acts were also implemented during the Panchayat system. This act provided for a zonal assembly at each zonal level. The assembly supervised, controlled, and directed the district panchayats, Nagar panchayats, and village panchayats and provided information to the central government. The zonal assembly was arranged to be under the control of His Majesty's Government (Article 15). There is no provision in these Panchayat-era laws regarding the principle of decentralization. Some of the laws and regulations implemented by the Panchayat system have been effectively implemented even during the period of restoration of democracy and republic. Acts like the Land Reform Act, Civil Act, and Local Administration Act (with some amendments) are still in use. According to the Local Administration Act brought during the Panchayat

period, the administration is still functioning based on development areas, zones, and districts.

‘The first decentralization law was implemented in the Decentralization Act of 1982. It was introduced in the concluding part of the Panchayat system. The Act stated that it was necessary to decentralize the rights of the people to make decisions and arrangements for their daily needs and things affecting their lives (preamble). The provision of the preamble seems to have assimilated the notion of decentralization. Provision was made for the Act to be implemented in ‘immediate’, ‘village panchayats’, ‘Nagar panchayats’, and ‘district panchayats’ (Article 2a). The Decentralization Act provided that when implementing district-level schemes, permission had to be obtained from the government and grants had to be obtained from him, and in case of any dispute, the government would decide (Article 6). Arrangements were made to run town and village panchayats under the district panchayats,’ (Nepal Sarkar 2039 B.S). The Act provided that the final authority regarding local panchayat should be vested in government and that orders or directions given by the government should be followed. In Nepal, the Panchayati system is the main basis of constitutional law and the internal organization of the periodic state. In the administrative division of Nepal built during this era, the structure of regions, districts, and villages has prepared the administrative basis for all subsequent systems. Even after the restoration of democracy, the same bodies worked.

### **AFTER THE RESTORATION OF DEMOCRACY**

“After the people's movement of 1990 and the restoration of democracy, Nepali people began to seek their individual and collective place and status in the structure and process of the state. The 1990 constitution, for the first time, formally accepted Nepal's multi-ethnic and multi-lingual structure, without political exposure”, (Khanal 2066, p. 150).

After the historic people's movement of 1990 and its achievement, the drafting of the constitution of 1990 has led to the search for equal opportunities and rights in Nepal in terms of ethnic, regional, religious, and gender. Recognition of inclusion has been a priority in Nepal's subsequent political history. The issue of state restructuring and federalism in Nepal is also an issue that these communities have been living in the central part of the first leaflet in the name of the People's War, dated February 13, 1996,

in the name of the CPN (Maoist) was a conspiracy to disintegrate national unity by exploiting and oppressing people of other religions, languages, and castes for hundreds of years. Even the initial pamphlet of the CPN (Maoist) seems to have made the issue of decentralization within ethnic and linguistic issues.

‘The second related act of decentralization is the Local Self-Governance Act, of 1998. After the restoration of democracy, the Village Development Committee Act of 1990, the Village Development Committee Act of 1991, the Municipal Act of 1990, and the Municipal Act of 1991 were the first decentralization acts related to local bodies. After the restoration of democracy, the District Development Committee Act 1990 and the District Development Committee Act 1991 were implemented at the district level. The Local Self-Government Act, 1998, which came into force after the restoration of democracy, the Village Development Committee Act, and the Municipal Local Self-Government Act, 1998, which came into force after the restoration of democracy. To make the body capable, to make it accountable, and to establish a civil society based on the participation of the people, policies were adopted to make the people accountable and to involve the private sector at the local level (Article 3),’ (Nepal Sarkar 2055 B.S.). This act envisions creating an environment at the local level to make real use of democracy and enjoy its benefits.

The Act’s objective was to develop democracy institutionally and people’s participation in local bodies through elections. In the villages and towns, the rights to formulate and implement plans were vested in the local tax authorities according to the economic system, local tax rights according to the economic system, and judicial powers related to minor cases. Similarly, the Act also provided the District Development Committee with the financial rights specified to supervise, inspect, and give suggestions for the implementation of the Central Periodic Plan of the District. These local bodies were legal arrangements under the direct supervision and control of its Majesty’s Government. Article 238 of the Local Autonomy Act gave His Majesty’s Government the right to ‘suspend and dissolve’ any such local body if it acts outside the prevailing rules and regulations. The provisions of the Act did not make the legal provisions established under the Act completely autonomous.

In the unitary system of Nepal, all lower bodies were established by deliberated powers exercised from the center to enforce orders to implement laws, and policies. The same recognition is found in the legal provisions of the Local Self-Governance Act. However, the Act provided that local bodies could exercise more power than the local body laws enacted earlier. According to the enactment implemented in Nepal, decentralization and autonomy could not be exercised in governance. The issue of restructuring the state based on development has come to the fore for several reasons including legal practice.

## CONCLUSION

As a result of modern consciousness and the modern theory of politics, the political system has also been impacted. Apart from this, decentralization laws have a significant impact on Nepal's state structure. Nepal's decentralization history is short. Nepal's state power history is unitary and central in nature. Looking at the political history of Nepal, the formation of the state and local administrative units that are being formed along with it are based on the units that have been formed since the unification period when it comes to state restructuring. Even after the state restructuring, some laws including the administrative units under the Local Administration Act outlined in the Panchayat policy are still in force. It is considered that some of the bases of law and state systems are related to history. Since law-making is traditional, many laws are related to history. Although decentralization was applied in the democratic era, the practices of autonomy in the unification period, charter issues issued during the Rana period, and panchayat-relevant laws enacted during the Panchayat period are the foundation of decentralization laws issued during the democratic period. After the restructure, the Nepal constitution implemented the revised system. The laws used in the proposed federal system are like history's decentralization laws, although the governance system is different. The first and oldest foundations of the decentralized cause can be found in the *Sanads* issued in Dang *Deukhuri*, *Saptari*, and Kathmandu during the Rana era following the unification period. By doing so, the Panchayati system developed many legal bases. Local bodies governed by the same law have been maintained since the democratic period today. The main basis of the restructuring of the state lies in the constitution that underpins the restoration of democracy. The basis of local government determined by the current constitution was determined by the laws of that time.

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