

Economic Dynamics of Mid-hilly Region of Nepal: A Systematic Review of Development Trends and Challenges

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Abstract

The mid-hilly region of Nepal, with its diverse geography and socio-economic structure, plays a pivotal role in the country's overall economic landscape. However, this region faces several unique challenges that hinder its sustainable development. This systematic review seeks to consolidate existing literature on the economic dynamics of the mid-hilly region, focusing on key sectors such as agriculture, tourism, remittances, and infrastructure. The study critically examines the development trends, identifies the drivers of growth, and highlights the challenges impeding economic advancement. Despite its vast potential, the region remains underdeveloped due to limited access to markets, inadequate infrastructure, climate change, and a heavy reliance on remittances. The review further explores the role of agriculture in sustaining livelihoods, the growing importance of tourism, and the implications of remittance dependency on local economies. Additionally, the study assesses infrastructure gaps, especially in connectivity and energy, and their impact on regional economic activities. The findings suggest that while there are opportunities for sustainable development through integrated approaches such as eco-tourism, climate-smart agriculture, and infrastructure investment, targeted interventions are required to address regional disparities. The results provide essential insights for policymakers, researchers, and development practitioners aiming to formulate strategies that foster inclusive and sustainable development in Nepal's mid-hilly region.

Keywords: Economic, Mid-Hilly, Development, Sustainable, Remittance, Dependency

Introduction

Background of the Study

The mid-hilly region of Nepal, characterized by its unique topographical and socio-economic features, plays a critical role in shaping the nation's economic landscape. This region, situated between the fertile plains of the Terai and the towering Himalayas, is home to a significant proportion of the population and serves as a conduit for various economic activities (Thapa, 2021). The area's economy relies heavily on agriculture, tourism, remittances, and small-scale industries. However, its development is hindered by structural challenges such as inadequate infrastructure, geographic remoteness, and environmental vulnerabilities (Gurung, 2020).

Agriculture remains the primary livelihood source for the majority of households in the mid-hills, employing traditional farming methods often limited by small landholdings and erratic rainfall patterns (Sharma, 2020). While innovative practices like agroforestry and climate-resilient farming have been introduced, their adoption remains inconsistent across communities (Adhikari, J., 2021). The agricultural sector also faces market accessibility issues, exacerbating income disparities (Pradhan, 2022). Tourism has emerged as a prominent sector, leveraging the region's natural beauty, trekking routes, and cultural heritage. Destinations such as Bandipur, Dhulikhel, and Palpa highlight the mid-hills' potential to attract both domestic and international tourists (Nepal Tourism Board, 2021). Despite its promise, tourism development is impeded by infrastructural gaps, lack of investment, and limited promotion of lesser-known destinations (Pandey, R., 2020).

The mid-hills are also significantly influenced by remittances, as a large number of residents seek employment abroad. While remittances contribute to household income and local economic activities, they often create dependency and undermine local labor markets (Nepal Tourism Board, 2021; Bhandari, 2024). Moreover, the absence of adequate vocational training and skill development programs limits opportunities for better employment outcomes (Ghimire, 2020). Infrastructure development is a crucial determinant of economic progress in this region. Although rural electrification and road networks have expanded in recent years, the quality and accessibility of these services remain uneven (Department of Roads, 2022). Additionally, the region's susceptibility to natural disasters, such as landslides and floods, poses significant threats to livelihoods and economic stability (National Planning Commission, 2022).

This systematic review aims to analyze the existing literature on the economic dynamics of Nepal's mid-hilly region, highlighting development trends and

identifying persistent challenges. The review underscores the need for region-specific, inclusive, and sustainable approaches to harness the region's economic potential while addressing its vulnerabilities. By synthesizing evidence from various studies, this work seeks to inform policymakers and stakeholders about pathways to equitable development.

Objectives of the Study

- To identify and evaluate the key development trends in the mid-hilly region of Nepal, focusing on sectors such as agriculture, tourism, remittances, and infrastructure, while assessing their contributions to the regional economy.
- To investigate the socio-economic challenges that hinder sustainable economic growth in the mid-hilly region, including geographic isolation, infrastructure deficits, and vulnerability to natural disasters.
- To synthesize existing evidence and provide actionable policy recommendations for promoting inclusive and sustainable economic development in the mid-hilly region of Nepal.

Significance of the Study

The mid-hilly region of Nepal holds immense socio-economic importance due to its strategic location, diverse population, and contributions to the national economy. However, the region faces persistent development challenges that require a comprehensive understanding to formulate effective solutions. This systematic review is significant as it consolidates fragmented research to provide a holistic perspective on the region's economic dynamics, including its opportunities and vulnerabilities. By examining key sectors such as agriculture, tourism, remittances, and infrastructure, the study highlights both the drivers and barriers to sustainable development. Furthermore, it aligns with Nepal's commitment to the Sustainable Development Goals (SDGs), particularly those related to poverty alleviation, economic growth, and environmental sustainability. The findings of this review are expected to inform policymakers, development practitioners, and researchers by offering evidence-based recommendations to address regional disparities, enhance resilience, and promote inclusive and sustainable development in the mid-hilly region. In doing so, this study not only advances academic understanding but also contributes to the broader discourse on equitable economic development in geographically and socio-economically diverse contexts.

Research Methodology

This study employs a systematic review methodology to explore and synthesize existing literature on the economic dynamics of the mid-hilly region of Nepal. The approach is designed to identify, analyze, and consolidate relevant data, ensuring a comprehensive understanding of the development trends and challenges in the region.

1. Research Design

The systematic review process follows a structured and transparent protocol to minimize bias and enhance the reliability of findings. It involves a step-by-step approach, including the identification of research questions, literature search, selection of studies, data extraction, and thematic synthesis.

2. Research Questions

The review is guided by the following research questions:

- What are the key economic trends in Nepal's mid-hilly region?
- What challenges impede sustainable economic development in this region?
- What strategies have been proposed or implemented to address these challenges?

3. Literature Search Strategy

A systematic and transparent literature search strategy was employed to ensure comprehensive coverage of scholarly and policy-based evidence relevant to the economic dynamics of Nepal's mid-hilly region. The review covered publications from January 2010 to December 2024, capturing post-conflict reconstruction, federal restructuring, and post-COVID economic recovery phases.

3.1 Databases and Sources

A systematic literature review was conducted using major academic databases, including Scopus, Web of Science, Google Scholar, JSTOR, and NepJOL (Nepal Journals Online) to capture both international and nationally published research. In addition to peer-reviewed articles, grey literature was reviewed from key institutions such as the National Planning Commission, Ministry of Agriculture and Livestock Development, Nepal Tourism Board, World Bank, and United Nations Development Program. Government reports, development plans, and macroeconomic surveys were included to ensure policy relevance and contextual accuracy.

3.2 Search Terms and Boolean Strategy

Search terms were organized into three clusters: geographic focus (“mid-hill*,” “hill region*”), economic dimensions (“economic development,” “livelihood*”), and sectoral themes (“agriculture,” “tourism,” “remittance*,” “infrastructure”). Keywords were combined using AND and OR operators, and truncation symbols were applied to capture variations of terms. Reference lists of selected studies were also manually screened (snowballing) to ensure comprehensive coverage.

4. Inclusion and Exclusion Criteria

Studies published between 2010-2024 were included if they focused on Nepal’s mid-hilly region and addressed economic dimensions such as agriculture, tourism, remittances, infrastructure, or regional planning. Empirical, theoretical, and policy-oriented studies in English or Nepali were considered. Studies focusing exclusively on other ecological regions, lacking economic linkage, presenting opinion-only content, or duplicating previous publications were excluded.

5. Data Extraction and Thematic Synthesis

Key information extracted from each study included author, year, location, objectives, methodology, findings, and policy implications. A thematic synthesis approach was used, involving coding of findings, grouping into descriptive themes (e.g., agricultural modernization, remittance dependency, infrastructure expansion), and developing broader analytical insights related to regional economic transformation and sustainability.

6. Quality Assessment

Studies were critically appraised based on research clarity, methodological appropriateness, analytical rigor, relevance, and policy applicability. They were categorized as high, moderate, or low quality, with only high- and moderate-quality studies retained. Measures such as multi-database searches, transparent screening, and cross-verification of data minimized bias and strengthened reliability.

7. Data Analysis

The findings were categorized into thematic areas, such as agricultural practices, tourism development, remittance flows, and infrastructure challenges. Patterns, gaps, and relationships among these themes were analyzed to draw meaningful insights.

8. Ethical Considerations

This study adheres to ethical research practices by ensuring proper attribution of all sources and presenting findings transparently. It does not involve primary data collection or human subjects, thus avoiding ethical dilemmas. By adopting this methodology, the study aims to provide a comprehensive and systematic understanding of the economic dynamics of Nepal's mid-hilly region, contributing to both academic research and policy formulation.

Results and Discussion

The systematic review provides a comprehensive understanding of the economic dynamics of Nepal's mid-hilly region, highlighting key trends, opportunities, and persistent challenges across sectors such as agriculture, tourism, remittances, and infrastructure. The findings are organized into thematic categories, with an emphasis on implications for sustainable development.

1. Results and Trend Analysis

Trend analysis indicates moderate GDP growth, high remittance dependency, and gradual tourism diversification. However, agricultural productivity growth remains limited relative to national averages.

Table 1

GDP Growth Trend (National Indicator, %)

Fiscal Year	GDP Growth Rate (%)
2010/11	4.6
2015/16	0.4
2018/19	7.6
2022/23	2.0

Source: Economic Survey, 2023/24

Table 2

Remittance Share of GDP (%)

Year	Remittance (% of GDP)
2010	22%
2015	29%
2020	25%
2023	26%

Source: Economic Survey, 2023/24

Table 3*Tourist Arrivals (in thousands)*

Year	Tourist Arrivals (000)
2010	602
2018	1173
2020	230
2023	1014

*Source: Economic Survey, 2023/24***1.1 Agriculture and Livelihood Trends**

Agriculture remains the structural foundation of the mid-hilly region's economy, employing a substantial majority of the rural population. However, trend analysis indicates that while agricultural engagement remains high, productivity growth has been comparatively slow due to land fragmentation, limited irrigation coverage, and dependence on traditional cultivation techniques (Sharma, 2020). Over the past decade, there has been a gradual shift toward diversification into high-value crops, agroforestry, and climate-resilient farming systems. These innovations have demonstrated localized improvements in yield stability and household income (Adhikari, 2021; Pokharel, 2021). Despite these positive developments, adoption rates remain uneven because of inadequate extension services, financial constraints, and weak integration with national and regional markets. The persistence of market-access barriers continues to suppress farm profitability, reinforcing subsistence-oriented production systems. As a result, the agricultural sector shows incremental transformation rather than structural modernization, with productivity gains frequently offset by environmental stress and outmigration-induced labor shortages (Ministry of Agriculture and Livestock Development, 2021).

1.2 Tourism Development Trends

Tourism has emerged as an increasingly important growth sector within the mid-hills, particularly in culturally and scenically attractive settlements. Destinations such as Bandipur and Palpa illustrate how improved accessibility and heritage conservation have stimulated local economic diversification (Nepal Tourism Board, 2021; Pandey, 2020). Trend patterns suggest that tourism growth has generated employment opportunities in hospitality, transport, and small enterprises, thereby contributing to income diversification beyond agriculture. However, growth has been

geographically concentrated in better-connected areas, leaving remote settlements marginally integrated (Nepal Tourism Board, 2021). Environmental degradation, infrastructure limitations, and insufficient destination management pose risks to sustainability (Gurung, 2020). Although eco-tourism and community-based tourism initiatives are expanding and show potential for inclusive growth, their long-term viability depends on strategic planning, environmental safeguards, and improved institutional coordination (Gurung, 2024).

1.3 Remittance and Migration Trends

Remittance inflows have significantly reshaped the economic landscape of the mid-hilly region. Migration to Gulf countries and Southeast Asia has led to sustained increases in household income, enabling improved access to education, healthcare, and housing (Thapa, 2021). Over time, remittances have become a stabilizing source of consumption and local investment, partially compensating for limited domestic employment opportunities. However, trend analysis reveals a growing dependency on external earnings, accompanied by declining participation in agriculture and local enterprises (Ghimire, 2020). This structural reliance has altered demographic patterns, increasing the proportion of elderly and female-headed households in rural communities. While remittances enhance consumption-based growth, limited reinvestment in productive sectors restricts broader regional multiplier effects. Strengthening skills development and channeling remittances toward entrepreneurship remain crucial to enhancing sustainable economic transformation (Gurung, 2020).

1.4 Infrastructure and Connectivity Trends

Infrastructure development has improved progressively, particularly through the expansion of rural roads and electrification programs, reducing geographic isolation and improving service access (Department of Roads, 2022). These developments have facilitated tourism mobility, agricultural market access, and social service delivery. Nevertheless, infrastructure quality and distribution remain uneven, with remote areas continuing to experience limited connectivity and seasonal disruptions. Such disparities contribute to spatial inequality in economic opportunities (National Planning Commission, 2022). Maintenance challenges and institutional capacity limitations further constrain the long-term effectiveness of infrastructure investments. Emerging policy discussions emphasize decentralized governance and public–private partnerships as mechanisms to enhance infrastructure sustainability and regional integration.

1.5 Environmental and Climate-Related Trends

Environmental vulnerability represents an intensifying constraint on economic activities in the mid-hills. Increasing occurrences of landslides, floods, and soil erosion, compounded by climate variability, have disrupted agriculture, damaged infrastructure, and threatened tourism assets (Pokharel, 2021). These climatic pressures reduce production stability and elevate livelihood risks, particularly for subsistence farmers. Trend observations indicate that while climate-smart agriculture and disaster-resilient infrastructure are gaining policy attention, implementation remains uneven due to financial and technical limitations (National Planning Commission, 2022). Long-term regional sustainability depends on integrating resilience-building strategies into sectoral planning.

1.6 Policy and Institutional Trends

Across sectors, literature highlights persistent policy and institutional gaps that moderate economic transformation. Although national development frameworks prioritize balanced regional growth, implementation at the mid-hill level often lacks coordination and contextual adaptation (United Nations Development Program, 2021). Resource constraints, administrative inefficiencies, and fragmented inter-agency collaboration have limited policy effectiveness (Sharma, 2020). International assessments further underscore the importance of improved governance, fiscal decentralization, and integrated regional planning to strengthen inclusive growth trajectories (International Organization for Migration, 2023; World Bank, 2022). Overall, the trend analysis suggests gradual diversification and infrastructural progress, yet structural dependency, environmental fragility, and institutional weaknesses continue to shape the pace and inclusiveness of development in Nepal's mid-hilly region.

2. Discussion

2.1 Evaluation of Key Development Trends and Sectoral Contributions

This review reveals that the mid-hilly region of Nepal is undergoing gradual but uneven economic transformation shaped by agriculture, tourism, remittances, and infrastructure expansion. Agriculture continues to function as the foundational economic sector, sustaining a majority of households; however, its productivity remains constrained by fragmented landholdings, limited commercialization, and weak market integration (Sharma, 2020). Although climate-smart agriculture and agroforestry initiatives demonstrate promising localized outcomes, structural

bottlenecks such as inadequate extension services and financial constraints limit scaling (Adhikari, 2021; Pokharel, 2021). Consequently, agriculture contributes significantly to subsistence and livelihood security but only moderately to structural economic growth.

Tourism, in contrast, has emerged as a dynamic growth sector, especially in culturally rich hill settlements. The expansion of domestic and international visitor flows has stimulated hospitality enterprises, local handicrafts, and service industries (Nepal Tourism Board, 2021; Pandey, 2020). However, growth patterns remain spatially concentrated and vulnerable to infrastructure deficits and environmental degradation (Gurung, 2020). While community-based and eco-tourism initiatives offer inclusive growth pathways, sustainability depends on strategic planning, institutional coordination, and environmental safeguards (Gurung, 2024).

Remittances have become a dominant financial inflow shaping consumption patterns and household welfare. Migration-generated income supports education, healthcare, housing, and small-scale investments, thereby improving short-term living standards (Thapa, 2021). However, excessive reliance on remittances risks reinforcing structural dependency, labor shortages in agriculture, and consumption-driven growth without productive reinvestment (Ghimire, 2020). This dual character highlights remittances as both stabilizers and potential long-term vulnerabilities.

Infrastructure improvements, particularly in rural road expansion and electrification, have enhanced connectivity and reduced geographic isolation (Department of Roads, 2022). Enhanced infrastructure has facilitated tourism mobility and agricultural market access. Yet, regional disparities persist, as remote settlements continue to experience seasonal road blockages and uneven service quality (National Planning Commission, 2022). Overall, sectoral contributions demonstrate gradual diversification, but structural transformation remains incomplete due to institutional and geographic constraints.

2.2 Socio-Economic and Structural Challenges to Sustainable Growth

Despite sectoral progress, the mid-hilly region faces interconnected socio-economic challenges that hinder sustainable growth. Geographic isolation remains a defining structural constraint, with rugged topography increasing the cost of infrastructure development and limiting access to markets, education, and healthcare (Gurung, 2024). Even where roads exist, maintenance challenges and seasonal disruptions reduce economic reliability (National Planning Commission, 2022). Infrastructure

deficits further amplify inequality between accessible growth centers and remote settlements. Limited irrigation facilities, inadequate storage infrastructure, weak digital connectivity, and insufficient energy reliability constrain productivity and entrepreneurship. These gaps restrict the multiplier effects of tourism and agriculture, reinforcing uneven development patterns (Gurung, 2020).

Environmental vulnerability constitutes another major impediment. The mid-hills are highly susceptible to landslides, soil erosion, and erratic rainfall patterns exacerbated by climate change (Pokharel, 2021). These risks undermine agricultural productivity, damage transport networks, and threaten tourism assets. Without resilience-building measures, environmental fragility may offset economic gains. Labor migration, while economically beneficial through remittances, has generated demographic imbalances, including aging rural populations and feminization of agricultural labor (Ghimire, 2020). This structural shift affects productivity and increases social burdens on remaining households. Institutional fragmentation compounds these challenges, as policy implementation often suffers from weak coordination, limited fiscal autonomy at local levels, and capacity constraints (United Nations Development Program, 2021).

Collectively, these structural and socio-economic constraints illustrate that growth in the mid-hilly region is not merely an economic issue but a multi-dimensional development challenge requiring integrated solutions.

2.3 Policy Synthesis and Strategic Recommendations for Inclusive and Sustainable Development

The synthesis of evidence underscores the urgent need for region-specific, integrated policy frameworks to unlock the economic potential of Nepal's mid-hilly region. Agricultural modernization should prioritize climate-smart technologies, improved irrigation systems, cooperative-based marketing, and value-chain integration to enhance productivity and income stability (Adhikari, 2021). Strengthening rural financial systems and technical extension services will be critical to facilitating widespread innovation adoption (Shrestha, 2021).

Tourism policies should focus on sustainable destination management, infrastructure upgrading, and diversification toward eco-tourism and community-based models. Strategic branding of lesser-known destinations, combined with environmental conservation mechanisms, can reduce spatial inequality and ensure long-term viability (Gurung, 2024). Investment in service quality and digital promotion can further

strengthen competitiveness. To transform remittance inflows into productive capital, policies should encourage reinvestment in entrepreneurship, agro-processing, and small-scale industries. Skill development programs aligned with international labor markets can enhance migrant earnings, while financial literacy initiatives can improve household-level investment decisions (Thapa, 2021). Infrastructure development must move beyond road expansion toward integrated connectivity frameworks that include digital infrastructure, renewable energy systems, and resilient transport planning. Public-private partnerships and decentralized governance structures can enhance efficiency and sustainability (Department of Roads, 2022).

Environmental resilience should be embedded across sectors through disaster-resistant infrastructure, sustainable land management, and climate adaptation strategies (Pokharel, 2021). Coordinated governance and inter-agency collaboration remain central to effective implementation (World Bank, 2022).

Overall, achieving inclusive and sustainable economic growth in the mid-hilly region requires an integrated approach that simultaneously strengthens productive sectors, reduces structural disparities, enhances environmental resilience, and improves institutional coordination. Future research should prioritize localized case studies and pilot interventions to test scalable models tailored to the region's unique geographic and socio-economic context.

3. Findings

The systematic review provides consolidated evidence on the evolving economic structure of Nepal's mid-hilly region, revealing gradual sectoral diversification alongside persistent structural and institutional constraints. The findings synthesize empirical trends and analytical insights across agriculture, tourism, remittances, infrastructure, environmental vulnerability, and governance.

First, macro-trend indicators demonstrate economic volatility alongside structural dependence on external income sources. National GDP growth fluctuated significantly between 2010/11 and 2022/23, reflecting broader economic shocks and structural fragility, while remittance inflows consistently accounted for roughly one-quarter of GDP, underscoring high external dependency. Tourism arrivals showed strong growth before the COVID-19 pandemic, sharp contraction during 2020, and gradual recovery by 2023 (Government of Nepal, Ministry of Finance, 2024). These macro-patterns frame the mid-hilly region's development context, where local economies are influenced by national growth instability, migration-driven income, and tourism

recovery cycles. In agriculture, the findings confirm that the sector remains the primary livelihood base, yet productivity growth is limited relative to national modernization goals. Persistent land fragmentation, traditional cultivation systems, limited irrigation, and weak value-chain integration constrain structural transformation (Sharma, 2020). Although climate-smart agriculture, agroforestry, and high-value crop diversification have generated localized income improvements, adoption remains uneven due to financial and technical barriers (Adhikari, 2021; Pokharel, 2021). The review indicates that agriculture contributes more to livelihood security than to dynamic economic growth, with environmental stress and labor migration further moderating gains.

Tourism demonstrates stronger growth dynamism, particularly in accessible heritage and hill-town destinations. Increased visitor flows have supported small enterprises, employment diversification, and local revenue generation (Nepal Tourism Board, 2021; Pandey, 2020). However, tourism expansion is spatially concentrated and infrastructure-dependent, limiting inclusive regional spillovers. Environmental degradation and insufficient destination management pose sustainability risks (Gurung, 2020). Community-based and eco-tourism models show promise for inclusive development, but require institutional strengthening and coordinated planning to scale effectively (Gurung, 2024). Remittances emerge as a transformative yet structurally complex driver. Migration income significantly enhances household welfare, financing education, health services, housing, and consumption (Thapa, 2021). However, findings reveal a growing dependency syndrome characterized by declining local labor participation, feminization of agriculture, and limited productive reinvestment (Ghimire, 2020). While remittances stabilize short-term income, their limited channeling into enterprise development constrains long-term structural transformation.

Infrastructure improvements, particularly road expansion and rural electrification, have reduced geographic isolation and facilitated tourism and market access (Department of Roads, 2022). Nonetheless, infrastructure quality and spatial distribution remain uneven, reinforcing disparities between accessible growth hubs and remote settlements (National Planning Commission, 2022). Maintenance gaps and institutional capacity constraints limit long-term infrastructure sustainability. Environmental vulnerability is identified as a cross-cutting structural risk. Increasing landslides, floods, and climate variability undermine agricultural productivity, damage infrastructure, and threaten tourism assets (Pokharel, 2021). Although resilience-building strategies are recognized in policy frameworks, implementation remains uneven and resource-

constrained (National Planning Commission, 2022). Without integrated climate adaptation, economic gains remain fragile. Institutionally, the findings highlight persistent governance fragmentation. Despite national commitments to balanced regional development, policy implementation in the mid-hills is often constrained by limited coordination, fiscal constraints, and administrative inefficiencies (United Nations Development Program, 2021; World Bank, 2022). This weakens the translation of policy objectives into measurable regional outcomes.

Overall, the findings indicate that the mid-hilly region is experiencing gradual economic diversification driven by tourism growth, remittance inflows, and incremental infrastructure expansion. However, agricultural stagnation, structural remittance dependency, environmental fragility, geographic isolation, and institutional gaps continue to limit inclusive and sustainable development. The evidence suggests that without integrated, region-specific strategies that simultaneously address productivity, connectivity, resilience, and governance capacity, economic transformation in the mid-hills will remain partial and uneven.

Conclusion

This systematic review provides a comprehensive understanding of the economic dynamics shaping Nepal's mid-hilly region. The findings reveal a pattern of gradual economic diversification accompanied by persistent structural and institutional challenges. While agriculture continues to serve as the primary livelihood foundation, its productivity remains constrained by fragmented landholdings, limited modernization, environmental stress, and weak market integration. Incremental improvements are visible, yet structural transformation in the agricultural sector remains slow.

Tourism has emerged as a relatively dynamic growth sector, generating employment opportunities and contributing to local income diversification. However, tourism development remains spatially uneven and infrastructure-dependent, with sustainability concerns related to environmental degradation and limited institutional coordination. Remittances have significantly enhanced household welfare and consumption capacity, but growing dependency on external income sources poses long-term risks, particularly in terms of labor shortages, reduced local productivity, and limited productive investment.

Infrastructure expansion has improved connectivity and access to services, yet disparities between accessible growth centers and remote settlements persist. Environmental

and climatic vulnerabilities further intensify development challenges, undermining gains in agriculture, tourism, and infrastructure. Institutional fragmentation and weak policy implementation capacity continue to limit the effectiveness of development interventions.

Overall, the mid-hilly region stands at a transitional stage of economic development. Progress is evident through diversification and improved connectivity, but growth remains uneven and structurally fragile. Achieving inclusive and sustainable development will require integrated, region-specific strategies that simultaneously strengthen productive sectors, enhance environmental resilience, reduce spatial inequality, and improve governance effectiveness. Without coordinated and context-sensitive interventions, economic transformation in the mid-hills will remain partial rather than comprehensive.

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