

The Federal System of Government and Nepal in Transition: A Critical Analysis of Provincial Disparities

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Abstract

Democracy is a global phenomenon widely discussed and embraced across nations, whereas federalism is often regarded as one of its key forms of governance. Democracy creates a conducive environment for the protection and effective realization of human rights, encompassing democratic principles such as human welfare, individual freedom, security, equity, social justice, and public deliberation. The core elements of democracy include a competitive multiparty political system and universal suffrage. In the case of Nepal, with a long history of monarchical rule, it has only recently begun its democratic journey, and its democratic institutions remain in a nascent stage, facing multiple challenges from various directions. The second constituent assembly election was held in 2013, culminating in the promulgation of a new constitution in 2015 that introduced a federal system of governance. The new constitution divided Nepal into seven provinces, further subdivided into 293 municipalities and 460 rural municipalities. Federalism, as a system of governance, seeks to harmonize the relationship between centralized and decentralized authorities by balancing unity with regional autonomy. This paper seeks to explore the intersection of democracy and federalism in Nepal by analyzing the inequalities among the seven provinces. Using an explanatory approach supported by secondary data, it compares the provinces across variables such as population, geography, resources, and socio-economic indicators. The findings reveal significant disparities among the provinces, which hinder the consolidation of democratic principles in Nepal.

Keywords: democracy, federalism, good governance, provincial inequality

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Introduction

On September 20, 2015, the Constituent Assembly of Nepal adopted the Constitution of Nepal, establishing a federal system with a strong emphasis on decentralized governance. The country was restructured into seven provinces, further divided into 293 municipalities and 460 rural municipalities. Following this, Nepal conducted its first elections at the local, provincial, and federal levels, leading to the formation of governments at each tier. Despite this significant political transformation, questions persist regarding the relationship between federalism and democracy in the Nepali context.

Federalism is widely recognized as a democratic form of governance. A strong and functional relationship between federalism and democracy is essential for the stability and legitimacy of a system of governance. As Filippov and Shvetsova (2012) argue, successful federalism depends on well-functioning democratic institutions, an independent judiciary, cohesive national political parties, and electoral incentives shaped by democratic competition (p. 167). To make this system of governance successful, the core democratic values such as equality, distributive justice, and freedom are integral to sustaining both federalism and democracy.

Nepal has experienced several waves of political movements in the pursuit of democracy. Since the second democratic opening in 1990, however, the country has struggled to institutionalize the democratic norms and values at the grassroots level. The lack of inclusive representation and government responsiveness contributed to growing discontent among Nepal's diverse ethnic and cultural groups, eventually culminating in a decade-long internal conflict. Federalism emerged as a central demand during the Second People's Movement in 2006, which led to the declaration of Nepal as a Federal Democratic Republic in the 2007 Interim Constitution. This movement infused the democratic discourse with aspirations for greater inclusion, equity, and local empowerment.

Despite these developments, the relationship between democracy and federalism in Nepal remains underexplored. Therefore, this paper seeks to examine that relationship by analyzing inter-provincial inequalities in Nepal. Using secondary data, it compares the seven provinces in terms of population, geography, resources, and socio-economic

indicators, aiming to assess whether federalism in Nepal has strengthened or hindered the consolidation of the democratic system of governance.

Methodology

This study employs an explanatory research design using secondary data to examine the relationship between democracy and federalism in Nepal. It focuses on the inter-provincial inequalities across the seven provinces established under the Constitution of Nepal 2015. Data were collected from official government publications, census reports, and relevant socio-economic databases to analyze variables including population distribution, geographic characteristics, natural and economic resources, and key socio-economic indicators. The comparative analysis techniques were applied to identify disparities among the seven provinces of Nepal and assess their implications for consolidating democratic governance in Nepal. This study evaluates the structural and regional differences among these provinces in order to explore data, insights into the challenges and opportunities of federalism in strengthening the democratic governance in Nepal.

Results and Discussion

The Principles of Democracy

Democracy is a globally embraced ideal that extends far beyond the realm of political freedom to include principles of social justice, equity, and human rights. It provides a framework for the protection and effective realization of these rights, offering a foundation for participatory governance and public accountability. While the essence of democracy can be traced back to the direct democracy of ancient Athens, its evolution over time, especially through representative systems in modern capitalist and globalized societies, has introduced complexities and contradictions, particularly in the sphere of citizen participation and power distribution.

As Charles Tilly (2007) notes, democratic regimes from ancient Greece to modern Europe often favored privileged minorities, leaving many excluded. Nonetheless, the Athenian legacy, centered on ideals such as liberty, legal equality, justice, and public deliberation, profoundly influenced Western political thought. Thinkers like Thucydides,

Plato, and Aristotle critically examined the democratic practices of their time, while Enlightenment philosophers such as Locke, Montesquieu, and Madison developed the foundational elements of modern representative democracy, including the separation of powers into the legislative, executive, and judiciary. Later liberal theorists such as Hobbes, Bentham, and John Stuart Mill contributed to the expansion of individual rights and liberties within democratic frameworks.

Tilly's substantive definition of democracy stresses that genuine democratic regimes promote individual freedom, security, equity, and mutual consultation between citizens and the state. Huntington (2010) adds that democracy must include effective citizen control over policymaking, responsible and transparent governance, informed public debate, and inclusive participation. He highlights that while elections are essential, democracy requires power-sharing and institutional checks and balances.

Huntington also outlines three significant waves of democratization shaped by socio-political and economic transformations- ranging from modernization and urbanization to crises of authoritarian legitimacy, shifts in global power structures, and the demonstration effects of successful democratic transitions. Likewise, scholars such as James Mahoney (2003) emphasize that democratization is not a linear process and often results from the complex interplay of class structures, particularly the roles of the bourgeoisie and working class in urban contexts.

Acemoglu and Robinson (2006) provide a more nuanced analysis by identifying factors such as income, education, inequality, institutional development, civil society, industrialization, and globalization as key determinants of democratic transition. Their argument centers on the idea that high inter-group inequality often creates the conditions for democratic demands, particularly when repression becomes unsustainable or ineffective during periods of crisis. However, democratization is not inevitable; it depends on the strategic choices of both elites and citizens, shaped by economic and political incentives. Capitalist development may support democratization by fostering urbanization and collective organization, but it does not guarantee democratic outcomes on its own.

Within this theoretical landscape, federalism emerges as a structural framework that can institutionalize democracy more effectively in complex, multi-ethnic, and diverse societies. Federalism, defined as a system in which authority is constitutionally divided between central and sub-national governments, offers a means to reconcile unity and

autonomy. It enables decentralized governance, representation of diverse groups, and localized decision-making, thereby reinforcing democratic values such as participation, equity, and accountability.

Successful federal systems, however, require robust democratic institutions, impartial judicial mechanisms, inclusive political parties, and electoral systems that foster healthy competition (Filippov & Shvetsova, 2012). In theory, federalism can deepen democracy by bringing governance closer to the people and ensuring that marginalized communities have a voice in the political process. Emphasis on distributive justice, equal access to power, and the ability to participate meaningfully in governance makes federalism not only a political arrangement but a democratic imperative in plural societies.

As this paper will argue in the context of Nepal, the mere adoption of a federal structure does not guarantee democratic consolidation. The effectiveness of federalism in supporting democracy depends on how equitably power and resources are distributed across regions, how inclusive institutions are in practice, and how responsive governance is to the aspirations of diverse populations.

Federalism: Theory and Practice

Federalism is a system of governance in which two forms of government harmonize by reconciling a certain degree of union with a certain degree of independence. It comprises a mixed mode of government, one central and another provincial, within a single political system.

According to the *Stanford Encyclopedia of Philosophy* (2009), federalism is the theory or advocacy of federal political orders where final authority is divided between several units and the center. Unlike a unitary state, sovereignty is constitutionally split between at least two territorial levels so that each unit has final authority and can act independently in certain areas. Citizens thus have political obligations to two authorities.

The oldest constitutional federal system was implemented in the United States in 1787. It was later adopted in Switzerland (1848), Canada (1867), Australia (1901), Germany (1948), and India (1950). More recently, Belgium adopted federalism in 1993, Spain in 1978, and Malaysia in 1993. Federalism has been adopted by both geographically large and small countries, often to address cultural, religious, linguistic, and ethnic diversity—as in Nepal, where past experience with decentralization has been limited (Thapa & Sharma, 2011, p. 40).

Tocqueville (1969) analyzed liberty, equality, and democracy, asserting that power is shared and divided between state and federal governments. He linked federalism with democracy, referring to “federal democracy” as recognition of the needs and risks faced by minorities, along with an emphasis on the limits and possibilities of government. Mill (1861), noted that social preconditions such as race, language, religion, institutional structures, resources, and territorial size are important for a federal system. Freedman (1863) argued that federalism is a middle ground between large and small state systems. It combines the advantages of large states—peace, order, and well-being, with the autonomy and development of citizens in smaller states. Freeman identified three essential characteristics of federalism: it is artificial, based on human reason, and entirely circumstantial.

Federalism involves the distribution of power and authority across the geographic hierarchy of the state. It integrates politics, power, and space, showing a strong correlation between political freedom and development. According to Blair (1996), federalism influences how political power and public services are distributed, asserting that regional and local issues should take precedence over national concerns.

Decentralization, by contrast, is a centrally initiated effort to transfer authority and responsibility for governmental functions to local units. Nepal’s experience has historically leaned toward centralization rather than decentralization. Governance, in general terms, refers to “the act, manner, function or power of government,” where government means an established system of political administration (Webster’s Dictionary, 1998).

Federalism is a constitutionally guaranteed institutional arrangement that divides authority between federal and provincial governments. It can be classified into two opposing types. According to Alfred Stepan (2004), “coming together” federalism unites separate political units into a single federation (e.g., the U.S.), while “holding together” federalism decentralizes authority in a unitary system to maintain national unity (e.g., Spain). Some countries, such as Canada and India, display features of both.

Federalism also helps manage conflict in diverse societies by devolving power to provinces and addressing the demands of ethno-political groups (Anderson, 2013). However, federalism is not universal—fewer than 30 countries have federal systems. Cases like Sudan, DR Congo, Iraq, and Bosnia-Herzegovina show that federalism alone

does not guarantee stability. Ethiopia, despite introducing ethnic federalism in 1991 and including a secession clause, has not seen any region actually secede.

S. A. Paleker (2006) outlines three categories of federalism: (a) classical theory, (b) origin theory, and (c) functional theory. In classical theory, Robert Garran (1929) defined federalism as a form of government where sovereignty is divided so that each level is independent in its own sphere. James Bryce (1888) described federal and state governments as separate but coordinated systems, comparing them to two sets of machinery working independently yet intertwined. He emphasized the importance of a written constitution, an independent judiciary, two levels of government, and revenue-sharing mechanisms.

The origin theory explores how federalism arises, linking it to sociological, political, and multiple-factor explanations. The sociological theory emphasizes diversity in race, religion, language, and history. Wildavsky (1967) termed this "structural federalism," using the U.S. as an example of federal formation based on diverse social and territorial factors. The multiple-factor theory highlights shared defense, geographic proximity, and a desire for autonomy as triggers for federalism.

The political theory sees federalism as a response to political problems, especially in post-imperial contexts. Riker (1964) described federalism as a means to create larger political communities through cooperation rather than coercion. It reflects a political bargain among elites to preserve territorial integrity while granting autonomy to constituent units.

Finally, the functional theory critiques classical and origin theories for failing to address modern governance challenges. It emphasizes cooperation between central and regional governments, especially in financial and administrative domains. M.J.C. Vile and D.J. Elazar (1962) argued that a strict division of responsibilities has never worked in practice; instead, federal and state governments often operate interdependently. Functional federalism recognizes the necessity of shared responsibilities and coordinated action for effective governance.

Democratic Movements and Challenges in Nepal

Nepal has a long history of monarchical rule, and its journey toward democracy is relatively recent and fraught with challenges. Under the Gorkha rulers, the territory was defined using the Persian term *Muluk*, meaning possessions, referring to the King of Gorkha's domain (Burghart, 1984). Drawing on M.C. Chandra, Burghart explains that the

king perceived himself as a landlord, classifying land into tenurial categories and assigning, licensing, or auctioning rights to his subjects accordingly.

In the winter of 1950–1951, a coalition of the dissident Rana faction, the outlawed Nepali Congress Party, and King Tribhuvan overthrew the 105-year-old Rana regime, ending the proprietary form of governance (Burghart, 1984). Although Nepal held its first democratic election in 1960 (B.S.), the system was short-lived. In 1962, King Mahendra dissolved the parliamentary system and introduced the Panchayat system, centralizing power and embedding the monarchy as the sovereign authority. He pursued a policy of cultural homogenization, mandating the Nepali language in state affairs, introducing a new *Muluki Ain* (civil code), and establishing national emblems to foster a unitary identity.

Until 1990, Nepal functioned as an absolute monarchy. In response to a popular pro-democracy movement, King Birendra agreed to political reforms, establishing a constitutional monarchy with a parliamentary system. However, successive governments remained unstable, with none surviving more than two years. In 1996, the Communist Party of Nepal (Maoist) launched a violent insurgency across more than 50 districts, leading to over 13,000 deaths.

The situation further deteriorated after the 2001 royal massacre, in which King Birendra, Queen Aishwarya, Crown Prince Dipendra, and other royal family members were killed. Gyanendra, the late king's brother, was declared king. In 2005, King Gyanendra assumed direct control, dissolved Parliament, and imposed martial law, claiming civilian leaders had failed to address the Maoist insurgency. He detained political leaders, censored communication, and drove many into exile.

In response, the Seven Party Alliance (SPA) formed a broad coalition opposing the monarchy. On 22 November 2005, the SPA and the Maoists signed a historic 12-point Memorandum of Understanding, proposing an elected constituent assembly and democratic transition. This led to massive protests nationwide. After 19 days of demonstrations that resulted in 21 deaths and thousands of injuries, King Gyanendra reinstated the House of Representatives on 24 April 2006. His powers became subject to parliamentary scrutiny, and Nepal was declared a secular state, ending its status as a Hindu kingdom.

On 23 December 2007, an agreement was reached to abolish the monarchy and establish a federal republic. The 2008 Constituent Assembly elections saw the Maoists

emerge as the largest party. However, the Assembly was dissolved without producing a constitution due to disputes, particularly over federalism. A second Constituent Assembly was elected in 2013, and the new constitution was finally promulgated in 2015, establishing Nepal as a secular, federal republic.

Nepal's democratic history remains brief compared to its prolonged oligarchic and monarchical past. The struggle for democracy persisted through the Panchayat system and the Maoist armed movement. Political instability, manipulation, and inadequate institutional development have hindered the realization of democratic rights, freedoms, and human rights. Various social groups, including women, Dalits, ethnic minorities, and regional communities, continue to demand inclusion and autonomy.

Mishra analyzes Nepal's political transition as a product of multi-level historical-structural processes. He identifies four major themes: the decline of feudal structures, the growth of capitalism, successive waves of democratization, and the rise of individual agency and empowerment (Mishra, 2007). These dynamics shaped the 2006 movement, uniting the SPA, Maoists, and civil society in a transformative alliance. Notably, the CPN-Maoist shifted its stance in 2003, advocating the completion of a bourgeois democratic revolution rather than pursuing a New Democratic state.

Another key factor in democratization has been the rise of Nepal's middle class. As noted by Liechty (2008), this group expanded during the Panchayat era and after 1990, largely residing in suburban areas with a distinct, mixed suburban culture. Drawn from diverse backgrounds, they are unified by class and share exposure to global culture through foreign employment, education, and remittances. Despite Nepal's economic struggles, foreign income and aid have fostered a vibrant consumer economy, particularly in urban centers.

The political transitions of 1990 and 2006 marked significant steps toward democracy, but Nepal remains in a fragile and prolonged transitional phase. While democratic structures exist, the substantive realization of democratic norms and rights is still a work in progress. The people continue to demand a deeper, more inclusive form of democracy, one that addresses historic exclusions and reflects the aspirations of a diverse society.

Federalism for Restructuring the State: Challenges and Implications

Nepal has a long history of centralized governance. Even after the end of the autocratic Rana regime in 1950, centralized authority continued under the monarchy

through the partyless *Panchayat* system, where executive power was vested solely in the king. The democratic movement of 1990 marked a significant turning point, abolishing the *Panchayat* system and establishing a constitutional monarchy. However, the reforms did not fully address underlying political and social grievances. The Maoist insurgency (1996–2006) further destabilized the country, leading to the deaths of approximately 17,000 people and creating widespread unrest.

The second people’s movement in 2006 demanded a republican and secular state structure, eventually resulting in the abolition of the monarchy. After two Constituent Assembly elections and a decade of political struggle, Nepal promulgated a new constitution in 2015. The constitution introduced a federal system, envisioned socialism-oriented development, and aimed to ensure inclusive governance. Nepal was reorganized into seven provinces, and its previous administrative units—municipalities and village development committees—were restructured into 6 metropolitan cities, 11 sub-metropolitan cities, 276 municipalities, and 460 rural municipalities. Elections for federal and provincial levels were held in 2016, leading to the establishment of provincial governments.

David J. Bodenhamer (2001) highlights that federalism can enhance political participation by creating multiple levels of governance, thereby increasing opportunities for citizens to vote and hold office. However, in Nepal, challenges persist. There remains political resistance to decentralization, and government officials often obstruct provincial and local operations. Furthermore, inequalities in population distribution, geography, and resource allocation among the provinces continue to hinder the effective functioning of federalism. Table 1 illustrates the stark disparities in area, population, and density across Nepal’s seven provinces.

Table 1

Area and Population Distribution of Seven Provinces in Nepal

S.N.	Provinces	Province Capital	Area (km ²)	Population (2011)	Pop. Density	Population (2021)	Pop. Density	Pop. Percent.
1	Koshi Pradesh (Province No. 1)	Biratnagar	25,905	4,534,943	175.1	4,961, 412	192	17.01%
2	Madhes Pradesh	Janakpur	9,661	5,404,145	559.4	6,114,600	633	20.97%

S.N.	Provinces	Province Capital	Area (km ²)	Population (2011)	Pop. Density	Population (2021)	Pop. Density	Pop. Percent.
3	Bagmati Pradesh	Hetauda	20,300	5,529,452	272.4	6,116,866	301	20.97%
4	Gandaki Pradesh	Pokhara	21,504	2,413,907	113.2	2,466,427	115	8.46%
5	Lumbini Pradesh	Butwal	22,288	4,891,025	228.7	5,122,078	230	17.56%
6	Karnali Pradesh	Surkhet	27,984	1,168,515	50.2	1,688,412	60	5.79%
7	Sudur Paschim Pradesh	Dhangadhi	19,539	2,552,517	130.6	2,694,783	138	9.24%

Note. National Statistics Office (2023)

An analysis of cross-sectional data on area, population, and population density reveals significant imbalances among Nepal's seven provinces. Madhes Province and Bagmati Province have the highest population percentages, each holding 20.97% of the national population. In contrast, Karnali Province has the lowest population, with only 5.79% of the national total, despite being the largest in area. Madhes has the highest population density, rising from 559.4/km² in 2011 to 633/km² in 2021. This indicates rapid urbanization and population pressure on limited land. Karnali, despite its large size (27,984 km²), has the lowest population density at just 60/km² in 2021, reflecting limited access to services, infrastructure, and economic opportunities. Gandaki and Sudurpashchim also have relatively low densities (115 and 138/km², respectively), suggesting rural settlement patterns and potential underdevelopment. Karnali and Gandaki occupy large geographic areas but contribute only 5.79% and 8.46% of the population, respectively. Conversely, Madhes, with the smallest area (9,661 km²), has the highest population share, showing a stark spatial imbalance. The disparity in population density and geographic size creates challenges for equitable resource distribution, infrastructure planning, and public service delivery.

Provinces like Madhes face intense pressure on land and services, while provinces like Karnali may suffer from neglect due to lower population and political influence. These imbalances could undermine federal equity, leading to further inter-provincial inequality and social tension if not addressed. The data highlights a critical challenge for Nepal's federal system, balancing representation, development, and resource allocation across vastly different provinces. Effective decentralization must take into

account not only population numbers but also geographic spread and development needs, especially in underrepresented and resource-poor provinces like Karnali and Sudurpashchim. Significant disparities also exist among the seven provinces in terms of GDP contribution, literacy rates, per capita income, electricity generation, and road infrastructure. These variations, detailed in Table 2, further underscore the uneven development patterns highlighted in Table 1 and emphasize the complex challenges Nepal faces in achieving balanced regional growth.

Table 2

Social and Economic Indicators of Seven Provinces of Nepal

S N	Indicators	Koshi (p. 1)	Madhes	Bagmati	Gandaki	Lumbini	Karnali	Sudurpash chim	Nepal
1	Share on GDP (%)	15.7	13.2	37.0	9.1	14.1	4.1	7.0	-
2	Literacy Percentage (%) - NSO-2021	79.7	63.5	82.1	81.7	78.1	76.1	76.2	76.2
	Male (%)	86.1	72.5	88.3	88.8	85.2	83.3	85.4	83.6
	Female (%)	73.6	54.7	76	75.3	71.7	69.4	68.2	69.4
4	Per capita Income (\$) - (2022/23)	1,299	875	2,455	1,593	1,126	997	1,063	1,434
5	Electric Generation (Mw)	120	6.00	640	354	30	5	15	3,602
6	Road Network (km/100 km ²) - SSR, 2021 MoPIT	146.75	68.80	175.82	127.94	114.36	47.07	66.81	747.56
7	Poverty Rate, 2021	17.19	22.53	12.59	11.88	24.35	26.69	34.16	20.27
8	Provincial Assembly - CDC, 2017	56+37=93	64+43=93	66+44=110	36+24=60	52+35=87	24+16=40	32+21=53	550

Note. Constituency Delimitation Commission of Nepal (2017); Ministry of Finance, Government of Nepal (2023)

Table 2 presents a comparative overview of the social and economic indicators of the seven provinces of Nepal, revealing distinct patterns of development and inequality across the country. In terms of contribution to the national GDP, Bagmati Province dominates with a striking 37 percent share, reflecting its position as the political, administrative, and economic hub of Nepal, encompassing the capital city, Kathmandu. Koshi and Lumbini follow distantly with 15.7 percent and 14.1 percent, respectively, while Karnali at 4.1 percent and Sudurpashchim at 7.0 percent contribute the least, underscoring their relatively marginal roles in the national economy. Literacy rates further illustrate regional disparities. The national literacy rate stands at 76.2 percent, with Bagmati (82.1 percent) and Gandaki (81.7 percent) leading in educational attainment. Koshi is also above average at 79.7 percent. Conversely, Madhes Province lags significantly with only 63.5 percent, driven largely by a much lower female literacy rate of 54.7 percent compared to male literacy of 72.5 percent. This gender gap is particularly notable in Madhes, whereas in other provinces like Bagmati and Gandaki, the male-female literacy gap is narrower, suggesting better gender parity in education.

Per capita income reflects a similar pattern of inequality. The national average is 1,434 US dollars (2022/23), yet Bagmati Province far surpasses this with 2,455 dollars, demonstrating its economic centrality. Gandaki with 1,593 dollars and Koshi with 1,299 dollars also perform relatively well. In contrast, Madhes at 875 dollars and Karnali at 997 dollars fall well below the national average, indicating persistent income disparities and underdevelopment in these regions. Electricity generation further reveals stark contrasts. Bagmati again leads with 640 megawatts, followed by Gandaki at 354 megawatts and Koshi at 120 megawatts. Provinces like Karnali with 5 megawatts and Madhes with 6 megawatts contribute minimally, reflecting both a lack of investment in infrastructure and potential geographical limitations. The national total stands at 3,602 megawatts, with Bagmati and Gandaki accounting for more than a quarter of the total combined. Road infrastructure, measured in kilometers per 100 square kilometers, is highest in Bagmati at 175.82 and Koshi at 146.75, indicating better connectivity and transport facilities. Karnali, with only 47.07 kilometers per 100 square kilometers, has the lowest road network density, which reflects the challenges posed by its mountainous terrain and limited infrastructure development. Madhes at 68.80 and Sudurpashchim at 66.81 also remain below average, highlighting the uneven distribution of physical infrastructure across provinces.

The poverty rate adds further nuance to the picture. While the national poverty rate is 20.27 percent, provinces like Sudurpashchim at 34.16 percent, Karnali at 26.69 percent, and Lumbini at 24.35 percent face the most acute poverty levels. On the other hand, Bagmati at 12.59 percent and Gandaki at 11.88 percent have the lowest poverty rates, correlating closely with their higher per capita income, road access, and electricity generation. Lastly, the distribution of provincial assembly seats offers insights into political representation. Bagmati has the largest assembly with 110 members, followed by Koshi and Madhes with 93 each. Provinces like Karnali, with 40 seats and Sudurpashchim with 53 seats, have smaller assemblies, consistent with their population size and political weight. In summary, the table illustrates the deep regional inequalities in Nepal, with Bagmati emerging as the most developed province across almost all indicators, while Karnali, Sudurpashchim, and Madhes face significant development challenges in terms of literacy, income, infrastructure, and poverty. These disparities underscore the need for targeted regional development policies to ensure more equitable socio-economic progress across the country.

The caste and ethnic representation in Nepal's provincial assemblies reveals significant disparities. Table 3 illustrates the composition of provincial assemblies based on both the First-Past-the-Post (FPTP) and Proportional Representation (PR) electoral systems. In Province 1, Hill Janajatis constitute 39% of the population—11 percentage points higher than the Khas Arya (28%)—yet their representation in the provincial assembly is only marginally greater at 40% compared to 39% for Khas Arya. Similarly, Madhesis, who make up 26% of the population, hold just 19% of the seats. In Province 2, Madhesis comprise a dominant 87% of the population but occupy only 79% of the assembly, while Khas Arya, at just 6% of the population, hold 16% of the seats. In Province 3, Hill Janajatis represent 53% of the population but have only 41% representation, whereas Khas Arya, who constitute 37%, hold a disproportionate 54% of the seats. The pattern continues in other provinces: Madhesis, who make up 17% of the population in Province 4, have no representation in the assembly. In Province 5, Hill Janajatis account for 20% of the population but hold only 14% of seats, while Khas Arya, at 30%, enjoy over 50% representation. In Province 6, 23% of marginalized groups are represented by a mere 3% of seats. Finally, in Province 7, 17% of other categories account for only 6% representation, and Madhesis, despite forming 19% of the population, hold just 14% of the seats. These figures highlight the persistent

underrepresentation of marginalized ethnic and caste groups, raising critical questions about inclusivity and equity in Nepal's federal democratic structure.

Table 3

Representation of Different Social Groups in the Seven Provincial Assemblies (in %)

Province	Khas Arya	Indigenous Peoples	Madhesi	Dalit	Tharu	Muslim
Koshi	39.78	45.16	5.60	4.30	1.82	3.23
Madhesh	3.74	5.60	53.64	7.48	10.00	16.09
Bagmati	44.54	53.64	3.64	4.30	4.60	13.21
Gandaki	53.33	36.67	1.88	10.00	5.66	2.15
Lumbini	44.83	17.24	10.00	4.60	3.23	13.08
Karnali	80.00	10.00	4.60	10.00	3.74	4.60
Sudurpashchim	79.25	5.38	4.60	13.08	16.09	4.60

Note. Election Commission and Dignity Initiative (2022)

Nepal's democratic history is relatively short, and this has contributed to a political culture where the misuse of power remains a persistent concern. As Roger Myerson (2006) notes, in countries with a long and uninterrupted democratic tradition, political leaders tend to earn public trust by adhering to constitutional norms and prioritizing the public good. In contrast, in post-authoritarian contexts like Nepal, where leaders previously rose through loyalty to monarchs or autocratic elites, there is often a lack of established democratic reputations. Politicians emerging from such systems are commonly perceived as self-serving and inclined to prioritize patronage over public accountability. This legacy of authoritarianism complicates the practice of federalism in Nepal. While the 2015 Constitution envisions a decentralized system of governance that empowers provinces and local units, the prevailing political mindset continues to favor centralization and elite control. Leaders at both federal and provincial levels are often reluctant to devolve meaningful authority or resources, fearing a loss of influence. As a result, federalism risks becoming a symbolic structure rather than a functional one. The expected democratic dividends of federalism—such as improved service delivery, inclusive governance, and increased public participation—are undermined when voters distrust political institutions and view elections as competitions between elite factions rather than vehicles for representation.

Furthermore, when citizens believe that all politicians are primarily motivated by self-interest, they may disengage from the democratic process entirely, reducing accountability and weakening the very foundation of federalism. Thus, Nepal's federal experiment cannot succeed without simultaneously cultivating a strong democratic culture grounded in transparency, accountability, and public trust.

Conclusion

A well-functioning democracy relies on specific social, political, and economic structures that support inclusive governance and equitable development. The key elements, such as intergroup equality, strong political institutions, the emergence of a middle class, a diminished role of the military, economic diversification, and the influence of globalization, are all crucial for sustaining true democratic practices. In Nepal, the road to democracy is still nascent, shaped by the legacy of monarchical and oligarchic rule under the Ranas and kings. Throughout the partyless *Panchayat* period and the decade-long Maoist insurgency, democracy has been both contested and manipulated, often leaving citizens with limited access to genuine freedom, human rights, and democratic participation.

Nepali society remains deeply fragmented, with marginalized groups—including women, Dalits, ethnic minorities, and regional communities—continuing to struggle for recognition and autonomy. Although the federal system introduced by the Constitution of Nepal 2015 aimed to address these historical injustices, it has yet to effectively resolve the entrenched inequalities across the regions and communities. There are stark disparities in the distribution of geography, population, and resources among the seven provinces. The provinces such as Karnali and Sudurpashchim remain significantly underdeveloped in terms of income, education, infrastructure, and energy access. Educational investment is urgently needed in the provinces such as Madhes and Karnali, while disparities in electricity generation and road networks persist. Moreover, the ethnic representation in the provincial assemblies remains uneven, reinforcing the perceptions of exclusion. If these inequalities are not addressed through the inclusive policies and equitable resource allocation, federalism will fail to strengthen democracy in Nepal and may instead deepen social and regional divides.

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