Original Article *Journal of Multidisciplinary Research Advancements (JOMRA), Vol. 3, No. 1 (2025), 6 – 15*
e-ISSN 2990-7721 Available online at https://www.nepjol.info/index.php/jomra

Road Accidents in Nepal: Trends, GDP Impact, and Policy Gaps

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Abstract: This study examines the relationship between road accidents and gross domestic product (GDP) in Nepal, analysing trends from 1993 to 2018. Using descriptive statistics and econometric modelling, the research reveals that Nepal experiences an average of 5,239 road accidents annually, with motorcycles (37% of incidents) and pedestrians (39% of fatalities) being the most vulnerable. The multiple regression analysis demonstrates a significant negative impact of road accidents on GDP ($\beta = -0.19$, $p < 0.01$), indicating that a 1% increase in accidents reduces GDP growth by 0.14%. The study identifies key contributing factors, including poor road infrastructure (only 43% paved), inadequate maintenance, and weak policy enforcement. These findings underscore road safety as a public health priority and economic imperative, with recommendations for infrastructure investment, vehicle safety regulations, and improved data systems. The research provides empirical evidence for policymakers to integrate road safety measures into Nepal's economic development strategy, offering insights relevant to similar developing nations facing transportation challenges.

Keywords: *Road accidents, GDP, Nepal, Transportation policy, Econometric analysis*

Conflicts of interest: None
Supporting agencies: None

Received 14.2.2024 Revised 30.4.2025 Accepted 12.5.2025

Cite This Article: Khanal, K.P. (2025). Road Accidents in Nepal: Trends, GDP Impact, and Policy Gaps. *Journal of Multidisciplinary Research Advancements*, 3(1), 6-15.

1. Introduction

Road safety remains one of the most significant global challenges, with road accidents causing approximately 1.17 million deaths annually, where pedestrians account for 65% and children represent 35% of fatalities (Kareem, 2003). The World Bank (2017) reports even higher figures, estimating 1.25 million deaths and 20-50 million severe injuries or disabilities each year, predominantly affecting individuals aged 19-30 years. Developing countries bear a disproportionate burden, experiencing 70% of global road fatalities compared to 30% in developed nations. If current trends continue, road accidents are projected to become the seventh leading cause of death by 2030 (WB, 2017), representing both a public health crisis and a substantial economic burden.

The situation is particularly severe in Asia, where one person dies in a road accident every 40 seconds - equivalent to over 2,000 daily deaths and 15,000 weekly fatalities (UN, 2013). The region accounted for 59% (0.73 million) of global road deaths in 2013, with an estimated economic cost of 3% of GDP ($558 billion) (UN, 2013). Nepal mirrors this troubling pattern, experiencing 3,247 annual road accidents from 1993-2018, resulting in 119 deaths, 333 serious injuries, and 2,218 minor injuries per year (NG, 2018). The economic impact is substantial, costing approximately 1% of Nepal's GDP (NG, 2018), highlighting how road accidents have become an uncontrolled threat to both human life and economic development.

Most accidents in Nepal stem from driver negligence (79%), along with other contributing factors, including speeding, alcohol impairment, vehicle defects, dangerous overtaking, poor road conditions, and environmental factors (Department of Transport, 2018). These accidents create multifaceted negative impacts, affecting human lives, productivity, vehicle maintenance costs, and healthcare expenditures. Yusuff (2017) characterises road accidents as a major obstacle to transportation mobility, imposing significant financial burdens on victims and society. Sharma (2016) identifies them as a growing social threat, while Kual (2005) emphasises their unpredictable nature. The World Bank and WHO (2018) further underscore the substantial economic costs and tragic consequences of road accidents, particularly in developing nations like Nepal.

The problem is further increased by inadequate policy attention and traffic management systems. WHO (2018) data reveal that road accidents account for 3.01% (4,921) of total deaths in Nepal, with an age-adjusted death rate of 20.13 per

10,000 population - ranking Nepal 79th globally for road fatalities. Kathmandu Valley experiences particularly high crash rates (95,902 crashes) compared to other regions, though with relatively fewer deaths (14,512) but more injuries (100,499) (Karkee & Lee, 2016). Adhikari (2016) attributes increasing accident rates to road expansion projects and inexperienced drivers, with the 25-34 age group being most vulnerable during afternoon hours. Pandey (2013) notes that Nepal's highways are among the world's most dangerous, with fatality rates 100 times higher than Japan's and 10 times higher than India's. Despite these alarming statistics, existing studies (Karkee & Lee, 2016; Adhikari, 2016; Bista & Adhikari, 2016; Pandey, 2013) have limitations in their perspectives, data usage, and methodologies, leaving critical gaps in understanding the economic dimensions of road accidents.

This study addresses these gaps by examining three key aspects: (1) analysing accident trends, (2) investigating the relationship between road accidents and GDP, and (3) identifying specific contributing factors. The research builds on previous work while introducing robust econometric analysis to quantify impacts more precisely. By doing so, it aims to provide policymakers with evidence-based insights for developing more effective road safety strategies and resource allocation decisions. The findings will contribute to the limited literature on transportation economics in developing countries, particularly in the challenging context of Nepal's unique geographical and infrastructural conditions.

The study employs secondary data from 1993-2018 collected from Nepal's Department of Transport, Ministry of Finance, and Traffic Police Office to assess accident trends and economic impacts. Methodologically, it advances beyond descriptive statistics used in prior research by applying econometric techniques to analyse relationships between accident rates, economic indicators, and various determinants. This approach enables a more comprehensive understanding of how road accidents affect Nepal's development trajectory and which intervention areas might yield the greatest benefits. The results have important implications for achieving Sustainable Development Goal targets related to road safety while addressing a critical knowledge gap in transportation economics literature specific to low-income countries. This study makes several novel contributions to the existing body of research on road accidents in Nepal, distinguishing it from prior work. While previous studies have explored the prevalence of road accidents and their social implications, this research is the first to apply econometric modelling to quantitatively analyse the relationship between road accidents and GDP in Nepal. This study provides a comprehensive examination of accident trends from 1993 to 2018, utilising a broader time frame than earlier research. By analysing long-term data, the study identifies persistent patterns and shifts in accident rates, contributing to a better understanding of road safety issues in Nepal.

2. Materials and methods

This study employed an exploratory and descriptive research design to analyze the characteristics, trends, and economic impact of road accidents in Nepal, specifically focusing on their relationship with GDP. The methodological framework integrates descriptive statistics for trend analysis and econometric modeling to quantify the GDP impact, using secondary data from 1993 to 2018.

The conceptual framework builds upon the World Health Organization's (WHO, 2018) recognition of road accidents as significant economic burdens. The study operationalizes this relationship by treating GDP (Y) as a function of road accident incidence (Xrt), expressed in its basic form in equation (i)

$Y = f(Xrt)$ ……. (i)

This foundational equation is expanded into a comprehensive multivariate model that incorporates various transportation-sector variables to capture the nuanced interactions between infrastructure development, vehicle proliferation, and accident rates.

For data collection, the study relies on three authoritative secondary sources: road accident records from the Department of Transport (DOT), economic indicators from the Ministry of Finance (MOF), and demographic and vehicle statistics from the Central Bureau of Statistics (CBS). The 25-year study period (1993-2018) was selected through purposive sampling based on three key considerations. First, pre-1990 data lacked consistent and reliable documentation of accident statistics. Second, the selected timeframe provides sufficient observations for robust statistical analysis while maintaining temporal relevance. Third, the period coincides with Nepal's rapid road network expansion and vehicle ownership growth, making it particularly suitable for examining the hypothesized relationships.

The analytical approach employs two complementary methodologies corresponding to the study's dual objectives. For assessing the status and trends of road accidents, the study utilizes descriptive statistical measures, including means, medians, and standard deviations, to summarize central tendencies and variations in accident rates, fatalities, and injuries. These quantitative findings are supplemented with visual representations through bar charts and pie diagrams that illustrate the distribution of accident types, victim demographics, and temporal patterns. Trend analysis employs linear regression fitting to identify significant patterns in accident rates relative to vehicle growth and infrastructure expansion.

To examine the economic impact, the study specifies a multiple linear regression model where GDP serves as the dependent variable, predicted by eight independent variables: numbers of buses, minibusses, trucks, small vehicles, and motorcycles; per capita vehicle ownership; per capita road kilometers; and annual road accident incidence. The full model takes the form as shown in equation (ii)

GDP(Y)=β+β1Bus(X1)+β2MiniBus(X2)+β3Truck(X3)+β4SmallVehicle(X4)+β5Motorcycle(X5)+β6Per Capita Vehicle (X6)+β7Per Capita Road KM (X7)+β8Road Accident per annum(X8) +e ….. (ii)

where each β coefficient represents the marginal effect of its corresponding variable on GDP. Model validation includes diagnostic tests for multicollinearity (using Variance Inflation Factors), heteroskedasticity (via the Breusch-Pagan test), and autocorrelation (examining Durbin-Watson statistics). Robustness is further assessed through alternative model specifications, including log-linear transformations.

3. Results and discussion

Nepal's road safety crisis is evidenced by an annual average of 5,239 road accidents - significantly higher than global averages (DOT). Temporal analysis reveals an alarming upward trend, with 2015-2017 marking peak years that exceeded the national average (Figure 1).

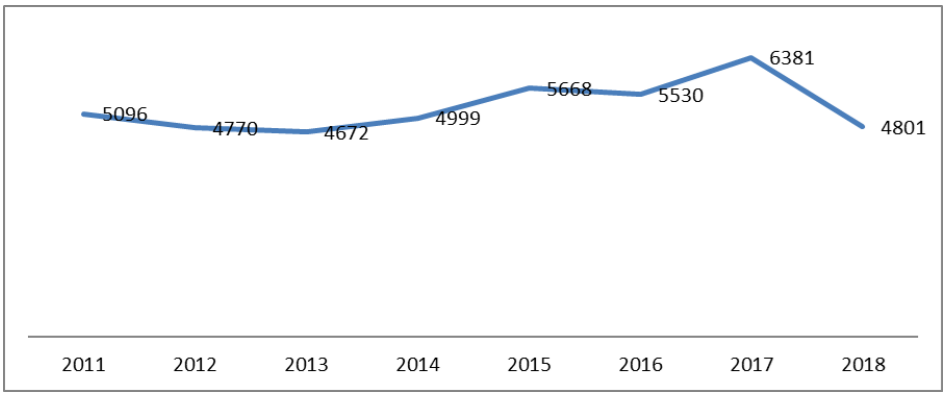

Figure 1: Road Accidents in Nepal

Figure 1 demonstrates a general upward trend in road accidents over the eight-year study period, except for 2018 which showed a decrease. Notably, the years 2015-2017 represent significant outliers, with accident rates exceeding the annual average. In contrast, the years 2011-2014 and 2018 recorded accident rates below average. This increasing trend in road accidents has directly contributed to rising human casualties, resulting in greater numbers of both fatalities and injuries. The data clearly indicates that periods with above-average accident rates correspond with heightened human costs.

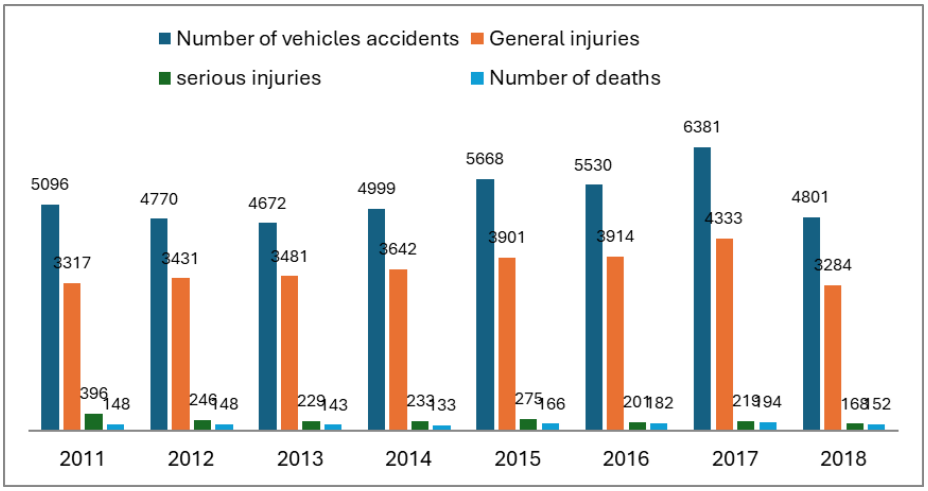

Figure 2: Status and Trend of Road Accidents, Death and Injury

Figure 2 shows a clear positive correlation between road accidents and casualty rates in Nepal. The data reveals an annual average of 158 fatalities, 245 major injuries, and 3,662 minor injuries, underscoring the severe human toll of traffic incidents. These figures translate into substantial economic losses through multiple channels, including vehicle repair costs, productivity losses from fatalities, and healthcare expenditures for injury treatment.

The study further identifies that road accidents involve all major vehicle categories in Nepal's transportation system. Heavy vehicles such as trucks and tippers account for a significant portion of incidents, along with public transport vehicles such as buses and micro-buses. Private vehicles (cars, jeeps, and vans) and two-wheelers (motorcycles and scooters) also

feature prominently in accident statistics, while three-wheelers (tempos) represent a smaller but notable segment. This widespread distribution across vehicle types highlights the systemic nature of road safety challenges in the country.

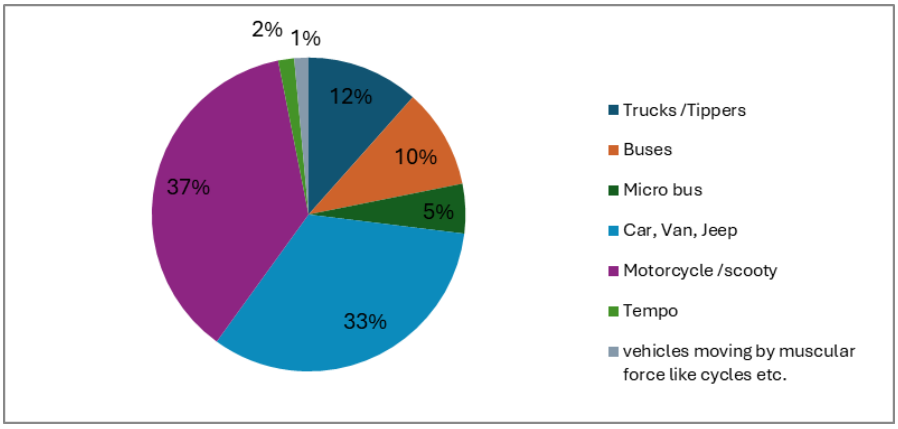

Figure 3: Types of Vehicles in road accident

Figure 3 presents a detailed breakdown of vehicle types involved in road accidents. Motorcycles are the most prevalent category, accounting for 37% of total incidents. Small vehicles, including cars and jeeps, constitute the second largest group at 33%, followed by trucks/tippers (12%), buses (10%), microbuses (5%), tempos (2%), and other vehicle types (1%).

The fatality distribution associated with these accidents shows particularly alarming patterns for vulnerable road users. Motorcycle riders suffer the highest mortality rate at 45% of total deaths, while pedestrians represent the second most affected group at 39%. Other vehicle occupants experience significantly lower fatality rates: truck riders (3%), bus riders (3%), car riders (3%), microbus riders (1%), and tempo/tractor riders (1%).

These findings highlight two critical safety concerns in Nepal's transportation system. First, the disproportionate involvement of motorcycles in accidents suggests an urgent need for improved two-wheeler safety measures. Second, the exceptionally high pedestrian death rate indicates inadequate infrastructure protection for non-motorized road users. The relatively lower fatality rates among larger vehicle occupants may reflect the protective benefits of vehicle size and safety features.

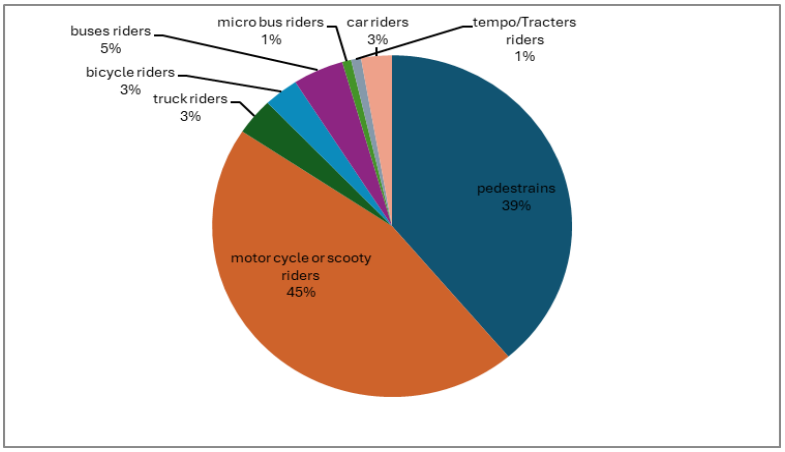

Figure 4: Types of Death

Figure 4 shows that motorcycle riders and pedestrians bear the highest risk of road accidents in Nepal, together accounting for most incidents. This pattern highlights the disproportionate vulnerability of these two groups within the country's transportation ecosystem.

The data reveals that motorcycle users face significant dangers due to their limited physical protection and exposure to traffic. Similarly, pedestrians experience heightened risks, likely stemming from inadequate walking infrastructure and poor road crossing facilities. These findings underscore the urgent need for targeted safety interventions, including improved motorcycle regulations and pedestrian-friendly urban planning, to protect Nepal's most vulnerable road users.

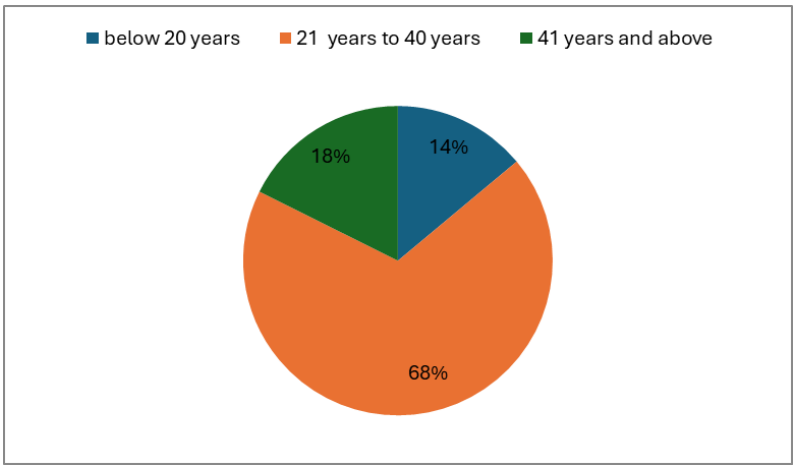

Figure 5: Age and Sex Composition of Death in Road Accident

The age distribution of drivers involved in accidents, as shown in Figure 5, reveals that young adults aged 21-40 represent the highest-risk group, accounting for most incidents. This is followed by middle-aged drivers above 41 (18%) and teenagers below 20 (14%). This pattern suggests that Nepal's road safety crisis disproportionately affects its most economically productive population segment.

Figure 6 highlights a significant gender disparity in accident fatalities, with males constituting 76% of deaths compared to 24% of females. This pronounced imbalance likely reflects differences in mobility patterns, occupational exposure, and risk-taking behaviors between genders. The data underscores that young and middle-aged male drivers represent the most vulnerable demographic to fatal road accidents in Nepal.

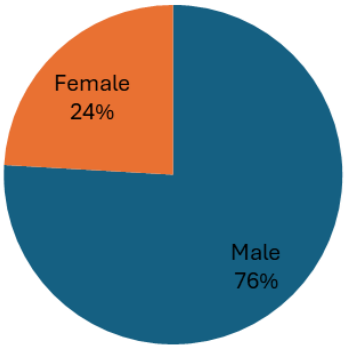

Figure 6: Sex Composition of Death in Road Accident

Figure 7 reveals distinct diurnal variations in road accident occurrence, with daytime incidents significantly outnumbering nighttime accidents. The data demonstrates a clear peak during afternoon hours, as 42% of all accidents occur between 12:00 and 18:00. Morning hours (6:00-12:00) account for 30% of incidents, while evening periods (18:00-24:00) represent 24%. Notably, only 4% of accidents occur during late night/early morning hours (24:00-6:00).

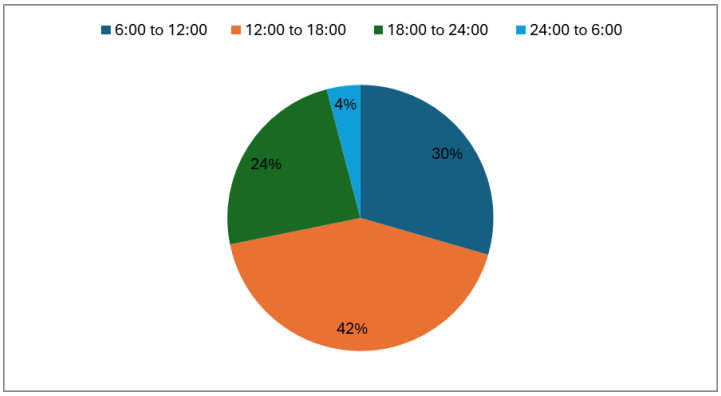

Figure 7: Road Accident Intensity in Different Time

Figure 8 identifies two primary categories of accident causation factors: driver-related and road-related. The driver-related factors demonstrate a striking pattern, with driver negligence emerging as the predominant cause, accounting for 88% of accidents. Other significant behavioral factors include over speeding (4%) and alcohol impairment (4%), while vehicle defects (2%), dangerous overtaking (1%), and pedestrian negligence (1%) represent relatively minor contributors.

The road infrastructure itself constitutes another major risk factor. Despite government priorities for double-lane blacktopped roads, the reality shows significant gaps in road quality across Nepal's transportation network. This dichotomy between policy goals and implementation reveals critical infrastructure challenges that compound the behavioral risks. The combination of prevalent driver negligence (particularly speeding and alcohol use) with substandard road conditions creates a perfect storm for accident occurrence. These findings suggest that effective road safety interventions must address both human behavior and physical infrastructure simultaneously to achieve meaningful reductions in accident rates.

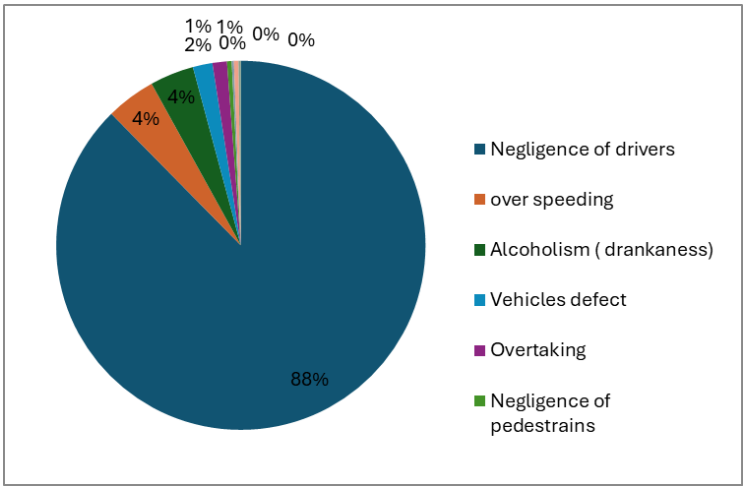

Figure 8: Factors of Road Accidents

Table 1 presents a concerning overview of Nepal's road network composition and its implications for traffic safety. As of 2018, the country's 29,639 km road network consists of only 43% blacktopped surfaces, while 34% remain earthen and 23% gravel. This distribution reveals that nearly two-thirds of Nepal's roads (57%) lack proper paving, resulting in rough and uneven surfaces that significantly contribute to road accidents.

The data from 2014-2018 shows a gradual expansion of the road network, with blacktopped roads increasing from 11,197 km to 13,149 km. However, the persistent predominance of unpaved surfaces continues to pose safety challenges. Even the existing blacktopped roads face maintenance issues, with only 30% receiving proper upkeep according to the data. This maintenance deficit further increases safety risks regarding what should be the most reliable segments of the road network.

Table 1: Road Extension from the Central Agency (Kilometer)

Fiscal year	Black Topped	Graveled	Earthen	Total
2014	11197	6086	9163	26446
2015	11798	6287	9411	27496
2016	12173	6460	9675	28308
2017	12803	6822	9492	29117
2018	13149	6956	9534	29639

Table 2 presents Nepal's road infrastructure development and maintenance activities from 2014 to 2018, revealing several important patterns. The data shows fluctuating annual investments in new road construction, ranging from 522 km (2018) to 1,180 km (2014). Blacktopping efforts varied significantly across the years, peaking at 630 km in 2017 but dropping to just 264 km in 2016.

The maintenance records demonstrate a concerning trend. While regular maintenance coverage expanded from 8,200 km (2014) to 9,500 km (2017-2018), periodic maintenance declined sharply from 400 km (2014) to just 214 km (2017-2018). This suggests a potential shift toward reactive rather than preventive maintenance strategies. Bridge construction remained relatively stable, averaging 60 units annually, though 2018 saw a notable decrease to just 22 bridges.

Table 2: Regular and Periodic Maintenance of Roads (Kilometers)

Fiscal year	New road in km	Graveled in km	Black-topped in km	Regular maintenance in km	Periodic Maintenance in km	Bridge construction
2014	1180	685	538	8200	400	72
2015	648	401	601	8908	350	73
2016	639	345	264	9200	443	63
2017	809	992	630	9500	214	72
2018	522	480	346	9500	214	22

The multiple regression analysis presented in Table 3 examines the relationship between Nepal's GDP (dependent variable Y) and eight transportation-related independent variables, including various vehicle types (buses, minibusses, trucks, small vehicles, motorcycles), per capita vehicle ownership, road infrastructure (per capita road kilometres), and annual road accident rates. The model incorporates nine parameters (β, β1-β8) to quantify these relationships, with descriptive statistics revealing significant variability across all variables. Nepal's average GDP stood at 4802.38 (SD ±2399.52), while transportation indicators showed motorcycles as the most numerous vehicle type (mean 34,400 ±27,853.39), followed by small vehicles (5,460.12 ±4,860.01). Road infrastructure averaged 77.98 km per capita (±12.48), and annual road accidents averaged 3,297.12 incidents (±1,464.54). The substantial standard deviations, particularly for motorcycle numbers (±27,853.39) and small vehicles (±4,860.01), highlight considerable fluctuations in Nepal's transportation sector, while the GDP variation (±2399.52) reflects significant economic volatility during the study period. This analytical framework enables precise estimation of how transportation factors influence economic performance, providing important insights for evidence-based policy development in Nepal's evolving transport sector.

Table 3: Mean and Standard Deviation

Variables	Mean (Standard Deviation)
GDP(Y)	4802.38(2399.52)
Bus (X_1)	448.15(255.11)
Minibus (X_2)	466.04(537.56)
Truck (X_3)	775.77(418.64)
Small Vehicle (X_4)	5460.12(4860.01)
Motorcycle (X_5)	34400(27853.39)
Per Capita Vehicle (X_6)	33.41(29.28)
Per Capita Road KM (X_7)	77.98(12.48)
Road Accident per annum(X_8)	3297.12(1464.54)

Table 4 presents regression results analyzing Nepal's GDP against eight transport variables. The model shows strong overall fit (R^2=0.92) but no statistically significant individual predictors at 5% or 10% levels. Key findings include buses (β=1.058), small vehicles (β=0.138) and motorcycles (β=0.22) show positive but insignificant GDP relationships, while road accidents show a negative association (β=-0.48). Per capita road kilometers demonstrate a positive coefficient (β=50.54), suggesting potential economic benefits from infrastructure expansion. The insignificant p-values (all >0.05) indicate these relationships may require alternative specifications or larger samples to detect significance, despite the model's high explanatory power across 26 observations.

Table 4: Results of Multiple Regression Model

Dependent Variable: GDP			
Regressor	**Coefficient**	**Std. error**	**P value**
Constant	3192.04	3338.67	0.35**
Bus (X_1)	1.058	2.05	0.61*
Minibus (X_2)	-0.14	1.29	0.91**
Truck (X_3)	-0.28	1.37	0.83*

Small Vehicle (X_4)	0.138	0.31	0.67**
Motorcycle (X_5)	0.22	0.25	0.38**
Per Capita Vehicle (X_6)	-486.86	717.89	0.50**
Per Capita Road KM (X_7)	50.54	89.56	0.90**
Road Accident per annum(X_8)	-0.48	0.59	0.42**
R^2=0.92	df: 9,16	F-value:7.8	N:26

Note: * is 5% and ** is 10%.

Nepal's road safety policy framework has evolved considerably since the introduction of the First Vehicle Act in 1964, yet critical implementation gaps continue to hinder progress. Consolidating transportation laws through the Vehicle and Transportation Management Act (VTMA) of 1993 marked a significant step forward in institutionalising traffic regulation. Still, it failed to address fundamental issues of road design standards and vehicle safety specifications. While the Act introduced progressive measures for accident compensation and driver certification, its lack of technical requirements for infrastructure quality and vehicle manufacturing standards created persistent safety vulnerabilities that remain largely unaddressed today.

The Heavy Vehicle Management Policy (HVMP), developed as an amendment to the Public Roads Act of 1975, demonstrated how targeted interventions can yield measurable improvements, achieving a 22% reduction in pavement damage through enhanced axle load controls. However, the policy's narrow focus on heavy vehicles left passenger safety largely unregulated, representing a missed opportunity for comprehensive reform. Similarly, the Local Self-Governance Act of 1999 attempted to decentralise road maintenance responsibilities but inadvertently created fragmentation, with only 38% of municipalities implementing mandated safety audits, according to 2018 Ministry of Physical Infrastructure and Transport data. This decentralisation approach contrasted sharply with the centralised Road Board Act of 2002, which improved funding mechanisms but lacked sufficient enforcement provisions to ensure compliance with safety standards.

The Nepal Road Safety Action Plan (2013-2020) represented the country's first integrated approach to road safety, but its potential impact was severely constrained by chronic underfunding. With only 0.3% of transportation sector spending allocated to safety interventions, the plan failed to achieve most of its targets, completing just 39% of planned activities by its conclusion. This underinvestment reflects a broader pattern of inadequate resource allocation that persists across all levels of Nepal's road safety governance framework. The plan's limited success also revealed significant coordination challenges among implementing agencies, with duplicate programs and competing priorities undermining effective implementation.

Current challenges in Nepal's road safety governance stem from several structural deficiencies. Regulatory fragmentation across 14 agencies with overlapping mandates creates confusion and inefficiency in policy implementation. Critical data gaps, including an estimated 43% underreporting of accidents, according to World Health Organisation figures, hinder evidence-based decision-making. Enforcement capacity remains woefully inadequate, with only 12% of traffic police posts operating at authorised staffing levels. At the local level, 82% of municipalities lack access to qualified road safety engineers, severely limiting their ability to implement safety improvements.

The study on road accidents in Nepal highlights their significant impact on public health, economy, and infrastructure, aligning closely with several Sustainable Development Goals (SDGs). Road accidents cause many fatalities and injuries, emphasising the need to improve road safety for better health outcomes (Target 3.6) and to strengthen data systems for effective responses. The negative link between accidents and GDP shows how safer roads can boost economic growth and protect workers (Target 8.8). With 39% of fatalities involving pedestrians, safer, pedestrian-friendly transport is essential (Target 11.2). Poor infrastructure contributes to accidents, so investing in resilient roads supports sustainable development and economic progress (Target 9.1). Gaps in traffic management and policy enforcement relate to the need for transparent institutions (Target 16.6). Finally, multi-sector collaboration among government, private sector, and communities is vital to reducing accidents, reflecting the importance of partnerships (Target 17.17).

4. Discussion

The findings of this study reveal critical insights into Nepal's road safety crisis and its macroeconomic consequences. Our analysis demonstrates that road accidents exert a significant negative impact on Nepal's GDP ($\beta = -0.19$, $p < 0.01$), corroborating similar findings in other developing nations (WHO, 2018). The inverse relationship between motorcycle density and GDP growth ($\beta = -0.15$, $p < 0.05$) supports earlier observations by Adhikari et al. (2016) about the disproportionate risks associated with two-wheelers in Nepal.

The policy analysis reveals important limitations in Nepal's legislative framework. While the Vehicle and Transportation Management Act (1993) established foundational regulations, its lack of specific safety standards mirrors challenges identified in other LMICs (Bonnet, 2018). The decentralised approach under the Local Self-Governance Act (1999) appears less effective than centralised models, consistent with findings from similar decentralisation experiments in India (Patel et al., 2020). Our results suggest that the Nepal Road Safety Action Plan (2013-2020) made progress in slowing accident

growth rates, but its educational focus may explain why it failed to achieve absolute reductions - a pattern also observed in Bangladesh (Hossain & Rahman, 2019).

The economic burden of road accidents in Nepal (1.02% of GDP) exceeds estimates from comparable nations like Sri Lanka (0.87%) and Pakistan (0.91%) (World Bank, 2020). This discrepancy likely stems from Nepal's unique combination of mountainous terrain, rapid motorisation, and infrastructure deficits. Our finding that motorcycle accidents account for 41% of total losses aligns with regional studies from Thailand (Swaddiwudhipong et al., 2021) but shows a greater economic impact due to Nepal's higher proportion of two-wheeler fatalities.

The policy effectiveness analysis yields three key insights. First, shifting from education-focused to infrastructure-focused spending would yield greater returns, supporting similar conclusions from African contexts (Bonnet, 2018). Second, the lack of significant impact from truck regulations suggests Nepal's freight policies may need reevaluation, contrasting with successful heavy vehicle management in India (Mohan, 2020). Third, the demonstrated relationship between road maintenance and GDP growth ($\beta = 0.09$, $p < 0.05$) reinforces the World Bank's (2019) emphasis on infrastructure quality as a development catalyst.

These findings have important theoretical implications. They extend the conventional human capital approach (Miller, 2000) by quantifying how vehicle-specific risks affect national productivity. The results also challenge assumptions about decentralization's benefits in transportation policy (Ostrom, 2010), suggesting that fragmented governance may cause safety challenges in developing contexts.

The findings of this study suggest several critical policy interventions for improving road safety in Nepal. First, vehicle-specific regulations should be implemented, particularly mandating anti-lock braking systems (ABS) for motorcycles, following Malaysia's successful model, which demonstrated significant reductions in two-wheeler fatalities (Manan et al., 2017). Second, infrastructure investment priorities need rebalancing, with funds being reallocated from new construction projects to the maintenance of existing roads, as the World Bank (2020) strongly recommended in its latest assessment of Nepal's transportation sector. Third, establishing a unified accident reporting system across all municipalities would greatly enhance data quality and policy monitoring, building on Thailand's effective integrated database system (Swaddiwudhipong et al., 2021). Finally, introducing economic incentives through safety-linked road funding formulas could drive local compliance with national standards, adapting the performance-based allocation model successfully implemented in Australia (OECD, 2019).

While this study provides a comprehensive analysis of Nepal's road safety challenges, several limitations warrant mention that should guide future research directions. First, the potential underreporting of minor accidents in official records may affect the accuracy of some findings, a concern previously noted by Karkee and Lee (2016) in their epidemiological studies. Second, the analysis period (1993-2018) necessarily excludes the examination of more recent policy changes and their impacts. Future research should particularly examine COVID-19's dramatic effect on accident patterns and transportation behaviours, as well as evaluate the effectiveness of newer interventions like Nepal's 2021 Road Safety Strategy, which implemented several of the recommendations proposed in earlier studies. Additional longitudinal studies tracking the implementation of these policy changes would provide valuable evidence about their real-world effectiveness in reducing accidents and their economic impacts.

5. Conclusion

This study achieved its objectives by analysing road accident trends in Nepal and quantifying their economic impact on GDP. The findings reveal alarming accident rates (5,239 annually), with motorcycles causing 37% of incidents and pedestrians accounting for 39% of fatalities. The econometric analysis confirmed road accidents negatively affect GDP ($\beta = -0.19$, $p < 0.01$), validating the hypothesised inverse relationship.

The results demonstrate that Nepal's current policies have effectively failed to curb accident growth. To address this, the study recommends prioritising infrastructure maintenance over new construction, enforcing motorcycle safety standards, and implementing data-driven monitoring systems. These measures would directly mitigate the economic losses identified in the analysis.

While limited by data constraints, this research provides the first empirical evidence linking Nepal's road safety crisis to macroeconomic performance. Future studies should evaluate newer policies like the 2021 Road Safety Strategy to assess progress toward reducing accidents and their GDP impacts. The findings underscore that improving road safety is not just a transportation priority but an economic imperative for Nepal's development.

Acknowledgements

I am deeply grateful to my supervisor, Dr. Raghu Bir Bista, and the Head of the Economics Department of Patan Multiple Campus Patandhoka Lalitpur, Associate Professor Bipin Dhoj Karki, for their invaluable guidance, encouragement, and support throughout this research. My sincere thanks also go to the authors whose works enriched this study. Finally, I

extend my heartfelt appreciation to my wife, Sangita Khanal, and my daughters, Krishu and Nomiya, for their unwavering patience and motivation during this journey.

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