

Book Review

Bishwambher Pyakuryal, Madan Kumar Dahal, Govinda Nepal, Dadhi Adhikari and Gunjan Gautam (2009). *Fiscal management and revenue sharing in the federal state of Nepal*. Nepal Economic Association, Kathmandu. PP. 6+98. Price: NRs 300. ISBN: 978-99933-847-2-4.

Federalism is a system of multi-tiered government in a country. This system of government is expected to achieve efficient allocation of resources, improve governance, accelerate economic growth, reduce poverty, maintain gender and regional equity and empower the weaker section of the society. Irrespective of ideological differences federalism has been practiced variously in different countries. International experiences show that federal structure of the nation address geographical structure, social composition, level of development and national priorities. The appropriate model for federalism is country specific and the success or failure of federal system of government depends on its own various factors. So, complete replication of the federal model of the government practiced by any nation to other nation is not feasible and unsuitable as well.

In Nepal, different sections of the societies have witnessed oppression, injustice and inequality for long. Frequently the voices for restructuring the state were raised but the concerned stakeholders turned their deaf ear to such demand of the majority of the people and many times the peoples were made voiceless by brutal state oppression. But the glorious success of the *Janaandolan Two* which was jointly led by the Seven Parties Alliances and CPM (Maoist) provided the Interim Constitution 2063 as a product of the political consensus between them. The Interim Constitution mandated us to embark on the course of the federal structure.

Though almost all political parties and relevant stake holders have agreed to make Nepal a federal state, there is no consensus regarding the structure of the federalism. There can be several crucial factors for the success of the federal form of the government and fiscal management is one of such key consideration. Until now only few discussions regarding the fiscal management and revenue sharing have been made which are not sufficient to this core factor in the upcoming federal structure of Nepal. Thus the study made by these reputed authors is of immense relevancy in this present context.

The book under review is divided into six sections where the first section is introduction which deals with context, challenges, objectives, approach and expected output of the study. This section honestly considers the challenges that Nepal should face while implementing the federal structure of the government. The second section provides a brief review on federalism which includes a very short background about federalism, historical background of federalism in Nepal, social structure of Nepal, socio-economic and political status of Nepal, practices of federalism in Canada, Switzerland, South Africa and SAARC countries.

It is the third section of the study which draws the readers' attention with fiscal federalism and international experience. This section provides us with intensive and critical analysis of the federal structure of Argentina, Brazil, Canada, Nigeria, Ethiopia, Australia, and India. This section lucidly and carefully reviews how the expenditure and revenues are shared among the different tiers of the government and what are the provisions of the intergovernmental transfers in these reviewed countries? The review of the comparative elements of fiscal federalism and international experiences in this section offers an adequate space to link their strengths into real life Nepali situation.

The fourth section examines the fiscal management and revenue sharing in Nepal. This chapter includes an assessment of existing fiscal management and revenue sharing policies, current state of public finance, existing financial transfer and revenue sharing practice and overall situation of internal revenue at local bodies. The fifth section of the study incorporates the different opinions of the selected political parties and analyses their manifestos and fiscal implication of the proposed state.

The sixth or last chapter presents the summery, conclusion of the discussion made in the preceding chapters. At present the various sections of the society demanding the bases of the federal structure in different forms. Some are arguing that ethnicity, caste, language are the bases of the federal structure while some claim that geographical condition should be the major criteria for making federal states. But the authors conclude that federalism should balance the influence of geographical structure, state of development, social composition and national priorities.

On the whole, the book gives clear and thought-provoking insight about fiscal management and revenue sharing in the federal state of Nepal. It has put forth the issue on the floor for the further discussion and rectification. The mainstream political parties and the concerned stakeholders have frequently reiterated the need for the federal state publicly and officially through their manifesto. Unfortunately there has been no consensus among them about the nature and structure of the federalism in Nepal and there is dissatisfaction among intellectuals, academicians that the political parties have not done enough homework regarding this issue. In this sense this study made by the renowned scholars will be a very useful guideline to those people who wish to have a fruitful discussion on federalism in Nepal. There is no doubt that this book will be an appropriate gift for the concerned and interested readers, however, the writers would be accredited more if they had made the GIS mapping to identify the resource endowment and their economic potentialities in the different geographical regions as this may be a considerable issue while forming sub-national states in federal Nepal.

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