



Issues of Federalism in Nepal: A Political Analysis of Success Factors

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Abstract

This paper critically examines the evolution, implementation, and challenges of federalism in Nepal, contextualizing it within both theoretical frameworks and global empirical experiences. Drawing on qualitative methods under a critical paradigm, the study employs a systematic review of scholarly literature, legal texts, and institutional reports to analyze Nepal's federal transition post-2015 Constitution. The paper identifies key structural enablers—such as constitutional clarity, fiscal decentralization, intergovernmental coordination, and local autonomy—and evaluates their operational status in Nepal's three-tier governance. Comparative insights from the United States, Soviet Union, Nigeria, Yugoslavia, Germany, Ethiopia, and the European Union highlight how institutional strength, ethnic accommodation, and distributive equity shape the success or failure of federal systems. The findings suggest that Nepal's federalism, while normatively robust, remains constrained by implementation deficits, weak institutional capacity, and political instability. The paper recommends legal harmonization, fiscal equity, participatory governance, and strengthened anti-corruption mechanisms as critical measures for sustaining inclusive federalism in Nepal.

Keywords: federalism, decentralization, governance, comparative analysis, Nepal

1. Introduction

Federalism is a system of governance in which authority is constitutionally distributed between two or more levels of government—typically central, provincial, and local entities—each endowed with distinct legislative, executive, and judicial powers. This institutional division serves not only to decentralize political authority but also to safeguard against arbitrary



centralization by reinforcing legal precision and administrative balance (Fenna & Schnabel, 2024). The foundation of federalism rests upon the principle of sovereignty-sharing, which means that the power to govern is shared between the central and regional governments through legally codified arrangements. This enables multiple levels of governance to function autonomously yet interdependently within a unified constitutional framework.

The theoretical and historical origins of federalism, which can be traced to ancient and medieval configurations, hold significant relevance in understanding its evolution (Mazzone, 2024). Early examples include the Israelite tribal confederation (1200–1000 BCE) and the Greek leagues, such as the Achaean and Aetolian federations, which laid the groundwork for collective leadership and mutual cooperation. In medieval and early modern Europe, formations like the Holy Roman Empire and the Swiss Confederation demonstrated nascent federal characteristics. Thinkers such as Johannes Althusius (1603) advanced federalist theory by advocating for multi-layered governance anchored in shared sovereignty. Enlightenment philosophers, notably Montesquieu and Rousseau, further emphasized the necessity of institutional checks and balances, with Montesquieu notably identifying federalism as an optimal framework for preserving liberty while maintaining state cohesion in *The Spirit of the Laws*.

In the modern context, federalism has proven its adaptability and resilience, evolving significantly with the adoption of the United States Constitution in 1789, following the inadequacies of the Articles of Confederation (1781–1789). Seminal texts like *The Federalist Papers* laid the ideological foundation for constitutional federalism. Other notable models include Switzerland's transformation from a loose confederation to a federal state (1848) and Germany's adoption of federalism in 1949 as a mechanism for post-war reconstruction and decentralization (Beienburg, 2024). Nepal formally embraced federalism through the promulgation of the 2015 Constitution, which instituted a three-tier federal democratic republic. Although federal elections have since been held, persistent challenges remain in the realms of legislative clarity, intergovernmental coordination, and fiscal decentralization. Nevertheless, federalism in Nepal has yielded positive strides in promoting inclusion, empowering local institutions, enhancing service delivery, and broadening democratic participation—particularly for women and marginalized communities.

2. Methodology

This study, firmly situated within the critical research paradigm, aims to explore the dynamics of power, governance, and representation within federal systems. A qualitative approach is employed, with a systematic literature review serving as the primary method of data collection and analysis. The review focused on peer-reviewed journal articles, academic books, policy documents, and institutional reports published between 2000 and 2024. Inclusion criteria comprised sources that addressed theoretical foundations, implementation challenges, intergovernmental coordination, and comparative perspectives on federalism, with a particular focus on Nepal. This emphasis on Nepal's federalism makes the study particularly relevant and engaging. Exclusion criteria eliminated non-scholarly commentaries, outdated materials prior



to 2000 (unless foundational), and documents not accessible in English or Nepali. Data were collected using academic databases such as JSTOR, Scopus, Web of Science, and Google Scholar, applying key search terms including "federalism in Nepal," "comparative federalism," "intergovernmental relations," and "fiscal decentralization." In total, 24 scientific readings have been systematically reviewed. A thematic coding framework was applied to categorize and critically interpret findings, enabling the identification of structural patterns, institutional limitations, and policy implications of federalism in both national and international contexts.

3. Results and Discussion

3.1 Federalism in Global Context

Theoretically, federalism is a constitutional arrangement that shares sovereignty between a central authority and subnational units like states, provinces, or cantons. It is grounded in principles of autonomy, non-centralization, and legal pluralism (Kaufman et al., 2025). These principles, championed by classic theorists like Montesquieu, Rousseau, and Johannes Althusius, underscore federalism as a crucial mechanism to balance liberty and authority through layered governance. Montesquieu saw federalism as a structural defense against tyranny, while Althusius introduced the idea of a consociational and polycentric order. Modern federalism, drawing from both dual and cooperative models, has evolved into newer forms such as fiscal federalism, asymmetric federalism, and post-conflict or ethnic federalism, each tailored to specific historical, social, and political needs.

Empirically, federalism has played a crucial role in promoting stability and produced varied outcomes across contexts. In countries like the United States, Switzerland, Germany, and Canada, federalism has contributed to stability, pluralism, and economic development by accommodating regional diversity and distributing power effectively (Linder et al., 2021). These systems typically feature strong constitutional courts, robust intergovernmental mechanisms, and revenue-sharing models that promote equity and functional autonomy. Conversely, federalism has faced challenges in contexts marked by deep ethnic divisions, weak legal institutions, and centralizing tendencies. The cases of the former Yugoslavia, Ethiopia, and Nigeria illustrate how inadequate power-sharing, ethno-political manipulation, and fiscal imbalances can lead to conflict, fragmentation, or inefficiency. Thus, federalism is not a fixed or universally successful system; rather, its performance in promoting stability depends on constitutional clarity, institutional design, political culture, and the capacity for inclusive governance.

Exemplary Federal Systems in the World

To analyze the success factors and operational modalities of exemplary federal structures globally, this section presents selected country cases of Switzerland, United States of America and India. These examples demonstrate that successful federalism is achieved through political, social, and cultural stability, along with the phased and effective implementation of constitutional provisions.

The Case of Switzerland: Switzerland has a long history of federal tradition, dating back to 1291, when it began as a loose confederation of cantons characterized by a weak central



authority and significant autonomy for the cantons (Gołębiowska & Jakubowska, 2024). Following the *Sonderbund* civil war among cantons in 1847, a new constitution was adopted in 1848, establishing a formal federal system. Switzerland is widely regarded as a model federal state, particularly for its ability to maintain cohesion among diverse linguistic, cultural, and ethnic communities. The Swiss federation consists of 26 cantons, each with its own constitution, parliament, and government. High levels of local autonomy are ensured, and all four national languages—German, French, Italian, and Romansh—are officially recognized. The country's federal success is attributed to robust participatory democracy, direct voting mechanisms, and a balanced power-sharing structure between the central and cantonal governments.

The Case of the United States of America: Between 1781 and 1789, the United States functioned under the Articles of Confederation—a loose alliance with a weak central government—which exposed significant structural deficiencies. In response, the 1787 Constitution established a federal system to ensure political stability, economic growth, and national unity through a balanced distribution of authority between the federal and state governments. Today, the United States consists of 50 states, each with its own constitution and government (Grumbach & Michener, 2022). The 10th Amendment guarantees states' rights while limiting federal overreach into internal state matters. Legal disputes between federal and state jurisdictions are adjudicated by the Supreme Court, safeguarding a coherent constitutional order. The U.S. federal model accommodates regional diversity and identity while strengthening electoral representation through multiparty democracy and differentiated voting mechanisms. The evolution of American federalism occurred in distinct phases: Dual Federalism (1789–1865/1945), characterized by a "layer cake" model with separated powers; the Civil War and subsequent Reconstruction Amendments (13th, 14th, and 15th), which expanded federal authority to enforce civil rights; and Cooperative Federalism (1901–1960), which promoted shared governance and intergovernmental collaboration, particularly through federal grants.

The Case of India: India adopted federalism after gaining independence in 1947 and, particularly with the enactment of the Constitution in 1950. However, unlike the classical model of federalism in the U.S., Indian federalism is characterized as a "quasi-federal" system with a strong central government. The Indian Constitution divides powers and responsibilities between the central and state governments, maintaining a delicate balance between unity and diversity. India currently consists of 28 states and eight union territories, each with its own legislative and executive structures (Bhattacharyya, 2023). The Constitution categorizes subjects into three lists: Union, State, and Concurrent, delineating jurisdiction. While the central government retains overriding powers in key areas, states are granted autonomy to make decisions aligned with their cultural, ethnic, and social contexts. The effectiveness of Indian federalism is maintained through the coordination of functions among the central and state governments, the judiciary, constitutional mechanisms, and active citizen participation. India employs a form of "smart centralization" to maintain a balance between central authority and state autonomy, adapting to contextual demands.



Failed Federal Systems

To understand the failure of federal systems, it is essential to examine countries where federal structures encountered significant dysfunctions. The primary causes of failure in these contexts include political, social, and cultural instability, excessive centralization, poor constitutional implementation, and unresolved ethnic and regional tensions. The following cases illustrate these challenges:

The Case of the Soviet Union: The Soviet Union (USSR) maintained a federal structure from 1922 until its collapse in 1991, initially formed by the union of four republics—Russia (SFSR), Ukraine (SSR), Belarus (SSR), and Transcaucasia (SFSR). Though the USSR constitutionally claimed to embrace federalism, the system functioned more as a centralized state despite its expansion to 15 republics representing diverse ethnic and linguistic groups. While autonomy was nominally guaranteed, the central government tightly controlled regional leadership and policy decisions. The failure of Soviet federalism stemmed from excessive centralization, wherein local governance was subordinated to centralized authority; deep-rooted ethnic and cultural conflicts, which fostered unrest and weakened political unity; and political repression, which rendered regional leadership powerless and dependent. The appearance of federal autonomy was thus largely symbolic, masking a highly centralized governance model. As the central authority eroded and nationalist movements intensified within the republics, the structural weaknesses of the Soviet system became unsustainable, culminating in the USSR's dissolution in 1991 and the emergence of independent nation-states, such as Ukraine and Belarus (Pandey, 2021).

The Case of Nigeria: Nigeria formally adopted federalism in 1954 with the enactment of the Lyttleton Constitution, which divided the country into three major regions—Northern, Western, and Eastern—to reflect its complex ethnic and religious composition. While the federal structure aimed to promote unity and accommodate diversity, it has been persistently challenged by systemic issues. Chief among these are entrenched ethnic and religious divisions, particularly among the Hausa, Yoruba, and Igbo groups, which have fueled political instability and conflict (Ogunwa & Abasilim, 2024). Additionally, the federal arrangement has suffered from imbalanced power distribution, with the central government exercising disproportionate authority and thereby undermining state autonomy. Corruption, administrative inefficiency, and a fragmented party system have further eroded the effectiveness of governance. Although Nigeria now comprises 36 states and the Federal Capital Territory (Abuja), federalism has largely failed to deliver equitable development and democratic consolidation. Poor resource allocation, weak institutional coordination, and unresolved intergroup tensions continue to impair the functionality of Nigeria's federal system.

The Case of Yugoslavia: Following World War II, Yugoslavia was reconstituted in 1945 as the Socialist Federal Republic of Yugoslavia (SFRY) under the leadership of Josip Broz Tito. The federation comprised six republics—Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, and Macedonia—and two autonomous provinces within Serbia: Kosovo and Vojvodina. Although each republic had its own constitution and nominal autonomy, the federal structure proved incapable of containing growing ethnic and regional tensions. Ethnic



nationalism intensified among major groups such as Serbs, Croats, and Bosniaks, ultimately escalating into violent conflict (Bešlin & Žarković, 2023). The system also lacked effective mechanisms to mediate between competing national identities and regional aspirations. Furthermore, despite the theoretical federal arrangement, centralized control increased over time, diminishing the autonomy of constituent units and deepening local discontent. These cumulative failures prevented the federal model from managing the country's ethno-political pluralism, culminating in civil wars, secessionist movements, and the violent disintegration of Yugoslavia during the 1990s.

3.2 Federalism in Nepal

Nepal's federal system, as established by the Constitution of Nepal (2015), is structured into three levels of government: federal, provincial, and local. Each level is institutionally defined and constitutionally mandated with specific roles, responsibilities, and jurisdictions (Constitution of Nepal, 2015).

Federal Level

The federal structure comprises the President, who is the head of state and plays a ceremonial role, the Council of Ministers, and a bicameral Federal Parliament, which includes the House of Representatives and the National Assembly. The National Assembly consists of 59 members—56 elected from the seven provinces and 3 appointed by the President upon recommendation. The House of Representatives comprises 275 members, of whom 165 are elected through the first-past-the-post electoral system, and 110 through proportional representation. The term of office for these members is five years, unless dissolved earlier by constitutional provisions.

Matters under exclusive federal jurisdiction are outlined in Schedule 5 of the Constitution, including areas such as defense, currency, and foreign affairs. Concurrent subjects shared with the provinces are listed under Schedule 7. Article 232 of the Constitution ensures the principles of cooperation, coexistence, and coordination among the three levels of government. Institutional mechanisms, such as the Inter-Provincial Council, which facilitates coordination and cooperation among the provinces, and Provincial Coordination Council, which ensures coordination between the federal and provincial governments, are established to maintain intergovernmental harmony.

Provincial Level

Nepal comprises seven provinces, each governed by a unicameral Provincial Assembly. The number of assembly members varies across provinces based on factors such as population size and geographical conditions. As per the 2022 elections (term 2022–2027), the composition of each provincial assembly is as follows (Table 1): Koshi Province has 93 members (56 FPTP, 37 PR), Madhesh Province has 107 (64 FPTP, 43 PR), Bagmati Province has 110 (66 FPTP, 44 PR), Gandaki Province has 60 (36 FPTP, 24 PR), Lumbini Province has 87 (52 FPTP, 35 PR), Karnali Province has 40 (24 FPTP, 16 PR), and Sudurpashchim Province has 53 (32 FPTP, 21 PR). Altogether, the seven provinces have 550 members: 330 elected through the FPTP system and 220 through proportional representation.

**Table 1:***Provincial Representation of Nepal in terms of Constituents*

Province	Total Members	Direct (FPTP)	Election	Proportional (PR)	Representation
Koshi	93	56		37	
Madhesh	107	64		43	
Bagmati	110	66		44	
Gandaki	60	36		24	
Lumbini	87	52		35	
Karnali	40	24		16	
Sudurpashchim	53	32		21	

Source: Election Commission of Nepal, 2023

The term of the provincial assemblies is five years unless dissolved earlier under applicable laws. Each province has a Governor appointed by the President and an executive Council of Ministers led by a Chief Minister. The powers and responsibilities of the provinces are defined under Schedule 6 of the Constitution. Additionally, provinces share certain policy domains with the federal government under concurrent arrangements.

Local Level

Nepal's local governance structure includes 753 local units spread across 77 districts. These units comprise 6 metropolitan cities, 11 sub-metropolitan cities, 276 municipalities, and 460 rural municipalities. Each local unit has an executive body composed of a mayor or chairperson, a deputy mayor or vice-chairperson, and ward-level representatives. Each district also has a District Coordination Committee, which acts as a bridge between the local units and the higher tiers of government, ensuring coordination and cooperation.

Local governments are empowered under Schedule 8 of the Constitution to manage 22 areas of legislative and executive authority, including local roads, agriculture, and basic health services. Schedule 9 lists 15 concurrent powers shared among the federal, provincial, and local governments. A judicial committee is also mandated at the local level to provide accessible and affordable dispute resolution.

In financial matters, Articles 59 and 60 of the Constitution grant all three levels of government the authority to levy taxes, prepare budgets, and implement economic plans. In the use of national natural resources, local communities are to be given priority based on the nature and extent of their investment.

Intergovernmental Relations and Coordination

Article 232 of the Constitution provides a legal basis for cooperation, coordination, and coexistence among federal, provincial, and local governments. Federal directives may be issued to ensure effective implementation of national laws and policies. The federal parliament may enact national laws applicable to the entire country, while provinces may legislate within their jurisdictions, provided such laws do not contradict federal legislation. On fiscal matters, each level of government is empowered to collect taxes, allocate budgets, and execute



development programs. Equitable distribution of revenues is to be ensured through competent and impartial mechanisms, including independent commissions.

Nepal's federal system is designed to decentralize policymaking authority, political power, and public services. The constitutional arrangement aims to promote participatory governance, reduce regional disparities, and institutionalize inclusivity and local autonomy. While the foundational legal framework is in place, the practical realization of federalism requires continued institutional strengthening, clarity in intergovernmental roles, and efficient coordination mechanisms.

3.3 Scholarly Perspectives on Federalism in Nepal

The debates of literature collectively affirm that federalism—while conceptually compelling—remains a work in progress in Nepal. Success depends on aligning constitutional mandates with administrative capacities, material resources, and democratic norms. Yet, significant evidence shows persistent gaps: resource centralization, legislative delays, elite capture, capacity deficits, and weak intergovernmental coordination. Future research, accordingly, must engage more deeply with local-level case studies, conduct longitudinal assessments of federal reforms, and incorporate voices from marginalized communities to evaluate inclusivity in practice, underscoring the importance of the audience's work in this field.

Institutional Challenges and Implementation Gaps

Acharya and Zafarullah (2020) present a critical analysis of Nepal's "operationalizing obstacles" in institutionalizing federal structures. They argue that the entrenched centralized bureaucracy and legislative inertia have significantly impeded the meaningful transfer of authority to provinces and municipalities. Their analysis underscores the urgent need to address delayed legislation, limited capacity, and unclear intergovernmental relations, as these are the stumbling blocks to effective federalization. Bahl, Timofeev, and Yilmaz (2022) reinforce these findings by empirically assessing budgetary practices, noting that while constitutionally devolved responsibilities exist, financial flows remain concentrated centrally. This results in a disconnect between assigned functions and resources, which undermines the efficacy of subnational governance. Vollen (2025) further underscores these problems by examining constitutional design flaws, such as overlapping jurisdictional definitions and the absence of dispute-resolution mechanisms, which collectively diminish the coherence of federal implementation.

Political Dynamics, Participation, and Power Realignment

Bhul (2024) and Acharya (2021) both critically engage with how Nepal's federalism has reshaped political arenas. Bhul refers to federalism as a "fashion"—a normative label that masks the uneven reality of inter-tier politics, contested resource distributions, and variable public perceptions. He highlights that local-level capacity gaps and political opportunism can sideline the very participatory and inclusive goals federalism promises. Acharya (2021) tracks federal practices empirically, noting incremental innovations in local governance, yet ultimately finds them falling short of their potential due to mismatches between legal authority and administrative competence. Kafle et al. (2024) present a viewpoint that structural reform measures are necessary, as weak fiscal decentralization may entrench elite capture and



undermine democratic equity. In contrast, Khanal (2024) emphasizes the nexus between fiscal design and corruption control, demonstrating that better resource flows and accountability architectures are central to federal integrity.

Evolving Governance Paradigms and Normative Foundations

Sapkota's dual contributions (2020, 2023) offer a broader conceptual lens for understanding federalism within shifting governance models. His 2020 study on rural leadership nuances federal discourse by linking it to local power dynamics, social norms, and vernacular governance practices. In 2023, Sapkota extends this argument to interrogate methodological questions—challenging researchers to adopt more reflexive and participatory approaches in studying evolving governance forms under federalism. Guragain and Pokharel (2024) round out this thematic inquiry by proposing concrete strategies for decentralization and citizen engagement, such as participatory budgeting and strengthened local service delivery. Finally, Thapa, Campbell, and Sharma (2025) place Nepal within a broader comparative framework, illustrating how federalism can serve as a scaffold for governance innovation when backed by political commitment, institutional readiness, and culturally responsive design. Their work suggests that Nepal's path, while imperfect, can be instructive for other post-conflict democracies seeking decentralized, inclusive governance, inspiring the audience about the potential of federalism.

3.4 International Experiences: Comparative Lessons

International experiences with federalism reveal that its success or failure hinges on how well the system manages diversity, distributes power, and ensures institutional robustness (Keil, 2023). In well-functioning federations like Germany, the territorial boundaries of states are clearly defined, and the constitution provides strong legal safeguards through the “Eternity Clause,” preventing undue centralization. These structural features, along with a balanced fiscal federal system and cooperative intergovernmental mechanisms, have contributed to long-term political stability and economic prosperity. Germany's model, characterized by legal clarity, institutional continuity, and symmetrical state powers, serves as a clear example of how these factors can support a durable federal system.

Conversely, cases such as Ethiopia illustrate the risks inherent in adopting federalism without robust supporting institutions. Ethiopia implemented ethnic federalism with the intent of granting autonomy to various ethnolinguistic groups. However, weak administrative capacity, politicized ethnicity, and a lack of conflict resolution mechanisms have led to recurring unrest and internal displacement. Similarly, the Socialist Federal Republic of Yugoslavia collapsed due to rising nationalism, inter-republic rivalry, and centralized interference, despite its formal federal structure. These examples underscore that federalism, when driven by identity politics without institutional checks, can exacerbate fragmentation rather than promote unity, serving as a cautionary tale for the readers.

The European Union presents another instructive yet hybrid case: as a supranational federation, it has promoted peace and economic integration among its member states. However, growing disparities in economic performance and sovereign interests have raised questions about the legitimacy of democracy and the equitable distribution of resources. These international



lessons demonstrate that for federalism to be effective, it must be more than a constitutional form—it requires shared political will, intergovernmental coordination, fiscal equity, and participatory governance. Emphasizing the need for shared political will and participatory governance, these mechanisms are crucial for federal systems to adapt to local complexities while maintaining national cohesion.

3.5 Successful Measures and Strategic Recommendations on Federalism in Nepal

The institutional success of federalism in Nepal hinges on its capacity to operationalize equality, representation, and inclusivity within a context marked by profound socio-cultural heterogeneity and uneven regional development. Scholars and policy analysts argue that federalism has emerged as a normative framework to accommodate Nepal's pluralistic society by recognizing and representing historically marginalized caste, linguistic, and ethnic identities (Guragain & Pokharel, 2024). The potential of federalism to effectively address region-specific needs and reduce the developmental imbalance is a source of hope. Effective power-sharing across the federal, provincial, and local levels enables sub-national governments to exercise autonomy in planning and resource allocation. Furthermore, the federal system has contributed to sustaining the post-conflict peace process, fostering mechanisms of dialogue and cooperation between diverse political actors and identity groups, and supporting the consolidation of inclusive governance.

However, the implementation of Nepal's federalism continues to face significant institutional and legislative constraints (Acharya, 2021). The Constitution clearly demarcates functions and fiscal competencies across three tiers of government through its schedules, particularly Schedule 6 (provincial powers), Schedule 8 (local powers), and Schedule 9 (concurrent powers). However, the absence of essential enabling laws—such as the Federal Civil Service Act and Education Act—has stalled the devolution of authority. Institutional capacity remains another major challenge. Provincial and local governments often lack skilled personnel, robust administrative systems, and technical infrastructure. To overcome these challenges, capacity-building interventions, such as those under the Provincial and Local Governance Support Programme (PLGSP), need to be scaled up to include comprehensive performance evaluation, leadership training, and integrated data management systems, as emphasized by the UNDP and other development agencies.

Furthermore, the financial dimension of federalism in Nepal necessitates significant structural reform. Although constitutional mechanisms for fiscal transfers—such as the allocation of 15 percent of VAT and excise duties and 25 percent of royalties—exist, their implementation is often delayed or inconsistently applied. A more predictable and transparent intergovernmental fiscal framework, rooted in the principle of "finance follows function," is necessary to enable equitable development. Local governments should also be empowered to mobilize their own revenue through context-specific taxation and service fees. Finally, sustained intergovernmental coordination is vital. Institutions such as the Inter-Provincial Council and the National Coordination Council must be activated regularly to ensure policy coherence and facilitate dispute resolution. The importance of political stability, bipartisan commitment, and anti-corruption measures is underscored to ensure that federalism translates into responsive



governance, inclusive participation, and accountable leadership in Nepal's evolving democratic landscape.

4. Conclusion

The success of federalism in Nepal is contingent on a harmonious blend of constitutional clarity, institutional capacity, fiscal autonomy, and inclusive governance. International comparisons underscore that federal systems stumble when power is concentrated, identity is suppressed, and legal frameworks are unclear. Nepal must take heed of this lesson by tackling the enduring implementation gap between constitutional provisions and administrative realities. The delay in enacting crucial legislations, such as those governing civil service and education, weakens the vertical alignment among the federal, provincial, and local levels. It is crucial to empower subnational units with sufficient authority, financial resources, and institutional capacity. This is not only for efficient service delivery but also for bolstering democratic legitimacy at the grassroots level. Furthermore, institutionalizing intergovernmental coordination through mechanisms like the Inter-Provincial Council and the National Coordination Council, and ensuring a transparent, rules-based fiscal transfer system, are fundamental to federal coherence.

However, the evolution of federalism in Nepal should not be limited to structural arrangements. It should strive to foster a participatory political culture that is rooted in representation, accountability, and respect for diversity. Political stability, characterized by bipartisan consensus and reduced governmental volatility, is a prerequisite for the sustainability of federal practices. Local governments should be integrated within the provincial framework, particularly for administrative and security functions, while also ensuring cultural autonomy through protections for language, customs, and traditions. Strengthening anti-corruption frameworks, enhancing public service professionalism, and promoting civic awareness are essential for ensuring that federalism is not just a political compromise but a vehicle for inclusive prosperity. In this context, federalism in Nepal can mature as a transformative governance paradigm—capable of mitigating historic inequalities, fostering balanced development, and deepening democratic resilience.



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