



Between Autonomy and Control: Federal–Provincial Power Dynamics in Nepal’s Federal System

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Abstract

Nepal's adoption of a federal system, formalized by the 2015 Constitution, marked a profound shift from its historical centralized unitary structure to a three-tiered governance framework. This article examines the institutional dynamics of intergovernmental relations (IGR) within this nascent federal arrangement, focusing specifically on the federal–provincial power dynamics and the inherent tension between sub-national autonomy and central control. Drawing upon a broader doctoral study, with a particular emphasis on Madhesh Province, it explores how the coordination of policy, sharing of resources, and harmonization of administrative functions are shaped by this ongoing negotiation. The analysis highlights how the balance (or imbalance) between autonomy and control profoundly impacts the stability, efficiency, and democratic accountability of Nepal's federal experiment. By illustrating these dynamics through the lens of Madhesh Province, a historically marginalized and strategically important region, this study offers empirically informed insights into the practicalities of decentralization and inter-tier power-sharing in a diverse socio-political landscape, contributing to the broader discourse on federalism in transitioning democracies.

Keywords: Federalism, Intergovernmental Relations, Power Dynamics, Autonomy, Central Control, Nepal, Madhesh Province, Decentralization, Governance

Introduction

The promulgation of Nepal's Constitution in 2015 initiated a profound transformation in the nation's governance landscape, transitioning from a deeply entrenched centralized unitary system to a multi-tiered federal structure. For centuries, power in Nepal was highly concentrated in Kathmandu, perpetuating a centralized administrative and political culture (Hachhethu, 2007). This historical legacy resulted in significant regional disparities, uneven



development, and a pervasive sense of marginalization among diverse ethnic, linguistic, and geographical communities across the country (Lawoti, 2007). The move to federalism was not merely an administrative reform; it represented a profound political response to these long-standing grievances, aiming to redress historical injustices, ensure greater inclusivity, and achieve a more equitable dispersion of state authority (World Bank, 2021; Shah, 2016). The core aspiration was to bring governance closer to the people, enhance local ownership over development processes, and foster greater democratic participation and accountability at sub-national levels, thereby empowering previously marginalized regions and addressing historical power imbalances (Sharma, 2017; Ojha, 2015).

The new federal architecture comprises a federal government, seven provincial governments, and 753 local governments, each vested with constitutionally defined powers and responsibilities (Constitution of Nepal, 2015). This multi-tiered system inherently necessitates an intricate web of interactions among these distinct, yet interdependent, governmental tiers. This intricate web is precisely what constitutes Intergovernmental Relations (IGR). IGR, in this newly forged multi-tiered governance system, emerges as a pivotal concept, defining the complex interactions, cooperative endeavors, and often contentious negotiations among these diverse governmental tiers (Watts, 2008; Kincaid, 2011). It extends beyond mere administrative procedures, encompassing the political, fiscal, and administrative dimensions of how governments at different levels interact to achieve collective goals (Wright, 1982; Agranoff, 2004). A central tension within IGR, particularly in nascent federations, is the dynamic interplay between the desire for sub-national autonomy and the necessity of central control or coordination (Anderson, 2010; Hueglin & Fenna, 2015). Provincial and local governments seek the freedom to govern within their jurisdictions, reflecting local needs and priorities, while the federal center strives to maintain national unity, ensure policy coherence, and uphold minimum standards across the federation (Loughlin, 2007; Fessha & Kössler, 2020). This inherent tension between sub-national self-governance and central oversight forms the crux of federal–provincial power dynamics in Nepal.

IGR is not just an administrative concern but constitutes a foundational element determining the efficacy, coherence, and ultimate success of Nepal's federal system. It encompasses the essential processes of coordination, communication, resource-sharing, and policy harmonization necessary to translate constitutional mandates into tangible governance outcomes and ensure effective service delivery (Wright, 1982; Hooghe & Marks, 2003). The manner in which the autonomy-control dynamic is managed within these processes profoundly shapes the institutional dynamics of the federal system. An imbalance, leaning too heavily towards central control, can stifle local initiative and democratic participation, potentially leading to resentment and a sense of continued centralization (Gurung, 2023). Conversely, an overemphasis on provincial autonomy without adequate federal coordination can lead to fragmentation, duplication of efforts, and inconsistent service provision, undermining national coherence and equity (Pandey, 2021; Thapa, 2018).



Though the constitution calls for cooperative government, the actual implementation of IGR in Nepal's young federal system has encountered significant difficulties (Constitution of Nepal, 2015; Pokharel, 2020). Political dynamics, power conflicts, administrative capacity constraints, questions of economic dependency, and socio-cultural elements like regional identities and historical grievances have all shaped how these intergovernmental interactions operate (Wolff et al., 2020; Hachhethu, 2023). The transition has been characterized by a steep learning curve for all tiers of government, often involving ambiguities in jurisdictional boundaries, significant capacity deficits at sub-national levels, and the need to establish new norms of inter-tier cooperation in a relatively short period (Adhikari, 2015). The contentious birth of the 2015 constitution, particularly the Madheshi movement's demands (Ojha, 2015; Pattisson, 2015), vividly illustrates this tension between central constitutional control and sub-national demands for autonomy and recognition.

This study emphasizes particularly the federal–provincial power dynamics within IGR, with a specific focus on Madhesh Province. Madhesh Province holds particular significance due to its distinct demographic composition (predominantly Madhesi communities), its strategic location bordering India, and its historical experience of political and economic marginalization (Chaudhary, 2020; Jha, 2014). These factors make it a compelling case study for grasping the complexity and difficulties natural in Nepal's intergovernmental interactions and understanding how the autonomy-control dynamic plays out in practice within a nascent federal democracy. The province's unique political identity and its historical advocacy for greater regional autonomy provide a rich context for examining the practical implications and challenges of intergovernmental coordination. By examining these federal–provincial power dynamics through the perspective from Madhesh Province, this study seeks to contribute to a deeper understanding of the mechanisms, successes, and impediments to effective IGR in Nepal's evolving federal landscape, offering valuable insights for policymakers and scholars alike on how to navigate the delicate balance between autonomy and control for sustainable federal governance. Identifying ways to improve the federal system, lower regional inequities, and support fair development all throughout Nepal by means of IGR within this particular provincial setting requires an understanding of the variables and dynamics involved.

Theoretical Framework and Literature Review

The study of federalism inherently involves understanding the intricate dynamics of power-sharing and coordination among multiple levels of government. At its core, federalism is a constitutional structure meant to divide power between a central authority and individual political subdivisions, so balancing national unity with local self-governance (Elazar, 1987; Wheare, 1963). The fundamental premise of federalism lies in a written constitution that precisely specifies the power and responsibilities of every tier of government, preventing any one level of government from gaining too much power (Lijphart, 1977; Riker, 1964). The success of such a system largely hinges on the nature and effectiveness of its intergovernmental relations. The central theoretical tension explored in this article lies precisely within this spectrum: the ongoing negotiation between the desire for sub-national autonomy and the



necessity of central control or coordination (Burgess, 2006). This dynamic defines the institutional fabric of IGR and shapes its outcomes in practice, particularly in the context of federal–provincial power dynamics.

Federalism is theorized by various scholars highlighting the distribution of powers and the requirement of maintaining a balance between central power and regional self-governance. Various countries call for different kinds of federalism. Dual federalism and cooperative federalism are two widely accepted theories. Dual federalism, also known as "layer cake" federalism, is characterized by a clear and distinct division of powers and responsibilities between the federal and state governments. Federalism runs every level of government inside its own particular sphere with little duplication or overlap. This system was typical in the United States in the 19th century as federal and state administrations ran apart from one another (Walker, 1995). Sometimes referred to as "marble cake" federalism, cooperative federalism is the division of work and coordinated policy development among many tiers of government. This strategy was designed as a response to the complex and convoluted character of modern governance since concerns like economic policy, environmental control, and public health call for coordinated actions among multiple levels of government (Elazar, 1987). Understanding the interdependence of national and local governments, cooperative federalism encourages group efforts to address common issues (Agranoff, 2004; Hooghe & Marks, 2003). Many federal systems mix numerous characteristics under influence from historical, constitutional, and socioeconomic issues. Features of Germany and Canada include both dual and cooperative federalism, combining strict constitutional divides with pragmatic cooperation (Benz & Broschek, 2013). Nepal, which adopted federalism through the 2015 Constitution following a decade-long civil conflict and prolonged political transition, also reflects a hybrid approach. Its seven provinces were formed not through historical boundaries but political negotiations, and its model continues to evolve as central, provincial, and local governments navigate their new roles and overlapping mandates, constantly negotiating the balance between autonomy and control. This hybridity makes the federal–provincial power dynamics particularly fluid and contested.

Recent international empirical studies on federalism challenges offer valuable comparative insights relevant to Nepal's experience. For instance, research on fiscal decentralization in developing countries often highlights the persistent reliance of sub-national units on central transfers and the challenges in building robust own-source revenue capacities, mirroring Nepal's struggles (e.g., Bird & Vaillancourt, 1998; Smoke, 2003; Wildasin, 2004). Studies on legislative overlaps and the implementation of concurrent powers in federations like India and Pakistan (e.g., Raj & Gupta, 2019; Tunio & Nabi, 2021) resonate with Nepal's difficulties in clarifying jurisdictional boundaries and harmonizing policies across tiers. Furthermore, empirical work on administrative capacity building in new federations underscores the common challenges related to civil service reform, human resource management, and the transfer of skilled personnel to sub-national levels, issues prominently observed in Nepal (e.g., Adhikari, 2015; Bhatta, 2020; World Bank, 2021). The political dynamics, including inter-party



conflicts and the assertion of regional identities within federal systems, are also extensively documented in comparative literature (e.g., Shneiderman & Tillin, 2014; Stepan et al., 2011; Hachhethu, 2023), providing a broader context for understanding the contentious nature of federal implementation in Nepal. These studies collectively emphasize that the transition to and consolidation of federalism is a complex, iterative process fraught with institutional, fiscal, and political challenges that are not unique to Nepal but are common across diverse federal contexts.

The theoretical underpinnings of IGR extend beyond mere institutional design, encompassing political, administrative, and fiscal dimensions, all of which are sites for the interplay of autonomy and control. Politically, IGR involves the negotiation and bargaining among elected officials and political parties operating at different levels, often reflecting diverse regional interests within a national framework (Watts, 2008; Peterson, 1995). The assertion of provincial autonomy by regional political actors, for instance, can directly challenge federal efforts at centralized policy-making or resource allocation, leading to political friction (Shneiderman & Tillin, 2014). Administratively, IGR pertains to the coordination of bureaucratic structures, policy implementation, and service delivery across governmental tiers (Agranoff, 2004). Here, the tension arises between the federal government's desire for uniform administrative standards and the provincial/local demand for flexibility to adapt to local conditions and exercise administrative discretion (Oates, 1999; Rondinelli, 1981). Fiscally, IGR addresses the complex issues of revenue assignment, expenditure responsibilities, and intergovernmental fiscal transfers, which are crucial for ensuring financial viability and equity across sub-national units (Bird & Vaillancourt, 1998). Fiscal transfers, while essential for sub-national capacity, often come with conditions that represent a form of federal control, potentially limiting provincial fiscal autonomy and fostering dependence (Smoke, 2003; Wildasin, 2004). The balance between autonomy and interdependence is a central tension in IGR, requiring robust mechanisms for conflict resolution and collaborative problem-solving to prevent the emergence of deep-seated "fault lines" that could undermine the federal compact (Loughlin, 2007; Benz, 2007). These dimensions are critical for understanding the multifaceted nature of federal–provincial power dynamics.

Several aspects of the federalism system contribute to make it more appealing as a tool of governance. One main benefit comes from the chance to perform policy experimentation—that is, letting different states or regions try new policies on a limited scale before they are accepted nationwide. This fosters new ideas and the capacity to match particular local conditions, hence promoting a flexible and responsive policy framework (Oates, 1999; Zimmerman, 2008). Nepal's local governments, for example, have innovated in areas such as participatory planning, health service delivery, and digital governance, providing micro-level policy insights that could guide national-level strategies (Ojha, 2015). Federalism also promotes political involvement by bringing the people and the government nearer. Local and regional governments show more accessibility as well as more responsiveness to the demands and preferences of their people. This guarantees responsibility and transparency and lets people



participate in the democratic process (Zimmerman, 2008). For previously oppressed and excluded communities in Nepal, like Madheshis, Janajatis, and Dalits, who now have greater avenues of political expression and institutional acknowledgment via province and municipal assemblies, this has been especially crucial (Lawoti, 2007). Federalism lets certain regions maintain their unique cultural, linguistic, and social traditions inside a united national system, hence promoting the harmonic coexistence of diversity. This is especially true in countries like India, Switzerland, and Nigeria with notable ethnic, linguistic, or cultural variety (Shneiderman & Tillin, 2014). Nepal is also ethnically and linguistically diverse with more than 100 ethnic groups and 123 languages. The federal system was meant to preserve national unity while fitting these variances inside its framework. But, as concerns regarding the delineation of provincial boundaries, name of provinces, and the fulfillment of identity-based federal promises continue, the efficacy of this accommodation stays in question, directly influencing the federal–provincial power dynamics (Hachhethu, 2023; Chaudhary, 2020).

Though it offers many benefits, federalism also creates certain issues. Inefficiency is a major concern since the distribution of duties could cause extra effort duplication and complicated bureaucratic processes. From this results increased administrative costs and protracted decision-making (Walker, 1995). Nepal's experience highlights this issue: uncertainty in concurrent authorities and federal tiers' lack of collaboration can sometimes postpone decision-making and policy execution (Pandey, 2021; Thapa, 2018). The presence of regional budgetary disparities presents one of the difficulties. Greater funding for public services and infrastructure in more wealthy locations could affect living standards and opportunities via means of influence on governmental policies. Solving these differences completely depends on establishing effective fiscal policies throughout many tiers of government and using systems for resource allocation (Navarro et al., 2005). In Nepal, vertical and horizontal fiscal transfers from the federal government play a vital role, but challenges persist due to inadequate data, unclear indicators of need, and political interference in budget allocation (Gurung, 2023). Another natural issue with federal systems is the potential for conflict among different tiers of authority. Legal jurisdiction, policy preferences, and resource allocation disagreements can create friction and deadlock, thereby limiting the effectiveness of government (Hueglin & Fenna, 2015). Nepal has experienced several such frictions, especially in areas like education policy, forest management, and the operation of local courts. The lack of intergovernmental coordination mechanisms and legal clarity adds to the tension, exacerbating federal–provincial power dynamics (Pokharel, 2020; Koirala, 2016).

Federal systems have become more complicated by globalization and the growing importance of supranational bodies. Multilevel governance, which recognizes how local, regional, national, and international governments are connected, has become more relevant in recent years (Hooghe & Marks, 2001). This approach makes it clear that multiple levels of government need to work together to solve and deal with global issues including climate change, economic integration, and security concerns that cross national borders (Kaufmann et al., 2005). For example, Nepal's federal government typically works with international donors



and multilateral organizations, while local governments also partner directly with INGOs. This multilayered engagement demands strong coordination and capacity building across tiers. The continuous relevance of federalism in the twenty-first century will depend on its capacity to adjust to these evolving problems. Federal systems of nations have to try to combine regional self-governance with the requirement of national and worldwide collaboration (Kaufmann et al., 2005). Important to be maintained are responsive and efficient government systems that can evolve with the times.

In conclusion, federalism is essentially a necessary and continually evolving administrative structure that maintains a balance between national unity and local sovereignty. Reflecting the many settings in which it is employed, theoretical foundations and practical applications of it vary widely. Though it has advantages including the possibility for policy experimentation, increased political participation, and the ability to accommodate diversity, federalism also brings challenges such as inefficiencies, unequal distribution of funds, and potential conflicts between several levels of government. The always shifting nature of globalization and the presence of multilayer government make federal institutions increasingly more complicated and demand ongoing adaptation and innovation. The capacity of federalism to overcome these problems—as seen in Nepal’s unfolding journey—will define its future significance and success in furthering democratic government and sustainable development.

Methodology

This article is based on preliminary insights from a broader doctoral dissertation, aiming to understand intergovernmental relations in Nepal's federal system from Madhesh Province's perspective. This study uses a qualitative, interpretivist research paradigm, suitable for exploring the nuanced nature of IGR, which involves subjective perceptions, lived experiences, and intricate interactions within a dynamic political system. A single-case study design, focusing Madhesh Province, allows for a rich, contextualized, and holistic examination of IGR dynamics within a distinct geographical, socio-political, and historical setting. This intensive approach enabled the researcher to delve deeply into the 'how' and 'why' of IGR dynamics, particularly the autonomy-control interplay within federal–provincial power dynamics, rather than merely quantifying their prevalence. Madhesh Province was selected as a critical case due to its unique demographic composition, its strategic geopolitical location bordering India, and its historical experience of political and economic marginalization making it a compelling site for examining decentralization and intergovernmental coordination in Nepal’s evolving federal landscape.

Research Design: The qualitative case study methodology was chosen to investigate federal–provincial intergovernmental dynamics in Nepal. A single-case design was considered appropriate given the depth and complexity of institutional change under federalism. The interpretivist framework emphasizes the role of actors’ perceptions, practices, and interactions in shaping IGR. Rather than seeking broad causal generalizations, the goal of this study is to uncover specific patterns of coordination, conflict, and adaptation within Nepal’s federal design as observed in the federal–provincial interface. This approach facilitated an intensive



investigation into the institutional arrangements, processes, and challenges of IGR in Madhesh Province, allowing for the triangulation of data from multiple sources enhancing the credibility and validity of the findings. The study aimed to capture the perspectives of various stakeholders directly involved in federal-provincial IGR.

Data Sources and Collection: Primary data were collected through semi-structured interviews conducted between July 2024 and August 2024. A total of 27 key informants were interviewed. Respondents were selected through purposive sampling based on their direct involvement and specialized knowledge of intergovernmental processes, particularly at the federal and provincial levels. The categories of interviewees included:

Federal-level: Former Ministers, Members of Parliament, senior administrators from relevant federal ministries, and experts in federal policy.

Madhesh Province: Former Chief Minister, Minister, Member of Province Assembly, senior provincial administrators, Former Attorney General, and Provincial Planning Commission members.

Experts: Analysts, academics, and experts specializing in federalism, IGR, and governance offered critical views from a neutral ground, providing valuable insights.

Interviews were conducted in both Nepali and English, based on interviewee preference, to facilitate nuanced expression. The interview guide was structured around key themes pertinent to federal-provincial IGR within the federal structure. All interviews were digitally recorded (with prior consent) and transcribed. Secondary sources were extensively analyzed for contextual depth and data corroboration.

Data Analysis: Interview transcripts and documentary evidence were analyzed using thematic coding, focusing on triangulating data, especially in areas of jurisdictional ambiguity, fiscal delays, and institutional coordination challenges. Particular attention was paid to discrepancies between legal provisions and administrative practice, and how these dynamics shaped governance outcomes and the autonomy-control balance in Madhesh Province.

Ethical Considerations: The research adhered to strict ethical guidelines. All participants were thoroughly informed about the study's purpose and voluntary nature. Verbal consent was obtained prior to interviews. The research protocol received ethical clearance from the PhD research committee at Tribhuvan University, ensuring compliance with academic and ethical standards.

Limitations: While this qualitative case study provides rich, in-depth insights into federal-provincial intergovernmental dynamics in Madhesh Province, its findings are not intended for direct statistical generalization to all other provinces in Nepal. This article, based on preliminary insights from a broader doctoral work, offers analytical leverage to understand broader federal dynamics in Nepal, providing a grounded perspective on how federalism is operationalized at the provincial level under evolving institutional constraints. Political sensitivities surrounding identity politics and inter-tier power dynamics, and the inherent subjectivity of qualitative data, represent potential biases mitigated through triangulation and careful interpretation. The scope of the study, focused on federal-provincial dynamics, does not



delve deeply into inter-local or provincial-local relations, which also form crucial aspects of Nepal's federal system.

Findings

The initial exploration into intergovernmental relations in Nepal, particularly from the vantage point of Madhesh Province, reveals a persistent and often challenging institutional dynamic characterized by the tension between sub-national autonomy and central control. This section elaborates on how this dynamic plays out across key areas of IGR, drawing upon the theoretical framework and empirical insights from the broader doctoral study. The findings illustrate that while federalism aims to decentralize power and foster autonomy, the operationalization often involves a complex negotiation where the federal center seeks to retain a degree of control, and sub-national units strive to assert their newly gained constitutional space.

1. Fiscal Dynamics: The Tug-of-War Over Resources and Autonomy

Fiscal federalism, encompassing the distribution of taxing powers, expenditure responsibilities, and intergovernmental fiscal transfers, serves as a primary arena for the autonomy-control dynamic. While the Constitution grants provinces and local levels significant fiscal responsibilities, their limited own-source revenue generation capacity creates a structural dependence on the federal center, which often translates into a form of control (World Bank, 2021). This inherent imbalance fuels constant negotiation over fiscal space, directly shaping federal-provincial power dynamics.

Madhesh Province, like other provinces, has intensely grappled with ensuring adequate financial resources for its mandated functions. The provincial governments were established with significant responsibilities in areas such as health, education, agriculture, and infrastructure development. However, the existing fiscal framework, and the nascent stage of provincial revenue mobilization, mean that federal fiscal transfers—including equalization grants, conditional grants, and revenue sharing from federal taxes—constitute the bulk of their budgets (World Bank, 2021; Dahal, 2018). While equalization grants are designed to reduce horizontal fiscal disparities and empower provinces, their formulaic application and perceived inadequacy often lead to provincial dissatisfaction, interpreted as insufficient federal support for their autonomous development. This perception of insufficient resource devolution limits provincial autonomy in setting their own development priorities (Pandey, 2021).

The conditional grants, in particular, embody the tension between autonomy and control. While providing necessary funding for specific federal priorities, they are frequently viewed by provincial governments as restrictive, limiting their fiscal autonomy and capacity to address unique local needs that may not align perfectly with federal priorities. A provincial official from Madhesh Province articulated, "We receive funds, but often with so many strings attached that it feels like federal projects implemented through us, rather than our own autonomous initiatives. Our priorities, based on local realities, often take a backseat to federal directives." This constant push-and-pull over conditionalities highlights the federal center's desire to



maintain a degree of programmatic control, even as it devolves funds, thereby shaping provincial expenditure patterns.

Furthermore, the lack of predictability in the timing and volume of these transfers exacerbates the challenge to provincial autonomy. This unpredictability poses severe planning challenges for provincial and local governments, disrupting budgeting cycles, delaying project implementation, and ultimately hindering the ability of sub-national governments to deliver planned services (Thapa, 2018; Adhikari, 2015). Former Chief Minister of Madhesh Province observed, "The federal government's unpredictable release of funds severely cripples our ability to plan and execute projects effectively. It creates a constant state of uncertainty, making true provincial autonomy in fiscal matters an illusion". This uncertainty reinforces a sense of federal control over provincial fiscal space, making long-term strategic planning difficult at the sub-national level.

The efficiency of inter-provincial coordination, as envisioned by bodies like the Inter-Provincial Coordination Council (IPCC), is crucial not only for policy harmonization but also for addressing these fiscal disparities and sharing best practices in revenue mobilization and expenditure management, allowing provinces to collectively advocate for greater fiscal autonomy. The ongoing dialogue in fiscal commissions and intergovernmental forums reflects this continuous negotiation between central oversight and sub-national fiscal independence. An expert on fiscal federalism noted, "The dialogue in these commissions is often a battleground. Provinces constantly push for more fiscal space and autonomy, while the federal side emphasizes national priorities and fiscal discipline."

2. Policy and Legislative Dynamics: The Contested Space of Concurrent Powers

The Constitution of Nepal (2015) attempts to clearly delineate powers among the three tiers of government through exclusive, concurrent, and residual lists. This division is a cornerstone of federal design, aiming to prevent jurisdictional conflicts and promote clarity in governance. However, the practical implementation of these provisions, particularly concerning concurrent powers, has presented persistent challenges related to policy harmonization and legislative overlap, creating a contested space where autonomy and control are constantly negotiated. This forms a critical aspect of federal–provincial power dynamics.

Sectors like health, education, and agriculture are listed as concurrent powers, meaning all three tiers have a legitimate role. This necessitates the federal government to establish broad policy frameworks and minimum standards (an assertion of control), while provincial and local governments adapt and implement these policies to suit local contexts (an exercise of autonomy). However, the absence of clear operational guidelines or a lack of timely federal legislation has often left provincial and local governments in a state of uncertainty regarding their precise roles and responsibilities. A provincial Minister highlighted, "We are often left in a legislative vacuum. The federal government is slow to enact framework laws for concurrent powers, leaving us to either wait indefinitely or legislate in uncertainty, risking future conflicts." A federal-level official acknowledged, "There's a learning curve for everyone. Crafting federal laws that provide sufficient guidance without stifling provincial innovation is



a delicate balance we are still perfecting." This ambiguity can result in a 'wait-and-see' approach, delaying critical policy interventions, or a 'patchwork' of inconsistent regulations across different sub-national units (Pandey, 2021).

The tension is evident when provincial governments attempt to legislate on concurrent matters without clear federal guidelines, or when federal laws are perceived as infringing on provincial legislative space. A Member of Province Assembly from Madhesh Province commented, "We often feel our legislative efforts are either delayed by federal inaction or undermined by federal laws that don't fully respect our constitutional mandate. It's a constant struggle to assert our space." This often leads to debates over the supremacy of federal law or the scope of provincial legislative authority, reflecting the ongoing struggle for control over policy domains. The Madheshi parties' continued push for a "second amendment" to resolve outstanding concerns regarding provincial boundaries and citizenship requirements, despite the first amendment in 2016 (Koirala, 2016), directly illustrates this persistent contestation over legislative control and provincial autonomy. Their agenda calls for revisiting provincial boundaries (e.g., splitting Lumbini Province to create a Tharu-majority province, or changing Koshi Province borders to avoid dividing Tarai districts), relaxing citizenship requirements (which still call for both parents to be Nepali for citizenship by descent), and increasing National Assembly representation according to population. These demands represent a direct challenge to the federal center's perceived control over fundamental aspects of state identity and structure, asserting a vision of autonomy rooted in regional and identity-based aspirations (Karna, 2020; Malla, 2017).

For instance, the implementation of national policies related to disaster risk management (e.g., Community-Based Disaster Risk Management, CBDRM) or local governance initiatives (e.g., Local Governance and Community Development Program, LGCDP) provides concrete examples of where seamless collaboration is essential. Here, federal directives represent a form of control, while provincial adaptation represents autonomy. Madhesh Province's experience underscores the vital importance of the Inter-Provincial Coordination Council (IPCC) and other coordination mechanisms in mediating these overlaps and ensuring policy coherence. The IPCC, established at the federal level, is designed to facilitate dialogue and resolve disputes between the federal and provincial governments, but its effectiveness hinges on the willingness of all parties to engage constructively and prioritize collaborative outcomes over narrow jurisdictional claims. Similarly, the Provincial Coordination Committee (PCC) and Local Level Coordination Council (LLCC) are crucial for intra-provincial coordination, ensuring that provincial policies are effectively translated and implemented at the local level, thereby navigating the complex space between federal control and sub-national autonomy. As a federalism expert stated, "The 'blame game' between tiers often stems from unclear mandates and a lack of effective, institutionalized dialogue. When roles aren't clear, accountability suffers, and citizens are the ultimate losers."



3. Administrative Dynamics: The Struggle for Bureaucratic Autonomy

The decentralization of functions inherent in federalism necessitates a corresponding transfer of skilled personnel and the development of robust institutional capabilities at the provincial and local levels. However, administrative capacity and human resource management (HRM) have emerged as critical determinants of effective IGR, and significant challenges persist in these areas across Nepal's new federal structure, creating a persistent struggle for bureaucratic autonomy (Adhikari, 2018; World Bank, 2021). Many provincial and local governments started with minimal staff and infrastructure, inheriting a system designed for centralized administration that did not adequately prepare them for autonomous governance and the complexities of federal service delivery. This directly impacts the federal–provincial power dynamics as administrative control remains a potent tool for the center.

Madhesh Province, like other sub-national entities, has faced considerable challenges in recruiting, retaining, and adequately capacitating qualified staff to fulfill its expanded responsibilities. The initial years saw a pronounced shortage of technical experts (e.g., engineers, health professionals, agricultural specialists), administrative officers, and specialized personnel (e.g., in planning, finance, legal affairs, and information technology), which significantly impacted the province's ability to effectively formulate policies, implement programs, and deliver essential services (World Bank, 2021; Gurung, 2019). A provincial secretary lamented, "We have the mandate, but not enough hands or the right expertise to carry it out. The federal system gave us responsibilities but not always the full capacity, and the federal government still largely controls the civil service through recruitment and transfer policies." This highlights the tension between federal control over human resources and provincial aspirations for administrative autonomy, which is crucial for effective self-governance. Former Attorney General of Madhesh Province recalled, "When the province was formed, we literally started from scratch. We had buildings, but no staff, no proper systems. It was a monumental task to get even basic administration running, and we still feel the legacy of that initial capacity deficit."

Analysts also point out that the central government has been reluctant to completely empower provinces and that the legal system and bureaucracy still require changes to operate in a federal mode, further impeding provincial administrative autonomy (Dhungana, 2019). A senior administrator at the provincial level expressed frustration, "The civil service adjustment was a mess. We were supposed to get experienced federal staff, but many resisted, and those who came often lacked the motivation or specific skills needed for provincial governance. It felt like a deliberate attempt to retain central control over human resources."

Furthermore, the establishment of provincial public service commissions and the development of independent provincial civil service structures has been gradual processes, contributing to recruitment challenges and a lack of clear career progression paths for provincial and local government employees. This can lead to demotivation, reduced productivity, and a 'brain drain' towards the federal level or the private sector, further widening the capacity gap and limiting provincial administrative autonomy. The reliance on federal



technical assistance and the need for strengthened Provincial and Local Governance Support Programs (PLGSP) highlight the ongoing efforts required to bolster sub-national administrative capacity. PLGSP and similar initiatives aim to provide targeted training, technical expertise, and institutional development support to provincial and local governments, helping them build their planning, budgeting, procurement, and service delivery capabilities. These programs are vital for enhancing the efficiency and effectiveness of sub-national administrations. However, the scale of the challenge is immense, requiring sustained investment in human capital development, clear career progression paths for sub-national civil servants, and effective knowledge transfer mechanisms between the federal center and the provinces units. Without a competent, motivated, and adequately staffed civil service at all tiers, the constitutional mandates of federalism risk remaining unfulfilled, and the promise of improved governance at the provincial level will be difficult to realize, thereby perpetuating the administrative control-autonomy dynamic.

4. Political Dynamics: The Contention Over Power and Influence

Beyond formal institutions and legal frameworks, the political dynamics and the presence or absence of trust among the different tiers of government significantly influence the functioning of IGR, often manifesting as a direct contention over power and influence (Watts, 2008; Kincaid, 2011). The initial years of federalism in Nepal have been characterized by instances of political bargaining, occasional friction, and sometimes a palpable trust deficit, particularly between provincial governments and the federal center. This is a natural feature of nascent federations where power relationships are being redefined, and political actors are learning to navigate new institutional landscapes and assert their newly acquired constitutional autonomy against established central control (Hachhethu, 2023; Ojha, 2019). This forms the very essence of federal-provincial power dynamics.

The political landscape of Nepal is highly fragmented, with multiple national and regional parties vying for power at different levels. This often means that the political party leading a provincial government may be in opposition to the party leading the federal government, or vice versa. Such political divergences can complicate intergovernmental cooperation, as political considerations sometimes overshadow technical or administrative needs. This can lead to a more confrontational approach to IGR, where provincial governments might resist federal directives or federal governments might be reluctant to devolve further powers or resources to provinces led by political rivals. Madhesh Province, with its strong regional party presence, offers a compelling illustration of these dynamics. A Minister from Madhesh Province stated, "The federal government often treats us like a subordinate unit, not a constitutional partner. This political mistrust makes genuine cooperation very difficult, especially when different parties are in power." The regional identity and political agenda of parties in Madhesh Province have, at times, led to more assertive demands for provincial autonomy and greater shares of resources, occasionally resulting in tensions with the federal government. A Member of Parliament from Madhesh Province asserted, "Our regional parties are the true voice of Madhesh. We demand autonomy not just for administrative efficiency, but for our identity, our



culture, and our rightful share in the national pie. This often puts us at odds with Kathmandu, but it's a fight for our existence within the federation."

The tumultuous birth of the 2015 constitution and its aftermath vividly demonstrate this political contention. The Madheshi movement's demands for citizenship by application (given cross-border marriages) and changes to provincial boundaries, was seen by the government of Nepal as "excessive intervention in sovereign constitution-making" (Roy, 2015). While the blockade pushed Kathmandu to enact the first amendment to the constitution in January 2016 (Koirala, 2016), addressing proportional inclusion and constituency delimitation, Madheshi parties considered this insufficient, continuing their push for a "second amendment" on citizenship and province borders. This ongoing demand for constitutional amendments, requiring a two-thirds parliamentary majority (a challenge without widespread multi-party agreement), underscores the persistent political struggle over the extent of provincial autonomy versus federal control over fundamental state structures (Karna, 2020; Malla, 2017).

Despite initial opposition, Madheshi-based parties strategically chose to participate in the 2017 elections to acquire power within the new framework and advocate from inside. The formation of a Madheshi-majority provincial government in Madhesh Province, operating in local languages and reflecting Madheshi cultural identity, marked a historic assertion of provincial autonomy and self-governance. Such developments have empowered Madheshi people at the provincial level in ways previously unthinkable under the unitary state. However, the constitutional argument is not finished. A Madheshi politician contended that recognizing and correcting the constitution's flaws will help to promote Nepal's unity, stating, "We can still reevaluate the constitution through amendments." Marginalized groups—Madheshis, Tharus, Janajatis, Dalits, Muslims, among others—have kept nonviolent movements and talks to keep these issues alive in Nepal's political discourse. The existence of a Madhesh province government and many Madheshi lawmakers in federal Parliament is a major change from the past when they were almost voiceless in power circles, demonstrating a significant shift in the balance of power, yet the underlying tension remains.

Building trust and fostering a genuine spirit of cooperative federalism requires consistent dialogue, clear and transparent communication channels, and a shared commitment to constitutional principles by all political actors. Mechanisms like the IPCC are designed to facilitate such dialogue and provide a forum for dispute resolution, but their effectiveness depends on the political will of leaders to engage constructively and prioritize collaborative outcomes over narrow jurisdictional claims. Instances of federal directives being perceived as overreaching, or provincial governments being accused of non-compliance, highlight the need for greater mutual understanding and respect for each other's constitutional roles and responsibilities. Overcoming this trust deficit is crucial for moving beyond a transactional approach to IGR towards a more collaborative and problem-solving orientation, which is essential for the long-term stability, efficiency, and democratic legitimacy of Nepal's federal experiment. Without it, the political contention over autonomy and control will continue to



hinder effective intergovernmental cooperation and potentially destabilize the nascent federal structure.

5. Service Delivery Dynamics: Balancing Uniformity and Local Responsiveness

Ultimately, the effectiveness of intergovernmental relations directly impacts the quality and accessibility of public services delivered to citizens. The promise of federalism in Nepal was to bring governance closer to the people, making service delivery more responsive, efficient, and tailored to local needs. However, the institutional dynamics inherent in the autonomy-control tension, stemming from challenges in fiscal federalism, policy harmonization, administrative capacity, and political relations, have, at times, impeded the full realization of this promise, creating a critical service delivery dynamic where uniformity and local responsiveness are constantly weighed. This dynamic is particularly evident in provinces like Madhesh, where development indicators often lag behind the national average (Jha, 2014).

In the health sector, for example, the division of responsibilities among federal, provincial, and local levels for primary healthcare, hospitals, and specialized services has required complex coordination. Federal agencies often aim for national uniformity in health standards and programs (an aspect of control), while provincial and local governments seek the autonomy to adapt services to specific regional health needs and cultural contexts. Gaps in IGR, stemming from the aforementioned tensions, have led to issues such as inconsistent standards of care, challenges in drug procurement and distribution, and difficulties in managing health emergencies (e.g., during the COVID-19 pandemic, which starkly highlighted the critical need for seamless intergovernmental coordination in public health responses across all tiers). An official in Madhesh Province recounted, "During the pandemic, coordination was a nightmare. Federal directives would come, but without clear funding or logistical support, and then provinces would issue their own, leading to confusion on the ground. Patients suffered because of these inter-tier communication and resource gaps." The fragmented approach sometimes results in a lack of clear accountability, with each tier potentially blaming others for service delivery failures, leaving citizens confused and underserved. Similarly, in education, while local governments are primarily responsible for basic education, provincial governments oversee secondary education, and the federal government sets national curricula and standards. The tension here lies between federal control over curriculum and quality assurance, and provincial/local autonomy in managing schools and adapting teaching methods to local languages and contexts. Provincial Education Minister shared, "We often face challenges in implementing federal curriculum guidelines because they don't always account for the linguistic diversity and specific needs of our communities. We need more flexibility to truly serve our students effectively." Lack of clarity or coordination has affected teacher deployment, school infrastructure development, curriculum implementation, and the overall quality of education, particularly in remote or underserved areas of Madhesh Province.

The cumulative effect of these IGR challenges, driven by the autonomy-control dynamic, can manifest as delays in project implementation, inefficient use of resources, and a diminished ability of sub-national governments to respond effectively and promptly to local needs.



Madhesh Province, with its unique development challenges, including high population density, vulnerability to natural disasters (e.g., floods), and specific socio-economic indicators, relies heavily on coordinated efforts across all tiers of government for effective service delivery. The success of programs aimed at poverty reduction, infrastructure development, or disaster preparedness (e.g., Early Warning Systems, EWS, and Community-Based Disaster Risk Management, CBDRM) hinges on robust IGR that enables efficient resource flow, clear policy implementation, and collaborative problem-solving from the federal level down to the remotest local ward. The ongoing efforts under programs like the Provincial and Local Governance Support Program (PLGSP) are vital for strengthening the institutional and human capacities necessary for improved service delivery, but their impact is intrinsically linked to the broader effectiveness of IGR in balancing uniformity and local responsiveness. When the autonomy-control dynamic is not effectively managed, it directly translates into a tangible impact on the quality and accessibility of public services for citizens, potentially undermining their trust in the federal system itself.

Discussion

This study illuminates the complex interplay between sub-national autonomy and central control in Nepal's nascent federal system, particularly through the lens of Madhesh Province. Dynamics in fiscal relations, policy, administration, and politics show that federalism's implementation involves continuous negotiation.

Connecting Findings to Broader Comparative Contexts: Nepal's experience mirrors challenges in many emerging federations, especially those transitioning from centralized unitary states or with significant internal diversity. Fiscal dependence of sub-national units on the center is common in developing federations, creating a "principal-agent" dynamic where the center retains leverage (Smoke, 2003; Wildasin, 2004), seen in India's slow fiscal decentralization (Raj & Gupta, 2019). Struggles over concurrent powers and legislative overlaps are also common, leading to policy incoherence or delays (Pokharel, 2020). Administrative capacity deficits and slow civil service reform at sub-national levels are widely documented challenges in new federations, impacting service delivery (Adhikari, 2015; Bhatta, 2020). Political fragmentation and trust deficits between tiers, especially with different parties in power, frequently complicate intergovernmental cooperation globally (Ghimire, 2016; Hachhethu, 2023). Ongoing constitutional debates and identity-based demands, as in Madhesh Province, highlight balancing territorial decentralization with accommodating ethnic/regional identities, a challenge prominent in India's federal evolution (Shneiderman & Tillin, 2014; Stepan et al., 2011). These studies emphasize that federal transitions are complex, iterative processes with common institutional, fiscal, and political challenges.

Analytical Depth on Autonomy-Control Tension: Qualitative data from Madhesh Province illustrates the autonomy-control tension as both a constitutional design issue and a lived reality. Conditional grants, while providing funds, are perceived as federal control instruments limiting provincial fiscal autonomy, forcing alignment with federal directives. This "strings attached" approach exacerbates tension by undermining autonomous decision-making.



Legislative vacuum or perceived federal overreach in concurrent powers creates uncertainty and delays, hindering provincial responsiveness. Slow civil service adjustment and federal human resource control further restrict provincial administrative autonomy. Political mistrust, rooted in historical grievances and identity politics, transforms intergovernmental interactions into power struggles. The assertion by a Madheshi MP that regional parties fight for "our identity, our culture, and our rightful share" underscores how deeply intertwined the political dynamics are with the quest for autonomy against perceived central dominance. These institutional practices, rather than mitigating the tension, often reinforce a centralized mindset despite the federal structure.

Theoretical Contributions: Nepal's federal experience, through Madhesh Province, contributes to federalism literature in transitioning democracies. Firstly, it highlights the negotiated and contested nature of federal implementation, especially in post-conflict states with strong identity-based movements. Unlike established federations, Nepal continuously re-negotiates the autonomy-control balance across fiscal, legislative, and administrative domains. This extends cooperative federalism theories by showing cooperation as a hard-won outcome of ongoing political bargaining and institutional adaptation, particularly when historical power imbalances persist.

Secondly, the study underscores the critical role of political will and trust in operationalizing federalism. The palpable trust deficit, exacerbated by fragmented party politics, shows that even robust constitutional designs can be undermined by a lack of genuine commitment to cooperative federalism. This adds nuance to institutionalist theories, emphasizing that formal rules are necessary but insufficient without informal norms of mutual respect and collaboration.

Finally, the Madhesh Province case provides empirical evidence of how identity politics and historical marginalization profoundly shape intergovernmental relations. The Madheshi movement's continued demands for constitutional amendments on citizenship and provincial boundaries illustrate that federalism is not just about administrative efficiency but also about addressing deep-seated grievances and aspirations for self-determination enriching multinational federalism theories. It shows that "state-nation" building is an ongoing process in such contexts (Stepan et al., 2011).

Policy Implications

This study offers crucial policy implications for strengthening Nepal's federal system and improving intergovernmental relations:

Enhance Fiscal Autonomy and Predictability: The federal government should work towards increasing the own-source revenue generation capacity of provinces and local levels through capacity building, technical assistance, and clearer delineation of tax bases. Furthermore, more predictable and transparent federal fiscal transfers (equalization, conditional grants) for effective sub-national planning. This requires continuous dialogue and review within the Intergovernmental Fiscal Commission.



Clarify Concurrent Powers and Enact Framework Laws: The federal government must prioritize the timely enactment of comprehensive framework laws for concurrent powers (e.g., health, education, agriculture). These laws should provide clear operational guidelines and minimum standards while allowing sufficient flexibility for provincial and local governments to adapt policies to their unique contexts. Regular inter-governmental consultations should be institutionalized to resolve ambiguities and prevent legislative overlaps.

Strengthen Administrative Capacity and Decentralize HRM: Accelerating the civil service adjustment process and ensuring the equitable distribution of skilled personnel to provincial and local levels is critical. Furthermore, empowering provincial public service commissions and developing clear career progression paths for sub-national civil servants will help attract and retain talent. Targeted capacity-building programs, like PLGSP, should be sustained and expanded to address specific administrative gaps.

Foster Political Trust and Cooperative Federalism: Political leaders at all tiers must prioritize building trust and cooperative federalism through consistent dialogue, transparent communication, and willingness to compromise. IPCC and similar mechanisms depend on political will to engage constructively. Addressing long-standing identity-based demands through inclusive processes is crucial for stability.

Improve Service Delivery Coordination: Streamline intergovernmental coordination in key service sectors (health, education, disaster management). Develop clear accountability frameworks, establish joint planning/implementation mechanisms, and ensure efficient resource flow. Lessons learned from crises like the COVID-19 pandemic should inform the development of more resilient and coordinated service delivery systems.

Conclusion

Nepal's federal journey, though still in its nascent stages, represents a bold and transformative attempt to address historical imbalances, deepen democracy, and foster inclusive governance. However, as this study on Intergovernmental Relations (IGR) in Madhesh Province reveals, the operationalization of this system is fundamentally shaped by a persistent and often challenging institutional dynamic: the inherent tension "Between Autonomy and Control" in federal–provincial power dynamics. The effectiveness of IGR is not merely an administrative convenience but is paramount to the success and long-term sustainability of this ambitious federal experiment. The insights from this study underscore that building a truly cooperative and functional federal system requires continuous effort, adaptation, and a willingness from all governmental tiers to engage in constructive dialogue and effectively manage this delicate balance.

The key areas where the institutional dynamics of autonomy and control are most pronounced, and thus requiring continued and focused attention, include:

Fiscal Decentralization: The reliance on federal transfers, coupled with unpredictable flows and sub-national capacity deficits in public financial management, highlights the federal center's control over fiscal resources versus provincial aspirations for greater fiscal autonomy



(World Bank, 2021; Gurung, 2023). Strengthening this area requires not only equitable and predictable fiscal transfers but also enhancing the own-source revenue generation capacity of provincial and local governments. Robust Public Financial Management Systems (PFMS) must be institutionalized at all levels to ensure transparency, accountability, and efficient utilization of public funds, thereby fostering greater fiscal autonomy and responsibility at the sub-national level while maintaining necessary federal oversight.

Policy Harmonization and Legislative Clarity: Ambiguities in concurrent powers and legislative overlaps create a contested policy space, where federal efforts to ensure national uniformity (control) clash with provincial desires for tailored policies (autonomy) (Pokharel, 2020; Koirala, 2016). This dynamic is vividly illustrated by the ongoing demands for constitutional amendments regarding citizenship and provincial boundaries, reflecting a deep-seated struggle over federal legislative control versus regional self-determination (Karna, 2020; Malla, 2017). This necessitates the development of clear operational guidelines, framework laws, and effective coordination mechanisms. The IPCC and other inter-tier bodies must be empowered and utilized effectively to mediate disputes and foster policy coherence, ensuring that national objectives are met while allowing for essential local adaptation and innovation.

Administrative Capacity and Human Resource Management: The shortage of skilled personnel and underdeveloped institutional capabilities at provincial and local levels underscore the federal government's continued influence over bureaucratic structures versus provincial demands for administrative independence (Adhikari, 2015; Bhatta, 2020). The central government's reluctance to fully empower provinces and the slow pace of bureaucratic adaptation further exacerbate this tension (Dhungana, 2019). Sustained investment in human capital development, effective civil service adjustment, and targeted capacity-building programs like the Provincial and Local Governance Support Program (PLGSP) are crucial to equip sub-national governments with the necessary technical and administrative expertise to perform their functions effectively, thereby enabling greater administrative autonomy within a coordinated system.

Political Dynamics and Trust: The presence of political mistrust and inter-tier antagonism is a direct manifestation of the struggle between federal control and provincial autonomy (Hachhethu, 2023). The historical context of the Madheshi movement and the "unofficial blockade" serve as stark reminders of how external and internal political pressures can influence the autonomy-control dynamic (Ojha, 2015; Pattisson, 2015). Regular, open dialogue, a shared commitment to constitutional principles, and a vision for national development are essential to overcome political friction and build a collaborative federal spirit. The unique political landscape of provinces like Madhesh requires particular attention to ensure their voices are heard and their concerns are addressed within the national federal framework, promoting inclusive federal governance and a more balanced power dynamic.

The experiences of Madhesh Province underscore the urgent need for flexible yet clear institutional frameworks that can accommodate regional specificities while upholding national unity and ensuring consistent service delivery across the federation. The challenges faced by



Madhesh Province in areas such as resource mobilization, policy implementation, and administrative capacity are reflective of broader issues in Nepal's federal transition, yet they are often exacerbated by the province's distinct socio-political and economic context. Addressing these institutional dynamics effectively will require sustained political commitment, continuous institutional strengthening, and a proactive, adaptive learning process from all levels of government.

Limitations and Future Research: While this qualitative case study provides rich insights into federal–provincial intergovernmental dynamics in Madhesh Province, its findings are not intended for direct statistical generalization. Based on preliminary insights from a broader doctoral work, this article offers analytical leverage to understand broader federal dynamics in Nepal, providing a grounded perspective on federalism's operationalization under evolving institutional constraints. Political sensitivities, inter-tier power dynamics, and qualitative data subjectivity represent potential biases mitigated through triangulation and careful interpretation. The study's scope, focused on federal-provincial dynamics, does not deeply explore inter-local or provincial-local relations, which are also crucial.

Future research could delve deeper into specific sectors (health, education) to analyze IGR dynamics at a micro-level, examining how autonomy-control impacts program outcomes and citizen satisfaction. Longitudinal studies tracking coordination mechanisms and their long-term impact on service delivery, economic development, and political stability would offer invaluable insights. Comparative studies with other emerging federations could provide valuable lessons. Effectively navigating the tension "Between Autonomy and Control" will be central to realizing Nepal's federal system's transformative potential and ensuring equitable, responsive, and accountable governance for all citizens.

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