

Federalism in Nepal: Issues and Concerns

Even if the interim constitution declares Nepal as a Federalist nation, it is still worthwhile and not too late to debate the pros and cons of federalism and take the right course of political action that ensures national integrity, empowers the people, protects our societies, enhances prosperity, and promotes our culture and traditions.

By Dr Durga D. Poudel

The historic Jana-Aandolan II culminated into the declaration of the republic in Nepal on May 28, 2008 after the constituent assembly polls. 560 of CA members voted in favor of the republic, ending 240 years of monarchy. However, the question remaining in many Nepalese minds today is how is it that we ended up with the declaration of the federalism in our interim constitution without having sufficiently debated or discussed the viability of federalism in Nepal. This issue of national significance, unitary vs. federal, is critical for Nepal's prosperity, pride, and national integrity. As a matter of fact, available literature suggests that a unitary system of governance is followed by about 170 nations, including England, France, Japan, and Bangladesh.



Decentralization is extremely important for the success of a unitary system. I believe even if the interim constitution declares Nepal as a Federalist nation, it is still worthwhile and not too late to debate the pros and cons of federalism and take the right course of political action that ensures national integrity, empowers the people, protects our societies, enhances prosperity, and promotes our culture and traditions. While acknowledging the federalist's views of the empowerment of ethnic groups and communities, right to self determination, decentralization of governance, enhancement of the competition for development among the federal states, and even control on increasing population growth of Kathmandu Valley, I firmly believe that we need to seriously debate and discuss the viability and long-term impacts of federalism on national integrity, prosperity, equity, and resource allocation. Some of the issues and concerns regarding federalism in Nepal are as follows:

1. Danger of national disintegration – The issue of national disintegration is perhaps the most important and frightful one. Available literature suggests that more than two dozen states have already disintegrated, including Somalia, Russia, Congo-Kinshasa, Nigeria, and Yugoslavia among others. Many of these states have gone through ethnic violence, chaos, and finally disintegration. Yugoslavia can be cited as an example for disintegration due to ethnic federalism. Marshal Joseph Broz Tito, the communist leader of Yugoslavia, acted on the devolution of powers from central government to ethnic and linguistic communities through the 1974 constitution. This eventually resulted in ethnic tensions and the disintegration of the state. Thus, the once kingdom of Yugoslavia has now turned into seven different nations (Bosnia and Herzegovina, Croatia, Montenegro, Republic of Macedonia, Serbia, Slovenia, and Kosovo). The series of conflicts and the political upheavals resulted in the dissolution of Yugoslavia that had a similar population size as Nepal. Kosovo was declared independent in 2008, resulting in the final obliteration of Yugoslavia. It is important to understand the ethnic and linguistic composition of Yugoslavia prior to its disintegration. It had eight major ethnic groups: Serbian (35%), Croatian (19%), Muslim (8.9%), Slovene (7.8%), Albanian (7.7%), Macedonians (5.9%), Yugoslavs (5.4%), and Montenegrins (2.5%), and six major languages: Serbo-Croatian, Slovene, Macedonian, Albanian, Hungarian, and Italian. Not having a national majority of any ethnic or linguistic group and the imposition of ethnic federalism was perhaps the major cause of Yugoslavia's eventual disintegration. Bolivia can be cited as another example of a nation with political turmoil and chaos due to ethnic federalism and indigenous nationalities.


2. Size of the nation - Just by looking at neighboring Indian states of Uttar Pradesh and Bihar, we can see how small Nepal is in size as a nation. Do we really need to divide this nation for efficiency in governance or other reasons, especially during this age of inclusiveness, globalization, information technology, and communication?
3. Equity issue – Not all the federal states will emerge as equally prosperous. States that are better endowed with natural resources and better economic policies and programs would prosper more than those with a lower natural resource base and incompetent developmental endeavors. Skilled manpower will have a similar scenario. Most qualified and dynamic individuals will congregate in the state(s) that can provide the most attractive benefits while other states may lack the trained manpower for even minimum fulfillment of states services such as health, education, engineering, etc. The poorer states will remain poor since there is no reason for the national government to substantially divert revenues generated from prosperous states. Prosperous states still need federal funding for their further development. This will certainly propel the equity issues among the federal states. While our concern is minimizing the gap between the rich and the poor, how is federalism going to positively contribute to social justice and equity?
4. Cost of governance under federalism - It is obvious that additional governance mechanism will increase the cost of governance. While the nation is starving for resources to supply food, medicine, hospitals, and other critical facilities, how logical is it to embark upon a system that results in a substantial increase on administrative budgets and expenses due to federal infrastructures and logistics?
5. Allocation of natural resources – There is no doubt that Nepal’s economic transformation relies on the sustainable utilization and the development of agricultural and natural resource base. A federal state without access to a sufficient natural resource base would undoubtedly lose its competitive edge for economic transformation. Conflicts in resource ownerships and utilization among the central government and the federal states may often be very serious and complicated. How does federalism ensure this very issue of equitable resource allocation among the Nepalese from Terai to the Himalayan region is extremely challenging. The author feels that it may never happen.
6. Type of federalism – What type of federalism are we talking about – “Layer Cake” or “Marble Cake” or a different one? Will the state be more powerful than the center (Layer Cake) or the center will be equally powerful (Marble Cake)? Although initially federalism was envisioned as a weak center, and more power was vested among the states, it is not presently happening. Whether it is China or the United States, major environmental programs, infrastructures, natural resources conservation and development initiatives, socio-economic transformation agendas, welfare programs, and research and development activities are increasingly federally funded and managed. This means even if we embrace the ideology of the autonomous state or empowered state, in the absence of significant involvement of the central government, there is no possibility for the state to develop. Hence, national government still has to continue its heavy involvement of infrastructural, industrial, educational, and socio-economic development of the nation.
7. Economic growth – There is no doubt that poor economic conditions are one of the major causes of political unrest, upheavals, and revolt in Nepal. It is noteworthy to observe our neighboring nations of India and China for their political structures and their recent economic development. While India is a federal nation with federal states based on languages and ethnicity, China is a nation with a unitary system. Despite being under these two contrasting diverse governing systems, both nations have realized amazing economic growth in recent years and are emerging as major economic powers in the world. Both nations are becoming the global hubs of science and technology. What is the common underlying factor between the two nations that has caused both to successfully achieve magnificent economic growth? Certainly, it is not federalism or political structure. It is their embracement of globalization, development of private sector for economic growth, generation of employment, political stability, peace and security, and governmental commitment. On the other hand, the Federal Democratic Republic of Ethiopia, one of the nations with ethnic-federalism, is seriously

struggling for economic growth. Thus, federalism does not necessarily ensure economic growth and prosperity, nor is it necessary to have federalism for a nation's development.

Without any doubt, we are passing through a critical phase in the political history of Nepal. It is our obligation to think deeply, understand correctly, analyze the situation objectively, and take the appropriate future course of actions aptly keeping in mind national integrity, the society, our norms and values, as well as our culture and traditions. Looking at the views presented in Constituent Assembly and vision for the new constitution, it is not difficult to assess that there is a national need for an in-depth analysis, discussion, debate, and conclusion with respect to federalism in Nepal. While we must envision the development of a Nepalese society that is free from any kind of subjugation and discrimination, it is important to have an appropriate political structure and governance system for a fast paced, overall socio-economic transformation of the nation. Restructuring of the state, that has been under the unitary system of governance for the last 240 years, on the basis of ethnicity, language, or even natural resources will obviously pose a great challenge.

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Rajan K Panta - Nice Article

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I congratulate the author for bringing out some of the important issues concerning the federalism in Nepal at a time when the political parties and experts have unconditionally accepted the idea of federalism. While there is some progress on the debate of "political federalism", we have not thought about the "fiscal federalism" or the economic federalism. With

scarce resources and many of the administrative regions being divided by the natural boundaries such as rivers and mountains, the sharing of the natural resources and their benefits will be highly contested among the states. I believe the current debate on the federalism is very lopsided and undermines the very rationale for federalism such as equity and growth.

Bishnu Chapagai - Time for discussion

|212.184.70.Xxx |2009-08-14 15:59:17

I found this article very interesting. I read it twice and the writer has illustrated the economic growth of the nations which are governed by Federalism and Unitary system and certainly they very good example in the present scenario of Nepal.

This is a time to discuss whether Federalism or a Unitary with decentralization.Nepal

Thank you so much for the article.

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|58.22.77.Xxx |2009-08-12 05:35:16

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Juddha Rai - Federal government system in Nepal

|70.72.2.Xxx |2009-08-10 04:17:03

Federal government system in Nepal:First of all, We should know what is Federal government system? Does Federal Govt System fit for Nepal? What type of Federal system would be the best for Nepal? or Federal system doesn't fit for Nepal? Should we consider Majority Race demography or Should we consider Economy of Federal Regions? Why should not we stone written in new Nepali consution and Law to give more Rights and Democratic power to Nepali indigenous people rather than faking and cheating them?Nepali indigenous people must have to have (1)Reserve quota in government employment (2) Reserve quota in higher education aboard full scholarships and (3) equal political representation & participation oppertunities.

Hemu Adhikari

|67.90.9.Xxx |2009-08-04 13:19:58

Mr. Poudel,
It is so unfortunate to see people, as smart as you are, have to leave the land and people that you love and invest your knowledge and skill at

some foreign land.

Don't you want to run for a public office in Nepal and change the political landscape of the country? I would love to join a group of people like you and return to Nepal and do sth that is worth living.

Vishnu - Dherai ramro

|91.203.96.Xxx |2009-08-03 16:16:28

Thanx dr.paudel but our,s leaders mined never change they like people fight.thanx onec again.

Sudhir Kumar - Nepal, my birthland

|210.212.17.Xxx |2009-08-03 10:48:31

Dear Sir,

I am a student of history at Patna, yours comment on the political issue of Nepal is a path to understand a real situation of system of govenment. My mother is a Nepali and father an Indian finaly i am an Indian. I always try to know more about the recent political situation of my birthland, its all are my love with this great land but politics is another thing. It is wish and pray to the Istadev of Nepal(Pashupatinath), that all will go with rightious path.

Subash Chandra Bhusal - Superb...article

|70.177.57.Xxx |2009-08-03 02:21:10

I read this article. I agree with this article. optimum utilization of resources, management of political chaos,fixing the no of state and finding type of federalism are necessary things before entering federalism decision process to ensure national integrity and to empower people.

jaya rana - journalist

|59.95.102.Xxx |2009-08-03 00:59:00

congratulations for the excellent article. i hope our political leaders, who are advocating federalism in a small country like nepal which is totally dependent on foreign istance for its governance, read all the points mentioned by professor poudel in this article carefully before rushing to draft a ethnic based federal consution which will disintegrate the country.

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