



Urbanization in Nepal: Trends, Challenges, and Implications

Sachindra Kumar Deo¹, MPhil-PhD Scholar & Deepak Chaudhary², PhD

¹Tribhuvan University & ²Lecturer, K&K International College, TU

¹Email: deosachindrakumar372@gmail.com, Orcid:0009-0004-2752-1890 &

²Email: dipak10@gmail.com; https://orcid.org/0000-0002-2233-8438

DOI: <https://doi.org/10.3126/jsdpj.v4i1.92184>

Abstract

The paper aims to provide a critical analysis of the trends, challenges, and implications of urbanization in Nepal. The study discusses some key issues, including inconsistent definitions of urban areas, poor institutional capacity, unplanned urban expansion, poor infrastructure facilities, and decision-making and political interference through secondary data and qualitative analysis. The urban population has increased dramatically from 17.07% in 2011 to 66.17% in 2021; this increase resulted from administrative reclassification under the federal set-up rather than genuine economic growth or change. The findings indicate that urbanization is predominantly mathematical rather than functional. These results indicate the inefficiencies in urban governance and service delivery. This paper highlights the enhancement of institutional capacity, the implementation of land-use planning, and the alignment of urbanization efforts with economic transformation to foster sustainable development.

Keywords: Urbanization, trends, challenges, federal set-up, Nepal

Copyright (c) 2025 by [Journey for Sustainable Development and Peace Journal](#). This work is licensed under a [Creative Commons Attribution-NonCommercial 4.0 International License](#).



To Cite this article:

Deo, S. K., & Chaudhary, D. (2026). Urbanization in Nepal: Trends, Challenges, and Implications. *Journey for Sustainable Development and Peace Journal*, 4(1), 168–180. <https://doi.org/10.3126/jsdpj.v4i1.92184>

Introduction

Urbanization indicates a key feature of the global socio-economic transformation. Globally, the urban population increased from 34% in 1960 to 54% in 2024, and it will be 66% by 2050 (UNDESA, 2014). The industrialization, growth of the economy, and infrastructure development are linked with it. However, urbanization in Nepal occurs without the necessary structural changes.

Nepal is known as a rural nation with an agriculture-based economy till now, as agriculture still contributes a large share of employment. After the promulgation of the Constitution in 2015, Nepal adopted a federal system, the country's administrative boundaries classified into 753 local governments, which include metropolitan cities, sub-metropolitan cities, municipalities, and rural municipalities, in which 66.17% represents municipality category (Government of Nepal, 2015). Hence, the number of municipalities significantly increased from 17.07% in 2011 to 66.17% in 2021 (NSO, 2022). A total of 66.17% is known as the urban population in Nepal. This growth is primarily due to administrative reclassification and tax considerations rather than actual urban development. However, urbanization in the world has been associated with economic development and industrialization, as urban cities provide more than 80% of global GDP (World Bank, 2020).

While the Local Self-Governance Act (1999) sketches criteria based on population, revenue, and infrastructure, these guidelines have not been rigorously adhered to in practice in the federal set-up (Subedi, 2023). As a result, many municipalities lack basic urban attributes, resulting in planning and governance difficulties. Historical circumstances witness that rural-to-urban migration, natural population growth, and policy decisions are reasons that led to rapid population increases, leading to unplanned urban sprawl, environmental degradation, and poor infrastructure (Ishtiaque et al., 2017). This paper critically analyzes the trends and challenges of urbanization in Nepal and discusses its implications.

Methods

This paper is prepared based on secondary data obtained from government publications, census reports, literature, and policy documents. Primary sources of the research involve reports from the Central Bureau of Statistics, Ministry reports, and other international organizations. Literature

is systematically reviewed. A qualitative analytical method is used to interpret trends, causes, and effects, and consolidate findings. The research also contrasts urbanization patterns in Nepal with global trends.

Trends and Patterns of Urbanization

The origin of urbanization across the world started with ancient civilizations like Mesopotamia and the Indus Valley. The process of urbanization has experienced a marked acceleration since the Industrial Revolution. After economic growth in Europe and America, large sections of rural areas migrated to urban areas, which resulted in the growth of cities. Global urbanization formally began after World War second, with the proportion of individuals residing in urban areas increasing from approximately 30% in 1950 to over 55% at present, and it is anticipated to approach nearly 68% by 2050 (United Nations, 2019). Most of this urban expansion is occurring in Asia and Africa, such as India, China, and Nigeria; these are projected to play a significant role in future increases in urban populations (United Nations, 2019).

Concurrently, small and medium-sized cities are witnessing the highest growth rates and house the largest share of the global urban population (World Bank, 2020). In the 20th and 21st centuries, urbanization evolved into a worldwide phenomenon, with the most rapid growth taking place in developing areas, fueled by economic prospects. Nepal cannot be an exception in this matter.

Urbanization in Nepal has developed progressively over the years. In the early 1950s, merely 2.9% of the population resided in urban regions, though it reached 17.07% (58 numbers) by 2011 and significantly escalated to 66.17% (293 numbers) by 2021 (NSO, 2022). This increases because of administrative restructuring rather than actual urban expansion (NSO, 2022).

Table 1: Trends of Urbanization in Nepal

Census Year	Total Population (millions)	Urban Population (%)	Number of Municipalities
1952/54	8.3	2.90%	10
1971	11.6	4.00%	16
1981	15	6.40%	23
1991	18.5	9.20%	33
2001	23.1	13.90%	58
2011	26.5	17.10%	58
2014	—	38.30%	191
2021	29.2	66.10%	293

Source: CBS, 2011 & 2021

Table 1 shows the trends and patterns of urbanization in Nepal from 1952 to 2021. In the years 1952/54, only 2.9% of Nepal’s population resided in urban areas, with merely 10 municipalities. By 1981, it reached 6.4% (23 numbers). Between 1991 and 2001, the urban population was only 13.9% (58), which doubled. By 2011, the urban population had reached 17.1% (58). By 2021, the urban population had significantly increased to approximately 66.1%, with a total of 293 municipalities after the implementation of new administrative boundaries in the federal set-up. According to NSO (2024), a large population of municipalities lives in peri-urban areas, which were not fully developed as urban areas. Urbanization shows spatial disparities across provinces, with Madhesh and Bagmati provinces showing higher urban populations, while Karnali remains predominantly rural (NSO, 2024).

Key Catalysts of Urban Development

Rural-Urban Migration

Migration serves as a crucial catalyst for urban expansion in Nepal. Individuals relocate to urban areas in pursuit of job opportunities, educational prospects, and security (MoUD, 2015). Factors pushing

individuals from rural areas, such as poverty and inadequate infrastructure, significantly contribute to this trend (Ishtiaque et al., 2017). Over recent decades, rural–urban migration in Nepal has surged due to the scarcity of opportunities in rural areas. Prominent urban hubs like Kathmandu and Pokhara draw migrants in search of employment, education, and healthcare services. The main reason behind rural-urban migration is to get job opportunities and an improved standard of living (Chaudhary, 2025). The Maoist insurgency in Nepal further intensified migration as individuals sought shelter in safer urban areas. Young individuals from hilly and mountainous regions are particularly inclined to migrate, resulting in rural depopulation. Consequently, cities are witnessing swift population growth, often leading to unplanned settlements and increased problems with urban infrastructure.

Administrative Reclassification

Due to administrative reclassification, the urban population is increasing. Most of the villages were included in urban boundaries as municipalities without fulfilling the requisite criteria (Subedi, 2023). In contrast to urban growth driven by industrial development or economic growth, the urbanization in Nepal has been profoundly influenced by the governmental conversion of rural areas into municipalities for taxation purposes. A pivotal moment occurred after the Constitution of Nepal in 2015, which established a federal framework and redefined local governments. In anticipation of federalism, the government swiftly increased the number of municipalities—from 58 in 2011 to over 290 by 2021—by consolidating and elevating Village Development Committees (VDCs-3276 numbers of VDCs) into municipalities. This resulted in a dramatic increase in the percentage of the population classified as ‘urban’.

Natural Population Growth

Population growth plays a vital role in urban expansion, particularly within established urban centers. Historically, Nepal has witnessed natural growth rates because of high fertility rates and decreasing mortality rates, following advancements in healthcare, sanitation, and nutrition since the 1970s. Between the 1980s and 1990s, the population of Nepal surged as birth rates remained elevated while death rates saw a notable decline. However, the natural growth rate has gradually

diminished in recent days due to easy access to education, urbanization, postponed marriages, and the broader adoption of family planning. Nepal is currently undergoing a demographic transition, shifting from high to lower birth and death rates, which is progressively stabilizing its natural population growth.

Policy and Economic Factors

Government policies regarding infrastructure and development have a large impact on urbanization trends. However, ineffective implementation hampers their overall effectiveness (Sapkota, 2022). Federalism through the Constitution of Nepal in 2015 has empowered local governments and urban expansion. Similarly, the Urban Development Policy 2071 (2014) paves the way for a framework for organized urban growth, highlighting land use, infrastructure, and the housing system. Likewise, the Local Government Operation Act 2074 (2017) has a provision for local development plans in collaboration with provincial and federal authorities. Moreover, the National Urban Policy 2077 (2020) promotes sustainable, inclusive, and resilient urban development. Similarly, the Building Act 1992 and its accompanying bylaws set construction standards to promote orderly growth. The proposed Land Use Act regulates zoning and curbs unplanned urban sprawl, although enforcement is still inadequate.

Challenges of Urbanization

Inconsistent definition of Urban areas

The effective planning and governance system has been undermined following the frequent alterations in the criteria for defining urban areas (Subedi, 2023). In contrast to numerous countries that employ clear standards such as population, density, and infrastructure, Nepal has continuously modified its criteria for identifying urban regions. These fluctuating practices of implementing standards have permitted many rural communities to be reclassified as urban characteristics. As a result, several urban areas have increased since 2015. The lack of consistency in urban definitions continues to hamper the deficiencies in vital services such as water supply, sanitation, and transportation networks. Therefore, Nepal's urbanization is frequently characterized as exaggerated, reflecting administrative choices rather than a genuine urban concept. This

inconsistency poses challenges for urban planning, resource distribution, and policy execution.

Weak Institutional Capacity

Urban areas lack technical expertise, financial resources, and administrative capabilities (ADB, 2000). The lack of strong institutional capacity has greatly impeded effective urbanization in Nepal. Most of the local governments do not possess the necessary staffing or financial means to adequately manage urban development (Chaudhary, 2019). Consequently, urban expansion frequently takes place without appropriate infrastructure planning or service provision. This results in unplanned settlements, poor service delivery, insufficient water, sanitation, and waste management systems. Weak institutions also find it challenging to enforce building codes and land-use regulations. As a result, urbanization in Nepal is often inefficient, with the official urban status advancing more rapidly than actual development.

Infrastructure Deficit

Urban regions face shortages in water supply, sanitation, waste management and public transportation (MoUD, 2017). Many big cities, such as Kathmandu, Biratnagar and Pokhara, are lacking in adequate roads, drainage systems, sanitation, and public transportation. Water supply, sanitation, and drainage services frequently fall short of meeting the demands of expanding populations. These deficiencies lead to unplanned settlements, congestion, and environmental pollution, and ultimately, diminish the effectiveness of service delivery and economic activities in urban areas. Consequently, urbanization has been unable to cope with problems, where population growth surpasses the development of essential facilities. Major cities such as Kathmandu, Biratnagar and Pokhara function as vital economic centers, though face challenges. The growth of the service sector, trade, and tourism has further stimulated urban migration. The remittances from foreign employment have enhanced investment in urban housing and enterprises. Infrastructure advancements, including roads and communication networks, have also facilitated urban growth, though the disparity across the nation.

Regional Disparity

The distribution of urban populations is markedly uneven: as of 2021, the central region holds the largest proportion of urban inhabitants, while the Far Western and Karnali regions fall short in terms of both the number of cities and the advancement of infrastructure (CBS, 2021). Such regional disparities show considerable challenges to urbanization efforts in Nepal. Urban expansion can be seen in the Kathmandu Valley, particularly, and other significant cities within the Tarai/Madhesh, while the hill and mountain areas remain largely under-urbanized. This lack of balance in urbanization contributes to problems such as overpopulation, traffic congestion, increased pressure on infrastructure, and poor service delivery in the larger cities. At the same time, small cities and towns face challenges regarding limited economic opportunities and poor services.

These differences further intensify migration patterns, as individuals from remote areas relocate to more developed urban centers (Sapkota, 2022). Poor planning and execution have been significant contributors to the challenges facing urbanization in Nepal. The rapid growth of urban areas, spurred by administrative reclassification and rural-to-urban migration, has frequently outstripped the development of necessary infrastructure and public services. Numerous cities in Nepal experience unplanned settlements, traffic congestion, insufficient water supply, and inadequate waste management systems. Although urban planning policies, such as the National Urban Development Strategy, are established, their execution is often lacking due to a shortage of expertise, poor funding, and poor coordination among local, provincial, and federal entities. This leads to mismanaged growth and development, encroachment on agricultural land, and environmental harm. As a result, urbanization in Nepal continues to be inefficient and unsustainable.

Urbanization: A Case of Kathmandu Valley

The Kathmandu Valley represents the perfect urbanized area in Nepal, comprising a substantial portion of the urban population. The swift increase in population has resulted in alterations in land use, urban sprawl, and various environmental issues (Ishtiaque et al., 2017). This expansion is largely due to migration, as many people move to the valley in search of better educational and economic opportunities. The demand for services and infrastructure has increased as a result of this inflow.

As the political, economic, and cultural hub of Nepal, the Kathmandu Valley is the country's most urbanized and heavily populated region. The valley has had tremendous population growth in recent decades due to natural population growth, administrative reclassification, and rural-to-urban migration. Continuous urban agglomeration is the product of urban development that has spread from Kathmandu's center city to other municipalities like Lalitpur and Bhaktapur. The need for housing, transportation, and infrastructure has increased due to the growth of trade, services, and tourism.

However, this rapid urbanization has brought considerable challenges. Deficiencies in infrastructure, including insufficient roads and over-fly bridge, drainage, water supply, waste management and sanitation, traffic congestion and public transportation, have caused congestion and inefficiency. The air pollution is high as it represents the world's most top-ten polluted cities and water pollution. Similarly, the reduction of green spaces and the encroachment on agricultural land are common. Unplanned settlements and informal housing have grown, especially in peri-urban regions. Furthermore, inadequate institutional capacity obstructs effective urban planning, enforcement of building regulations, and disaster preparedness, thereby increasing susceptibility to earthquakes and floods. Coordinated planning, infrastructure investment, and regulations that balance population expansion with sustainable development are all necessary for effectively managing urban growth in the Kathmandu Valley. The sharp increase in land prices has exacerbated inequality and limited home availability. Congestion and environmental degradation have also resulted from unplanned development.

Discussion and Conclusion

Urbanization is quickly turning rural populations into city dwellers in developing nations, but this frequently leads to the growth of slums and informal settlements where people lack access to basic amenities like safe housing, clean water, and sanitary facilities (UN-Habitat, 2020). Due to rapid and uncontrolled urban development, over a billion people live in slums globally, making informal settlements widespread (Urban Studies Institute, 2024). Infrastructure is severely strained by the quick expansion of metropolitan areas, which leads to deficiencies in energy, water, and sanitation facilities, and transportation systems (Fiveable, n.d.).

Cities can grow larger than governments can adequately plan and control, which can result in environmental problems like water and air pollution. By encouraging the spread of infectious diseases and overtaxing healthcare systems, high population density frequently exacerbates health issues. A significant portion of the urban workforce is involved in informal economies, and many migrants to urban areas experience underemployment or unemployment since job creation cannot keep up with the rapid population growth (UN-Habitat, 2020).

The findings suggest that Nepal's urbanization is more administrative than functional. Increases in the number of people living in cities may not always indicate improvements in living circumstances, economic output, or infrastructure. The necessity for stricter standards for urban designation is highlighted by the frequency of reclassification. Urban areas may find it difficult to deliver basic services in the absence of sufficient institutional capacity and infrastructure. Reducing the strain on large cities requires balanced regional growth. More fair development can be facilitated by promoting secondary cities and strengthening rural-urban links. The concept of smart villages could ease Nepal's urbanization burden. (Chaudhary and others, 2026). Nepal's urbanization has accelerated, particularly after the country's federal structure. However, administrative choices have a greater impact on this expansion than structural adjustments.

The research points out more challenges, like inconsistent definitions of urban areas despite poor infrastructure, weak institutional capacity, unplanned growth, infrastructure shortages, and political interference. These factors are obstacles to the effectiveness of urbanization as a strategy for development. To achieve sustainable urban development, Nepal must reform its legal frameworks, improve municipal capacity, enforce land-use planning, and encourage balanced regional development. Aligning urbanization with economic transformation and development is a must for ensuring inclusive and sustainable growth.

Urban expansion should not be for administrative purposes and taxation purposes, but it also fosters job creation, industrial varieties, vibrant cities, and centers of innovation. This synchronization has implications for national development goals since well-managed urbanization may be a catalyst for social and economic advancement that is inclusive. According to UN-Habitat (2020), governments should promote

compact and well-planned urban growth, which includes mixed land use, efficient public transit, and controlled urban expansion, in order to guarantee that urbanization trends are sustainable. Nepal has a comprehensive urbanization-related legal and policy framework. However, implementation, monitoring, and institutional capacity present challenges. In principle, many programs are well-structured, but in practice, urbanization is hampered by political meddling, a lack of funding, and a lack of technical know-how.

To achieve sustainable urban expansion, these legal frameworks must be strengthened through increased enforcement, capacity building, and alignment with economic planning. Therefore, in order to ensure that urbanization in Nepal fosters sustainable and equitable growth rather than merely raising urban metrics, policymakers, urban planners, and local authorities must prioritize the improvement of institutions, enforceable land-use regulations, and cohesive development approaches. Urbanization is a symptom of increasing strain on public services and infrastructure, which lowers the general standard of living in metropolitan areas. It implies the necessity for good governance and collaborative planning and strategies to promote sustainable urban development.

Funding: There is no specific grant or funding.

Conflict of Interest: The author declares no conflict of interest regarding the publication of this paper.

Declaration of Artificial Intelligence (AI) Assistance: No use of artificial intelligence (AI) for the write-up of the manuscript.

References

- All Research Journal. (2024). Health Challenges of Rapid Urbanization in Developing Cities: Urbanization in developing countries often accelerates health challenges as cities rapidly industrialize, introducing environmental hazards such as air and water pollution, *International Journal of Applied Research*, 10(8), 4–99.
- ADB (Asian Development Bank). (2000). *Urban development in Nepal*. ADB.
- CBS (Central Bureau of Statistics). (2011 & 2021). *National population and housing census 2011 & 2021*. Government of Nepal.
- CBS (Central Bureau of Statistics). (2019). *Urban population statistics report*. Government of Nepal.

- Chaudhary, D. (2023). The implication of ‘Smart Village’ in Nepal: Sustainable rural development perspective. *Journey for Sustainable Development and Peace Journal*, 1(1), 1–20. <https://doi.org/10.3126/jsdpj.v1i1.52595>
- Chaudhary, S. (2025). Causes and effects of rural-urban migration in Nepal: Case of Dev Community in Biratnagar. *Journey for Sustainable Development and Peace Journal*, 3(1), 6–21. <https://doi.org/10.3126/jsdpj.v3i1.75565>
- Chaudhary D, Sapkota M, Ojha SK. (2026). Public Service Delivery and Its Challenges at the Local Government in Nepal. *Int Res J Multidiscip Scope*, 7(1):187-197. DOI: 10.47857/irjms.2026.v07i01.06407
- Government of Nepal. (2015). *Constitution of Nepal 2015*. Government of Nepal.
- Government of Nepal. (1992). *Building Act 1992*. Kathmandu: Author.
- Government of Nepal. (2014). *Urban Development Policy 2071 (2014)*. Kathmandu: Ministry of Urban Development.
- Government of Nepal. (2015). *Constitution of Nepal 2015*. Kathmandu: Author.
- Government of Nepal. (2017). *Local Government Operation Act 2074 (2017)*. Kathmandu Government of Nepal. (2020). *National Urban Policy 2077 (2020)*. Kathmandu: Ministry of Urban Development.
- Ishtiaque, A., Shrestha, M., & Chhetri, N. (2017). Rapid urban growth in the Kathmandu Valley, Nepal: Monitoring land use and land cover dynamics. *Applied Geography*, 89, 163–177.
- Ministry of Population and Environment. (2017). *Population report of Nepal*. Government of Nepal.
- Ministry of Urban Development. (2015). *National urban development strategy (NUDS)*. Government of Nepal.
- MoUD(Ministry of Urban Development). (2017). *National Urban Development Strategy (NUDS) 2017*. Kathmandu: Ministry of Urban Development.
- NSO (National Statistics Office). (2022). *National population and housing census 2021*. Government of Nepal.
- NSO (National Statistics Office). (2024). *Degree of urbanization report*. Government of Nepal.
- Sharma, P. (1989). *Urbanization in Nepal*. Honolulu: East-West Center.
- Singh, S. (2024). Problems and prospects of urbanization in Kathmandu Valley.
- Subedi, B. (2023). Urban definition and classification issues in Nepal.
- UNDESA (United Nations Department of Economic and Social Affairs). (2014). *World urbanization prospects*. United Nations.
- Sapkota, K. (2022). Urbanization trends and policy challenges in Nepal.
- UN-Habitat. (2020). *Opportunities and challenges of urbanization in developing countries*. Retrieved from <https://urbanoctober.unhabitat.org/opportunity-and-challenges-urbanization-developing-countries>

- Urban Studies Institute. (2024, May 15). *Urbanization challenges: Poverty, infrastructure deficits, and slums*. Retrieved from [Urban Studies Institute](#)
- United Nations. (2019). *World urbanization prospects: The 2018 revision*. Department of Economic and Social Affairs, Population Division. Retrieved from <https://population.un.org/wup/>
- World Bank. (2020). *Urban development overview*. Retrieved from <https://www.worldbank.org/en/topic/urbandevelopment/overview>
- UN-Habitat. (2020). *World cities report 2020: The value of sustainable urbanization*. Nairobi: United Nations Human Settlements Programme. Retrieved from <https://unhabitat.org/world-cities-report-2020>