

The Potential Governing Structural Reformative Solution in the Context of the Nepalese Crisis

Deepak Thapa^{1,2,3,4}

¹Akshamala Research Technology and Innovation, Kathmandu, Nepal

²Business Consulting Group, Kathmandu, Nepal

³Accountability Initiative, Kathmandu, Nepal

⁴Neeti Anushandhan Pratishthan, Nepal (NeNAP), Kathmandu, Nepal

Email: thapadeepak09@gmail.com, deepak.thapa@akshamala.com.np

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Abstract

The economic, financial, social, and political indicators of Nepal have been moving very negatively through sensitively difficult situations and at the level of crisis. If no intervention is taken for the improvement of these indicators on time, it is going to reach the level of severe crisis. Anyway, at this state, we have various reformative interventions as per their respective gravity and dimension based on the “Electoral and Governing Structural Reformative Approach (EaGSRA)” and the “Good Governance and Specialized Interventional Initiative Approach (GGaSIIA)”. The EaGSRA offers various reformative approaches and corresponding governing structural interventions ranging from the Normal Reformative Approach to the Radical Reformative Approach and their respective interventions. To which should one adhere? It depends on the government and their choice of interest. Whereas the GGaSIIA offers a variety of interventional initiatives to address the current political and economic crisis by addressing the Nepalese people’s and Gen Z Group’s anti-corruption and political movement in order to further move towards the country’s journey of peace, prosperity, and sustainability. Comprehensive Economic and Financial Revitalization, Reformation, Recovery and Development Initiative (CEaFRRRaDI); Zero Tolerance Policy Against Corruption and Impunity (ZTPACaI); Justiciable Tax/Specific-Tax-Cuts/Return/Reduction; Approach of Political Volunteerism (AoPV) in most of the introductory political roles; Promotional Public Fund for Start-up and Entrepreneur (PPFfSaE); Employment, Production, Industry and Market Protection, Promotion and Development Initiative (EPIaMP-PaDI); Comprehensive Banking, Finance, and Cooperative Crisis Management Initiative (CBFaCCMI); House Decision for Decidable Issues (HDfDI) and

Referendum for House Undecidable Issues (RfHUIs); Special Independent Judicial Investigation Commission (SIJIC) for identification and judicial settlement of mass killings of Gen Zs; Loss Evaluation and National Infrastructural Reconstruction Fund, Commission, and corresponding Rapid Taskforce; and Government Work Efficiency, Anti-Corruption, Money Laundering Special Undercover Task Team Initiative (GWEAMLSUTTI); etc. are some examples of GGaSILA. Anyway, with these findings, a new, innovative, broader multidisciplinary and dynamics Crisis Assessment and Analysis Model has been offered on the one hand, and, on the other, it has also presented a new and innovative Reformation Theory and Model of Electoral Constituency Delimitation and Governance Structure as an innovation and important achievement of this research efforts.

Keywords

Governing-Structure, Electoral-Delimitation & Election-System, Fair Electoral Delimitation Theory, Electoral Theory of Consensus & Majoritarianism, Growth-Maximizing Economic Theories, Forced & COMPULSIVE Migration Theories, Governing Structural Reformation and Good Governance, etc

1. Introduction

The size of government is essentially very important for effective service delivery and good governance to its people and the overall country. An optimal balance between government size and service delivery is essential to sustain economic growth, minimize social sacrifice, and enhance citizens' economic participation and living standards.

In the context of Nepal, various researchers, politicians, and experts have been saying that the structure of government has become more expensive and overburdening after its adoption of federalism. Having a total of 761 governments, consisting of 1 federal, 7 state, and 753 local governments, along with 275 MPs, 550 MLAs, and 59 National Assembly Members for a small country like Nepal, surely raises questions about the huge governing structures and their correspondingly expensive operating costs. This also raises questions such as: is Nepal, being a small country, big enough to have these large federal governing structures? Is the structure truly overburdening and expensive? If so, what are the possible structural interventions? These are exactly what this paper is going to explore throughout this research attempt. Anyway, with these findings, a new, innovative, broader multidisciplinary and dynamics Crisis Assessment and Analysis Model has been offered on the one hand, and, on the other, it has also presented a new and innovative Reformation Model and Analysis of Electoral Constituency Delimitation and Governance Structure.

2. Literature Review

For the prosperity of any government and its people, the political ruling system,

and for the political ruling system, its corresponding governing structures are the essential and mandatory operating system and mechanism without which we can't imagine any form of government, and surely in the absence of the government and its governance, there is no existence or establishment of any country or government or governance and services & security to its people.

From the very beginning of human civilization up to the present world of inclusive democracy, we have come through various political systems and corresponding governances & governing structures, from tribal, communal, social, oligarchy, dictatorship, tyranny, and theocracy to monarchy, communist, socialist, republic, and democratic systems and governing structures. As per modern political science, there are two types of governing structures—unitary and federal governing structures. The unitary governing system is a political governing system where a single central authority holds supreme power to govern the entire country and its people. There are normally two-tier governments, but the local governments are only allowed to exercise power delegated by the central government. These unitary governing systems are considered suitable for geographically small countries. In contrast, the federal governing structure is the system of governance in which power is constitutionally divided between a central authority and various constituent units, such as provincial and local units. Thus, it has three tiers of structure—federal, provincial, and local. Therefore, federalism is a state of a set of institutional arrangements for dividing power, functions, and authorities among these three tiers of government or between a national and sub-national level government (Burris, 2015). These federal governing structures are suitable for countries having large geography.

As far as the journey of the Nepalese governing structure is concerned, it has evolved from ancient federal and confederal monarchic governing structures to traditional unitary (both monarchic and democratic) governing structures, and then again from transitional unitary (democratic under constitutional monarchy—with decentralization) governing structures to the current federal democratic republic governing structure. In spite of being even smaller than a state of a big country, Nepal has a total area of 147,181 km² with a total population of 29,164,578 (Wikipedia, 2021), but with a governing structure consisting altogether of 761 three-tier governments that comprise 1 federal, 7 states/provinces, 753 local governments, along with 275 MPs, 550 MLAs, and 59 National Assembly Members, and altogether 3712 political positions, which for sure raises questions regarding the huge and expensive governing structures.

Despite being a small country, Nepal has a disproportionately high number of people's representatives and authorities, which adds to the financial burden on the nation (Sedhain, 2025).

In addition, the governing structure has not been able to deliver as per the minimum expectations of the general public. Criticism has also emerged over the costly nature of federalism, as many view the expanding federal structure as excessively elaborate and burdensome. The proliferation of ministries, departments,

and administrative personnel appears to undermine the very spirit of decentralization that federalism was intended to embody. The government has been imposing a higher taxation load on its people in the name of services in the course of managing expenses for this over-burdening governing structure. The government service deliveries are not perceived as commensurate with the heavy tax load imposed upon people (Gyawali, 2022).

Furthermore, foreign borrowing has increasingly been utilized to finance the routine operations of an extensive and costly governmental structure (Gyawali, 2022; Khatapana, 2024). Both domestic and external debt levels have risen sharply over time, reaching the level of public intolerance. An increasing proportion of public debt is being utilized to finance the routine operational activities of the federal government, primarily to cover recurrent expenditures. From the first elected federal government in fiscal year 2017/2018 up to the fiscal year 2024/2025, approximately 80% - 82% of the national budget has been allocated to recurrent spending with a very insignificant or almost nonexistent amount of social security budget (for the specific year 2024/2025) of a very minimal 1.89% of its GDP (Nominal) & 6.2% of its total budget, while only 18% - 20% has been directed toward capital expenditure. Despite all these, almost all of the key economic indicators—including GDP growth, tax revenue, overall government revenue, national debt levels, trade balance, manufacturing performance, and employment status—have exhibited a pessimistic trend. This deterioration is largely attributed to the excessive burden of recurrent government expenditure and persistent governance challenges (Sedhain, 2025). This economic hardship has also been realized across various industries, factories, and business enterprises, along with their corresponding employability status. Many of these entities are either facing closure or operating on the brink of an existential crisis (Magar, 2023). Over the eight fiscal years since the implementation of the federal governance structure, the financial sector has also experienced significant downturns, such as issues of defunct, merger, or closure of banks, finance, and cooperatives. Instances of bank¹, finance company², and cooperative mergers³, closures, and operational failures have been observed. In addition, challenges related to business sustainability and

¹Wikipedia (2023). It presents the status and list of all financial institutions, and also the list of defunct, acquired, merged, and closed financial institutions among them during the last 8-9 years. Webpage: https://en.wikipedia.org/wiki/List_of_banks_in_Nepal.

²Newbusinessage (2025). Seven out of 15 finance companies report losses [Instagram post]. Instagram. Paragraph 1. Quotation—“The financial condition of Nepal’s banks and financial institutions has deteriorated, with finance companies showing even greater distress. Among the 15 finance companies that published their financial statements for the second quarter of Fiscal Year (FY) 2024/25, seven reported losses, while eight managed to earn profits during this period.” Webpage: <https://www.instagram.com/newbusinessage/p/DFNSLd2PR5t/?locale=id&hl=th>.

³House of Representative (2024). “Special Investigation Report on misuse of savings funds of cooperatives Societies, 2081 BS”. House of Representatives. It reports the misuse of savings and cooperative funds on a massive scale. Approximately 29% and around 4000 of the cooperatives and savings companies have been inactive or closed, as per the report of the investigation by the parliamentary special investigation committee (16 Sep. 2024). Webpage: <https://na.parliament.gov.np/en/publication/1726814758>.

profitability have become increasingly critical during this period (Panday, 2024).

To discuss the election system, the previous majority or FPTP electoral system of Nepal has been converted into a mixed electoral system of both FPTP & PR in order to incorporate the Madhesh movement for federalism and proportionate representation. It is the proportionate system, according to many politicians and experts, that has made the federal system overburdened by almost 40% in both the federal and state assemblies. Otherwise, the size of the Federal and State Assemblies would be 165 MPs and 330 MLAs instead of 275 MPs and 550 MLAs. In fact, there was nothing such as any plan, political agenda, or agreement for federalism before the Madhesh Movement. Anyway, there has been an increasingly raised voice against the PR electoral system for political stability and sustainability in various political domains.

No party can get a majority under the existing electoral system. The time has come to scrap the proportional system in the lower house... There are several other ways to make the House inclusive, but a mixed system (FPTP + PR electoral systems) needs a rethink (Ghimire, 2023).

The current electoral delimitation demonstrates significant structural imbalances. By adopting a weighted approach with a highly disproportionate 90:10 ratio between population and geographic indicators, the system heavily favours population density, resulting in a disproportionate allocation of electoral constituencies to the Terai region. Consequently, the Hilly and Himalayan regions—comprising roughly 80% of the national territory—are substantially underrepresented, reflecting a prioritization of equal representation over equitable representation (Paudyal, 2017).

Similarly, according to the former chief election commissioner, Mr. Nilkantha Uppreti, the mixed electoral system is one of the major reasons for political instability because it is almost impossible for a single political party to receive a majority in the federal and state assemblies' elections in order to form a stable government.

He (Mr. Nilkantha Uppreti) goes on to say that practically all of the elected governments in our past have been unstable, and that the current election system is incapable of bringing about new changes (Mallik & Pokharel, 2024).

In spite of all the above, corruption and impunity, as other major issues of the country, have also been fueling the Nepalese crisis level. Corruption and impunity prevail everywhere, having a score of grey and moving towards the blacklist in the corruption index of FATF and the European Union (Joshi, 2025). Due to this grey list, many forms of grants, development loans, and investments have been either tightened or temporarily blocked by concerned international communities. Distrust over the government and its corresponding system has been increasing to the level of public intolerance.

The rampant corruption, imposition of a heavy tax on the people, gross misuse of funds, and duplication of work at the federal, provincial, and local levels have created disenchantment among the people toward the federal system itself just within six years of its implementation (Jha, 2023).

The public distrust towards the government has been widening. The most re-

cent movement of pro-monarchist of 28 Mar. 2025 (Pokharel, 2025), as well as the well-aware and politically conscious Gen-Z's movement of Freedom of Speech, Anti-Corruption, and Anti-Nepo-Kids Movement of 08 Sep. 2025, were examples of it, which we will discuss in more detail further ahead in the analysis section.

Public distrust toward the government has been steadily increasing, which has resulted in various public movements such as the People's Movement of March 28, 2025 (Pokharel, 2025), as well as the politically aware Gen Z movement for freedom of speech, anti-corruption, and the anti-nepo-kids movement of 08 Oct., 2025. With the Gen Z Movement, the dissolution of the government, the composition of a neutral interim government, and the announcement of fresh elections without addressing burning national issues, etc., are certainly not indicating a stable or encouraging political trajectory.

To wrap up, it can be concluded that Nepal has been facing multifaceted crises such as political instability, unstable government, unemployment, mass migration, economic and financial crisis, rising debt, natural disasters, corruption, and impunity, etc. (Jha, 2023). From a systemic perspective, the primary underlying causes of this crisis—widely acknowledged in public and scholarly discourse—can be attributed to the oversized federal governance structure, the mixed electoral system, the existing electoral delimitation framework, and the persistent deficiency in good governance (Pokharel, 2025). Thus, all of these major causes, such as the mixed electoral system and electoral delimitation, are directly associated with the size of the governing structure, and the lack of good governance is, to a significant extent, a by-product of political instability sourced by, as mentioned earlier, the mixed electoral system. Hence, the major reason for the current crisis fundamentally originates from its expensive and overburdened federal governing structure. Therefore, this paper is going to entirely focus on the crisis and propose a structural intervention. Nobody has conducted any research in this sector of governing structural reformation in the specific context of the crisis in Nepal so far. Thus, it has strong rationale.

3. Methodology, Theoretical Framework, and Data

Anyway, assessing the effectiveness and efficiency of any specific governing structure of any country is not an easy task, as there is no availability of a specific hard and fast assessing procedure. However, it can be assessed based on its affordability, efficiency, sufficiency and effectivity of its size or structure, public trust/satisfaction and participation, decision-making and resource management, political stability, good governance, and sustainable development, etc. Certainly, political, social, economic, and financial indicators are to be checked as multidisciplinary tools to make the assessment more systematic and evidence-based. To do so, the paper has to deal with the multidisciplinary parameters of various theories. Coming to the Nepalese context, it has already been made clear from the above literature review that Nepal has been moving through a crisis. But the question may arise at what level. To identify the level of crisis, the paper first implements the

methodology to assess its political, economic, and financial indicators, and then, to claim and validate, it also utilizes several claiming and validating parameters of various below-mentioned multidisciplinary theories. Thus, the paper is specifically based on assessing the Nepalese crisis by applying multidisciplinary theories, as the crisis has underlying multifaceted factors. This research, being very aware of the privileged length and word limits, is fundamentally employing parameters established by these multidisciplinary theories to identify the Nepalese crisis rather than completely going through one-to-one detailed, theoretical, empirics-based statistical procedures in exactly the same way as the specific theorists had once gone through in the course of founding their respective theories. Anyway, below is the theoretical framework (Figure 1).

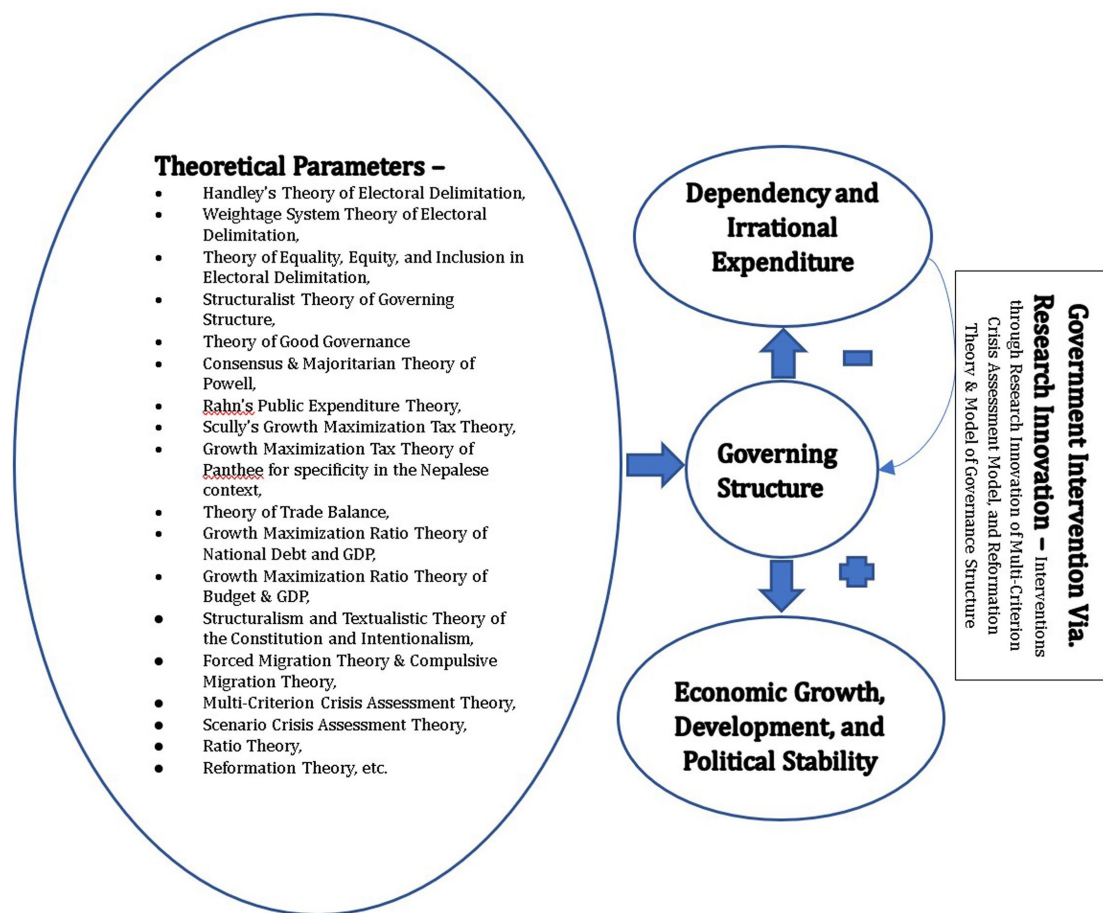


Figure 1. Theoretical framework.

However, the research paper is descriptive and analytical in its nature based on various secondary data. Thus, the utilized data are qualitative and descriptive, which are collected and arranged from various government subordinates such as the Ministry of Local Affairs, Ministry of Finance, Nepal Rastra Bank, Central Bureau of Statistics, Department of Industry, Election Commission, Constituency Delimitation Commission, Local Body Restructuring Commission, Office of Company Registrar, Nepal Chamber of Commerce, various professional associations,

scholarly academic journals, journal articles, newspapers, and reports of international organizations like the World Bank, Asian Development Bank, UNDP, European Union, FATP, as well as national parliament subject committees. These data are not only collected on an individual basis but also arranged in a synthetic format so that we can have overall figurative statistics to overview the trend and status of the eight years' implemented federalism of Nepal.

4. Findings and Discussion on Possible Governing Structural and Other Interventions

The paper has gone through assessing various indicators of Nepal based on the very parameters of all the theories as mentioned earlier above in the theoretical framework and has arrived at the following findings and brief analysis (**Table 1**).

Table 1. Findings and their brief analysis as per various disciplines and corresponding theories & their respective parameters.

Discipline	Theories	Parameters	Findings and their brief analysis
Political Science, and Geography & Statistics	Handley's Theory of Electoral Delimitation	Impartiality, Equality, Representativeness, Non-discrimination, Transparency	Gerrymandering or Biased Electoral Delimitation: Mostly the electoral delimitation of constituencies of the most Terai districts' constituencies especially—Sarlahi, Mahottari, Saptari, Morang, Dhanusha, Dang, Banke, Kailali, and Kanchanpur, etc.—are examples of it and have been done in order to favour most specifically and dominantly the Terai (Madhesh) centric political parties and partially those particular mainstream political leaders or respective parties that hold an ethnic Madheshi or Terai vote bank. These delimitations have been specially designed according to the concentration of the majority Terai Madheshi or Tharu ethnic population. It has only focused on South-South directional or spatial occupancy of the electoral constituencies, despite being located on the very international country border with India, and the dominant population here ethnically belongs to India and has once or recently migrated from India (Figure A1 & Figure A2). An illustrative example of gerrymandering can be observed in the electoral delimitation of Sarlahi District, where Constituency No. 2 appears to have been delineated based on the concentration of the majority Madheshi ethnic population, thereby conferring an electoral advantage to Madheshi leader Mahendra Raya Yadav. Under this constituency delimitation, he contested and won the parliamentary seat as a candidate of the Rastriya Janata Party Nepal in the 2017 elections. In 2022, he was again elected as a Member of Parliament. Earlier, in the 2013 Constituent Assembly election, he was elected as a Constituent Assembly Member from the Terai Madhesh Sadbhavana Party. Another drawback of this particular instance of gerrymandering is that it has adversely affected the remaining three constituencies within the district (Figure A1). Source: Handley (2007), <i>Electoral Constituency Delimitation Commission</i> (2017), Paudyal (2017), etc.
	Weightage System of Electoral Delimitation	Population & Geography	Derogative weightage of 90:10, gerrymandering: Maximum electoral seats of almost 47.5% (131 MPs out of a total of 275 MPs and 262 MLAs out of 550 MLAs) have been provided to Terai alone, ignoring almost 80% of the geography of Nepal—Hilly & Himalaya regions—and their

population. In the name of “equal representation”, “equitable representation” has been disregarded. Almost geographically huge-sized 35 districts of Hilly and Himalaya have received only a single electoral constituency for each district due to gerrymandering or biased, unequal, inequitable, or non-inclusive distribution of electoral delimitation. The minimum of two constituency seats for each district, as per the previous constitutional trend, has been ignored and replaced with a minimum of one. The principle of “impartiality” has been completely undermined, and “distribution of population” has been entirely dominated by only prioritizing the “number or concentration of population” (Figure A2). It raises the questions:

- Who are outreached, ignored, deprived, and discriminated? Is it the population of rural or people of urban? Or is it urban or Terai or rural areas of rural hilly and Himalayan districts?
- What is equitable representation? Then, what about voicing inclusion in the inclusive federal democratic republic of Nepal, and what about the future and sustainability of the delimitation?

Source: Handley (2007), *Electoral Constituency Delimitation Commission* (2017), *Government of Nepal* (2015), *Government of Nepal* (2007). Paudyal (2017), Gyawali (2022), and Sedhain (2025), etc.

Inequal and Inequitable Electoral Delimitation

1. The Spatial and Directional Positioning of Constituencies: As we have already knew from the above that there have been maximum traces of Gerrymandering within Terai districts. In fact the spatial and directional position of the electoral constituencies of these Terai districts set in a way to favour specifically and dominantly Terai (Madhesh) centric political parties and partially to those specific mainstream political leaders or respective parties that hold the ethnic Madhesh or Terai vote bank (Figure A1).

2. Number of Constituencies: Urban vs. Rural, Terai vs. Hilly and Himalayan Regions, Terai-Rural vs. Terai-Cities: More electoral seats, almost 47.5% (131 MPs out of a total of 275 MPs and 262 MLAs out of 550 MLAs), have been provided to the Terai alone, ignoring almost 80% of the geography of Nepal—Hilly & Himalaya regions and their population (Figure A2). The minimum of two constituency seats for each district, as per previous constitutional trends, has been ignored and replaced with a minimum of one. In the name of equal representation, equitable representation has been totally ignored. The principle of “impartiality” has been completely undermined, and “distribution of population” has been entirely dominated by only prioritizing the “number or concentration of population” (Note: This Equity & Inclusion Theory is to fill the gap, as Handley’s theory remains silent about Equitable & Inclusive Representation. These equitable features are generally maintained with constitutional provisions of various average baseline deviations of population from 0% - 61.9%, i.e., 15% of Armenia and the Czech Republic, 15-24% of Germany, 30% of Singapore, 61.9% of Canada, etc.). Anyway, the percentage ratio of permissible deviations in current practices remains the subject of ongoing study with respect to their validity, suitability, and equitable representation. In fact, the determination of permissible deviation percentages is typically grounded in the spatial distribution and concentration of the population. Thus, the deviations can range from 0% to 90%; however, de-

Theory of
Equality, Equity,
and Inclusion in
Electoral
Delimitation

Equal,
Equitable &
Inclusive
Representation

termining how these deviations are reconciled with other determinants—primarily geographic factors, as well as secondary determinants—through additive and subtractive statistical principles remains a significant concern. But in terms of Nepal, this feature of exceptional deviation has not been understood. And, in the course of making “equal representational delimitation”, “equitable representational delimitation” has been undermined, without which delimitation can never be justified.

Source: *Handley (2007), Electoral Constituency Delimitation Commission (2017), Government of Nepal (2015), Paudyal (2017), Gyawali (2022), ACE (The Electoral Knowledge Network) (2012), Sedhain (2025), etc.*

Inability or difficulty in delivering a single-party majority government:

Political instability, public movements (Gen Z’s Movement of 8 Sep. 2025; and Public Movement of 28 Mar. 2025) due to the very nature of the inability to deliver a majority government (to a single party) under the Mixed Election System, particularly in a multi-party system.

As per Powell’s “Consensus & Majoritarian theory”, the Consensus Electoral System—by the nature of its own electoral system—remains silent in the context of forming and delivering a majority government, which for sure leads the democratic country, especially a parliamentary multiparty democratic country, towards political instability (Powell, 2000). This means that because the consensus system has the electoral tools of PR (Proportional Representation), it emphasizes ensuring that multiple parties or groups are proportionally and inclusively represented; and due to its distributive nature, it is harder for any single party to obtain a majority in the House of Representatives, and instead, coalition governments are formed, which definitely leads the country towards frequent formation and breakage of political coalitions and equations among the political parties, which for sure ultimately leads the nation towards political instability, corruption, impunity, and bad governance.

But in terms of Nepal, though it has not been following a complete 100% consensus system but a mixed-electoral system of both Majoritarian (FPTP) and Consensus PR (Proportional Representation) with the weightage of 60:40, the result still seemed almost similar and unaffected by what Powell’s consensus theory said. Under these 18 years of Republican Democracy, Nepal has held 5 elections, witnessing 15 Prime Ministers and corresponding governments. Almost all of the governments during this period were coalition governments. This political scenario is clear enough to validate instability or the difficulty of delivering a single-party majority government even in a mixed-electoral system, in a very similar way to what Powell mentioned about the weaknesses of the consensus electoral system.

Source: *Mallik & Pokhrel (2024), Pokharel (2025), Powell (2000), Nepali Times (2025), and Wikipedia (2025), etc.*

Consensus &
Majoritarian
Theory of Powell

Majoritarian
Government

Structuralism
Theory of
Governing
Structure

Governing
Structure

Governing Structure Status: Over-burdening and oversized governing structure of 761 governments (1 federal, 7 state, 753 local units) and 275 members in the Federal Assembly, 550 members in the State Assembly, 59 members in the National Assembly, and a total of 37,012 political posts for all three government structures for a small country like Nepal (**Table B**).

		Budget Spending Status for the Governing Structure: Most of the budget proportion, specifically more than 80%, goes to the operational recurrent budget for this governing structure without any noticeable social security spending (Table C). Source: <i>Government of Nepal (2015), Dhungel (2018), NBSM (2021), NBSM (2023), NBSM (2025), Worldometer (n.d.) [for GDP], Ministry of Finance—Government of Nepal (2025) [GDP for the year 2024/25], ADB (2025) [for projected GDP of the year 2025/26], etc.</i>
		Comparative Structural Analysis in the Context of Nepal on Its Own: Nepal used to have two-tier governments with a total of 205 MPs in comparison to the current 275 MPs and 550 MLAs. Comparative Budget Spending Status for the Governing Structure: The ratio of recurrent (other expenditure) budget to development budget was 60:40 in the year 1999/2000, while it has been listed as 80+:19+ in recent years from 2018 to 2026. This means that the maximum proportion of the government budget and spending is for general operating costs, with almost none or without any notable social security budget and spending {1.89% (6.2% of its total budget) of its GDP (Nominal)} (Table C). Source: <i>Government of Nepal (2015), Government of Nepal (2007), Government of Nepal (1990), NBSM (2025), NBSM (2021), NBSM (2023), Dhungel (2018), Investopaper (2024), Share Sansar (2025), Ministry of Finance—Government of Nepal (2025) [GDP for the year 2024/25], ADB (2025) [for projected GDP for the year 2025/26], and Sedhain (2025), etc.</i>
		Comparative Structural Analysis in Context of Nepal and India: having 275 MPs for a small country like Nepal is quite high and expensive in comparison to India's 543 MPs, considering that India is almost 48 times more highly populated, 22 times geographically larger, and has a 91.2 times larger economy than Nepal.
		Availability of Good Governance: Bad Governance, Corruption, Impunity, etc. have increased at the level of public tolerance. The most recent public movements, such as the Gen Z movement of 8 September 2025 and the public movement of 28 March 2025, etc., are examples of this. Source: <i>Pokharel (2025), Joshi (2025), Gyawali (2022), and Sedhain (2025), etc.</i>
Theory of Good Governance	Good Governance	Good Governance Status: "Grey List" as per FATP & European Union and heading towards Black List. Source: <i>Financial Action Task Force (2023), Gyawali (2022), and Sedhain (2025), etc.</i>
Other	Public Movements	People's Movements: Due to issues of political instability, corruption, and impunity, public distrust increases, and with it, public movements have been appearing. The Gen Z Movement of 08 September 2025 and Public Movement of 28 March 2025 are examples of this. The toppling of the government, the announcement of a fresh election without addressing national issues, the execution of the election, and the emergence of a populist government with their disinterest toward national issues, etc., are factors that prevent us from assuring that there will be no further public

			movements in the near future. Source: Pokharel (2025), and Wikipedia (2025), etc.
	Reformation Theory of Governance Structure	Reformative Intervention of Governing Structure	A New Reformation Theory and according Model as an Innovation: After assessing, analysing and defining the Nepalese crisis level, the research is offering the potential solutions ranging from general specialized interventional solutions to very specific and specialized reformative governing structural solutions. Upon the establishment of the Nepalese crisis level and the presentation of the new and innovative reformative solution, it establishes, a new innovative Reformation Model of governing structure. The following below after this table section in the preceding section of reformative paragraphs is the same.
	Rahn's Public Expenditure Theory	Public Expenditure	Public Expenditure Status: As per Rahn's Public Expenditure Theory, a country should maintain its public expenditure at not more than 25% of its GDP in order to achieve economic growth through growth-maximizing public expenditure thresholds. However, Nepalese Public Expenditure has been exceeding Rahn's optimum parameter of 25% and trespassing 30.50% (Public Expenditure = NRs. 1860 billion/6.107 trillion GDP nominal of its GDP (Nominal) * 100 = 30.50%) in the year 2024/2025, but with only 18.94% of its budget as capital and only the social security budget of 1.89% (116 billion, 6.2% of its total budget 1.86 trillion) of its GDP (Nominal). Almost 5.5% counterproductive status is expected to be recorded at the end of this year 2025/2026 from the perspective of Rahn's public expenditure theory (Table C, and Figure D1). Source: Rahn & Fox (1996), Ministry of Finance—Government of Nepal (2025) [GDP for the year 2024/25], ADB (2025) [for projected GDP of the year 2025/26], NBSM (2025), Investopaper (2024), Share Sansar (2025), and public expenditure here is based on the budget figures, etc.
Economy	Scully's Growth Maximization Tax Theory		
	Growth Maximization Tax Theory of Keshav Raj Panthee for the specificity of the Nepalese context	Tax	Tax Collection Status: Tax collection should be 12.3% of GDP, but it has reached 19.30% (Total Tax Collection 1179 billion/6.1072 trillion GDP Nominal * 100 = 19.30%) in the year 2024/25. This means almost 7% counter-productivity has already been indexed in the year as per Panthee & Scully parameters of growth maximization tax theories (Table E1 and Figure D2). Source: Panthee (2019), Scully (2003), Kharel (2021), Investopaper (2024), Share Sansar (2025), and NBSM (2025), etc.
	Comparative Tax Burden Analysis	Nepalese Context	Based on Its Own Nepalese Average Tax Burden Context: The Average Individual Tax-load of 2024/25 was NRs. 39,807 (Total Tax Collection = NRs. 1179 billion/Total Population 29,618,118 = NRs. 39,807), and 123.62 times & almost 12,362% of the average tax burden of the year 1999/2000 (Total Tax Collection = NRs. 7.9275 billion/Total Population 24,546,509 = NRs. 322). It can also be projected to increase to NRs. 42,614 (Total Tax Collection = NRs. 1315 billion/Total Population 30,858,187 = NRs. 42,614), which is 132 times or almost 13,234% of the year 1999/2000 in this year 2025/26 (Table E2). Source: Ministry of Finance—The Government of Nepal (2000), Kharel (2021), Investopaper (2024), Share Sansar (2025), Countrymeters (2025)

[for Population of 2025], and *NBSM (2025)*.

Based on the Indian Average Tax Burden Context: The average tax load per person in India for the years 2017/2018 was NRs. 22,338 (Total Tax Collection = NRs. 30.706928 trillion/Total Population 1,374,659,064 = NRs. 22,338), whereas Nepal had NRs. 25,880 (Total Tax Collection = NRs. 726.71 billion/Total Population 28,011,258 = NRs. 25,880), which was 15.9% higher than the average Indian tax load. Similarly, for the year 2024/25, the average Indian tax load per person has been NRs. 27,332 (Total Tax Collection = NRs. 39.98224 trillion/Total Population 1,463,865,525 = NRs. 27,332). Whereas the Nepalese average tax load per person has been NRs. 39,807 (Total Tax Collection = NRs. 1,179 billion/Total Population 29,618,118 = NRs. 39,807), which is almost 46% higher than the average Indian tax load (**Table E3**).

Nepalese &
Indian

Note: The Indian tax load, based on its corresponding services, provided by the government of India, is still heavier. There is no doubt about the Nepalese having a much heavier tax load. However, the Indian production-based economy has a comparatively lower tax amount, burden, and impact upon the general Indian taxpayer than the individual Nepalese taxpayer of the Nepalese trade-based economy because a significant amount of the tax burden in the Indian production-based economy is shouldered by its producers (business houses, corporates, industries) according to their production size, product units, or the products and the producers' income (which should be based on a production-encouraging per unit productive, scientific, pragmatic, and comprehensive tax rate; a Tax-load Assessment is needed for both India and Nepal). Whereas, in Nepal, the total revenue dominantly relies on its individual taxpayers (individual citizens); and, in that situation, the amount of specific actual tax burden carried by each individual Indian taxpayer is correspondingly as low in amount or burden as the ratio of the excess proportion of the Indian production sectors' share. That means the actual tax burden of individual general Indian taxpayers is definitely less in amount or burden than their average individual tax amount compared to the burden that Nepal shares in the size of the average individual Nepalese tax amount.

Source: *Ministry of Finance—The Government of Nepal (2000), Government of Nepal (2018), Kharel (2021), Investopaper (2024), Share Sansar (2025), WorldometerI (2017), WorldometerII (2017), Countrymeters (2025) [for Population of 2025], Worldometer (2025), NBSM (2025), Government of India (2022), Government of India (2016), Government of India (2017), Ministry of Finance—Government of India (2024), and Chokhawala (2025), etc.*

Growth
Maximization
Ratio Theory of
Budget & GDP

Budget & GDP

In the year 2024/2025, the budget trend has exceeded the size of 30.60% (Total Budget NRs. 1860 billion/Total GDP NRs. 6.107 trillion * 100 = 30.50%) of its GDP, with a ratio of 18.94:81.06 for both Capital and Recurrent Budgets (including other finance management budgets for interest payment). Spending much of the budget only on recurrent items but with a lower (1.89% of its nominal GDP or almost no social security budget in comparison to developed countries) is not a positive sign from the perspective of healthy economic life cycle management (**Table C**).

Growth Maximization Ratio Theory of National Debt and GDP	National Debt & GDP	Source: <i>Dhungel (2018), NBSM (2021), NBSM (2023), NBSM (2025), Worldometer (n.d.) [for GDP], Ministry of Finance—The Government of Nepal (2000), Worldometer^I (2023), WorldometerII (2023), Republica National Daily (2021), The Kathmandu Post (2024), and ADB (2025) [for projected GDP of the year 2025/26],</i> The ideal growth-maximizing national debt ratio for Nepal, as per Prasai, Nepal Rastra Bank Ratio, and the sources of IMF and World Bank, is 35.43% of its total GDP (Nominal). The ideal growth-maximizing national ratio of debt threshold is generally determined based on the status, strength, and potential of the country's various economic parameters. Thus, the ideal growth-maximizing debt ratio varies from country to country according to their economic strength and potential features. However, in the case of Nepal, it exceeded and reached 43% in the year 2024/25 and will be reaching 50.23% in the year 2025/2026. The per person average individual debt burden has reached NRs. 88,527 in the year 2024/25 and, if everything remains the same as reflected by the budget, it will approach NRs. 104,251 at the end of this year 2025/26 (Table F1 and Table F2). Source: <i>Prasai (2024), Countryeconomy (2024), RepublicaI National Daily (2025). Nepal's Public Debt Reaches Rs. 2.622 Trillion. RepublicaIII National Daily (2025), and Thapa (2026), etc.</i>
Theory of Trade Balance	Trade Balance	Trade Balance Status: 25% of the Nepalese GDP figure has been registered as a trade deficit each year (Table F3), which by any means cannot be considered normal but is very negative from an economic point of view. Source: <i>RepublicaII National Daily (2025), MacrotrendsIII (2023) and Shrestha (2016), etc.</i>
Other	Bank & Finance	Banking Status: Bank interest rates increased up to 16% - 17% during 2023. Eight Commercial Banks, which means almost 29% of the then total Commercial Banks, have been either merged, defunct, or acquired by the existing Commercial Banks within these eight implementation years of delimitations. Only 5 existing Commercial Banks out of 20 existing Commercial Banks have achieved minor profitability, while 15 have faced -39.33% downturn during the years 2023/24 (Panday, 2024). Similarly, about 10 Development Banks, which is almost 38.53% of the total existing Development Banks, have been defunct during these implemented years. Finance, Savings & Cooperatives' Status: Out of a total of 15 finance companies, almost half, exactly 7, which means 47% of the total finance companies, have reported loss (Newbusinessage, 2025). 29%, or around 4000, of the cooperatives and savings companies have been inactive or closed, as per the report of the investigation of the parliamentary special investigation committee (House of Representative, 2024). As for the status after 2024, most of the existing cooperatives are either on the verge of closing or some of them have already been closed, but we cannot present the exact statistics at the moment due to the lack of available research. Source: <i>Pandey (2024), House of Representative (2024), Wikipedia (2023), and Newbusinessage (2025), etc.</i>

		Industries & Employment	Industries & Employment Status: The many small business units and industries have already shut down or are on the verge of an existential crisis, and whatever industries are still in operation are either reducing their production level down to 25% - 40% or considering safer closure. About 21%, or 217 out of a total of 1030 registered and operational industries in the single industrial district of Rupandehi, have been closed in a single year in 2023 (the current data are certainly more depressing, though no recent updates have been provided or made available from the Government of Nepal and its subordinates and concerned stakeholders), and we can imagine what the scenario is for the overall country. Source: <i>Magar (2023)</i>.
		Market & Real Estate	Moving through hard times. Source: <i>NEPSE Trading (2026), Ansu Invest (2025), The Himalayan TimesI (2023), and Magar (2023), etc.</i>
		Major Social & Development Projects	Especially major social and development projects funded by the USA through US Aid, UN agencies, and other related INGOs have been halted after Nepal was indexed as a Grey-list country by the FATF and the European Union. Thus, major projects are stranded. Source: <i>Nepali TimesI (2025)</i>.
Law	Structuralism and Textualist Theory of Constitution	Governing Structure	Governing Structural Analysis: From the structuralist point of view, the provisions of parts 7, 8, 13, 14, 24, and 31 (Article 286) of the current constitution 2015 are all about the governing structure of Nepal. According to it, the governing structure of Nepal is oversized. Due to this, almost most of the budget proportion, specifically 80%+, goes to the operational recurrent budget for this governing structure without any noticeable social security budget. Source: <i>Government of Nepal (2015), Gyawali (2022), Khatapana (2024), Sedhain (2025), and Ghimire (2023), etc.</i>
			Textualistic Analysis of Constitution: From the Textualistic perspective, the textual provision of parts 7, 8, 13, 14, 24, and 31 (Article 286) of the current constitution 2015 is all about the governing structure of Nepal. As per this, the governing structure and government size is overburdening. Thus, it reflects the urgency of constitutional review, especially the textual parts 7, 8, 13, 14, 24, and 31 (Article 286) of the current constitution. Source: <i>Government of Nepal (2015)</i>
Population	Forced Migration Theory & Compulsive Migration Theory	Migration Trajectory	Forced & Compulsive Migration Analysis: People were forced to migrate predominantly from the Hilly and, to a lesser extent, the Himalayan Regions to nearby Terai Regions, though some minor tendencies of migration toward Hilly headquarters from Hilly rural areas and from rural Terai-to-Terai cities were also witnessed. The enforcement of the Nepal Citizenship Act 2006 and the controversial distribution of citizenship to 4,500,000, mostly Indian or other national citizens, drastically increased the population of Terai. The Madhesh movement for Federalism, with self-determination rights and a proportionate election system, and the enforcement of a Mixed electoral system with proportional representation and constituency delimitation based on a population-dominant 90:10 weightage

system, set to provide the highest number of Constituency seats for MPs & MLAs to the Terai region, resulting in more representation and voices in government formation, policy making, and resource distribution, leaving the Hilly & Himalaya regions underrepresented, voiceless, and resourceless in the long run. Consequently, the living status of 35 districts will become so hard, deprived, and ignored that there may arise a situation where the entire 35 districts of the Hilly and Himalayan region may have few or almost no population due to massive and compulsive migration toward the so-called centre (urban areas of Terai and the capital) simply for average basic needs, necessity, rights, opportunity, access, and prosperity.

Population Growth Trend in Respect to Migration: At around 1952 and 1971, the population of Terai was 35.2% and 37.6%, whereas it reached 50.27% in the year 2011, and 53.7% in 22. Even as per the Nepalese Census 2021 (Wikipedia, 2021), the average population increase rate is 1.7%, but for Terai, it has been showing 3.5%, making it alone 53.7%. It is for sure not the result of Terai's reproductive growth but due to massive compulsive migration from the Hilly & Himalayan regions. The increase of 3.5% in the regional population of Terai within the very short period of implementation of constituency delimitation (2018-2022) is by any means not normal. Thus, the Delimitation 2017 will not only be creating the overpopulated urban or Terai areas and their peripheries but for sure also adversely impacting the balance and life cycle of Nepalese economic & political aspects, further pushing the country toward regional, ethnic, and cultural conflicts.

Source: Mason (2000), Migration Data Portal (2024), and the Wikipedia (2021), etc.

Crisis Management	Multi-Criterion Crisis Assessment Theory	Multi-Criterion	Status of Multi-Criterion Indicators: After assessing all the multi-disciplinary parameters such as, as earlier mentioned above, the governance structural and institutional evaluation, political stability, economic performance, good governance, public trust and participation, election and electoral delimitation, etc. and respective indicators; it is almost crystal clear that Nepal has been moving through sensitively difficult situations and at the level of crisis of which indicates the real urgency of intervention. The below preceding paragraphs after this table is the conclusive details on multi-criterion aspects.
	Scenario Crisis Assessment Theory	Countrywide Scenario	Parameters of countrywide scenario: On base of the current overall country scenario such as political instability, poor governance, corruption, social and economic pessimism, public distrust toward political leaders, the recent People's Movements—particularly the Gen Z Movement of 08 September 2025 and the People's Movement of 28 March 2025—the collapse of the government, the formation of a neutral interim government, and election and again formation of elected government and their disinterestedness towards addressing fundamental national issues do not indicate a promising political future for the country. Potentially, if not taken any interventions on time, the current scenario of the crisis, for sure, is worsening and waiting for more severe crisis in the years to come.
Mathematical	Ratio Theory	Sustainable Institutional	Ratio Analysis Theory: The ratio theory has been implemented while tracing the structural drawbacks of overall institutional size of governance

cs	structure, and Inter-Institutional Ratio	and as well as locating gerrymandering and sustainability of electoral constituencies. As far weaknesses of Nepalese governing structure and gerrymandering is concerned, it has lots of traces we have already identified as mentioned and established earlier above in the parameters' section from the discipline of political science especially Population & Geography, and governing structure, etc. Furthermore, upon identification of Nepalese crisis level, the same ratio analysis has been implemented in course of developing and presenting varieties of innovative reformative model of governing structure as per Nepalese own specificity and necessity. The textual content in the following down below after this table section and in the reformative sectional paragraphs is the same.
** Other (Innovation with Innovative Findings) Conclusive Establishment of the research	A new "Crisis Assessment Model"	**Innovation 1: The more dynamic, innovative and new country-wide Multi-Criterion Crisis Assessment Model has been established and offered accordingly through-out this research. USPs: This Multi-Criterion Crisis Assessment Model is based on various well established standard parameters set by established theories along with some creatively arranged other new innovational parameters rather than just the previous or currently available methods with limited parameters with imaginary and ad-hoc system of weightage given to them. It is the first systematic model of countrywide overall Crisis Assessment rather than sectional or sub-sectional or basically emergency related health and natural disaster crisis assessments. It has broader traits as well of more than both of multi-criterion and as well as scenario crisis assessments at the same time. Thus, it is more dynamic, innovative and new country-wide Multi-Criterion Crisis Assessment Model.
	A new "Reformation Model of Governing Structure"	**Innovation 2: The more dynamic, innovative and new country-wide Reformation Theory and Model of Governance Structure has been established and offered accordingly through-out this research as below in the reformative portion. USPs: This Reformation Model of Governance Structure has very innovatively provided the wide varieties of reformation options ranging from "Normal Governance Structural Reformation" to "Radical Governance Structural Reformation". Within the Normal Governance Structural Reformation, there are multiple varieties of options ranging from "Minimum Normal Governance Structural Reformation" to "Maximum Normal Governance Structural Reformation", and similar vivid varieties of options ranging from "Average Radical Governance Structural Reformation" to "Extreme Radical Governance Structural Reformation" are also in Radical Governance Structural Reformation. It provides varieties of choices to government to which it prefers to stick with. It uses various theories specially the ratio theory, executive and legislative theories, electoral delimitation theory, and governance theories etc. to present the varieties of structural options of overall executive, legislatures, and election system and electoral constituency delimitation. Hence, the varieties and the availability of vivid choices are of its USPs. Thus, it is more dynamic, innovative and new country-wide Reformation Theory and Model of Governance Structure.

From the above findings, we can come to the conclusive viewpoint that almost all the political, economic, financial, and population migration indicators are negatively moving through a sensitively difficult situation. It is fundamentally because of its electoral delimitation with gerrymandering (constituencies of most Terai districts' constituencies—Saralahi, Saptari, Morang, Mahottari, Dhanusha, Dang, Banke, Kailali, and Kanchanpur, etc.), an oversized mixed electoral system, and a huge overburdening governing structure fuelled by a lack of good governance. Corruption, bad governance, political instability, unstable government, public distrust of the government & political leaders, recent People's Movements, specifically the People's Movement of 28 March 2025, the Gen Z movement of 08 September 2025, the toppling of government and formation of a neutral interim government, announcement and conduction of elections without addressing national issues, impunity privilege given to political leaders who have been charged and are on trial for serious money laundering and organized crime and their illegitimate candidacy in the constituency election and their success in election as MP, and *increasing attraction towards the trend of populist politics, etc.* are for sure not signaling a brighter political aspect. In spite of that, the economic indicators are also not indicating positive optimism but a counterproductive status. As for tax load, it is also not demonstrating any positive indication. It reflects almost the equivalent figure of 19.30% of the country's total GDP (nominal) even in spite of just covering the social security budget as the amount of 1.89% (6.2% of its total budget) of its GDP. Thus, the counterproductive tax load, as per the parameters of Scully and Panthee, over the total nominal GDP is equal to 7% in the year 2024/25, as Scully and Panthee's parameters of growth maximizing optimum tax rate are 12.3%. This 7% counterproductive tax overload will for sure cross the critical tax overload of 8.2% of its projected GDP (NRs. 6.41 trillion) at the end of the current fiscal year 2025/26. As for the social security budget, there is no doubt that the Nepalese security budget has been very limited, sectoral, and the lowest. However, from the global context, it is always assumed to be universally justiciable to have a sufficient proportion of social security, but provided with proper attention towards the specific social security, particularly the unemployment allowance, to ensure that it does not impact production, productivity, employment and employability, and the healthy economy of the country in any national and global context.

Coming again to the point, the yearly average individual tax load for the year 2024/25 has been almost 123.5 (NRs. 39807) times higher in comparison to the year 1999/2000 (NRs. 322). In the year 1999/2000, the yearly average per person tax load was only NRs. 322, and it increased up to NRs. 39807 in the year 2024/25. From the comparative perspective of average Nepalese and Indian individual tax loads, the Nepalese yearly average individual tax load was approximately 46% (NRs. 39807) higher than the Indian average individual tax load (NRs. 27332) in the same year 2024/25, in spite of the Nepalese trade-based small economy compared to the Indian production-based big economy. Furthermore, the counter-

productive yearly public expenditure for each year from 2018 to 2025 is trajectoryally indexed from 5.5% to 14% as per Rahn's parameter of growth-maximizing public expenditure (25% of GDP).

As far as the trade deficit is concerned, it has reached its highest level. The exact data show that 25% of its GDP has been recorded as an annual trade deficit each year. The national debt has also been skyrocketing. It reached an index of 43% (NRs. 2622 billion) of its GDP in the year 2024/25, which means almost 7.56% of its GDP is classified as counter-productive debt according to the parameters of ideal growth-maximizing national debt by Prasai. In fact, 35.44% is supposed to be the ideal growth-maximizing national debt limit as per the study of Prasai. The status of the counterproductive threat line for the current year 2025/26 is projected to be 15% with the national debt at 50.23% (NRs. 3217 billion) at the end of this year.

As for the average debt burden per person for each Nepalese individual, it reached the amount of NRs. 88,527 in the year 2024/25, and, if everything remains the same, it is going to approach NRs. 104,251 at the end of the current fiscal year 2025/26. As for the global context, the Russia and Ukraine war, Middle East conflict, Israel and America vs. Iran war, petroleum and gasoline blockade in the Middle East region, especially the Strait of Hormuz, supply chain obstruction, global shortage and price hike of fuel and energy, global economic inflation and recession, etc., certainly not only have negative global political & economic impacts but also a small landlocked and already pre-impacted country like Nepal has very serious multi-faceted impacts in the days to come. In the present context, experts have been saying that the price per barrel of gasoline has crossed US\$100, whereas it was around US\$70 just before the war escalation. It means almost a 42.8% increase has already been witnessed, which means the consequence is going to be approximately a 1.2% additional increase in global inflation and a 0.5% additional decrease in global economic growth. It is definitely going to be more serious when it comes to the Nepalese economy. It is definitely going to impact tourism, foreign employment, remittance, living standard, livelihood, foreign exchange reserves, energy crisis, inflation, investment, economic growth & overall economy, etc. Thus, in conclusion, the cumulation of all of its Nepalese indicators has been indicating its alarming status of critical crisis. If it is not addressed and timely progressive intervention is not taken, there is no doubt that it is heading towards the level of severe crisis.

As the major factors for this crisis, such as the "mixed electoral system" and "electoral delimitation", are directly associated with the "governing structure", and the other remaining factor, such as "lack of good governance", is, to a significant extent, a by-product of political instability sourced by this giant "mixed electoral system", now let us move towards its possible interventions. As it has already been presented earlier above that from the perspective of the present context of 8 years of implementation of the government's overburdening delimitation and its serious multi-faceted drawbacks, especially political, electoral, and economic; to

address the issues correctly and sustainably, we have no other option than to move for the reformation of the current governing structure with special reformative approaches. To do so, there are potentially two broader options of reformative approaches: “Comprehensive Electoral and Governing Structural Reformative Approach (CEaGSRA)”, and “Good Governance and Specialized Interventional Initiative Approach (GGaSIIA)” for other interventions. Let us first talk about CEaGSRA (Comprehensive Electoral and Governing Structural Reformative Approach). As per this reformative approach, it offers normal to radical reformative interventional measures via redefining and restructuring the proportionate electoral system and federal & legislatures structures. It offers various reformative approaches. To which to stick? It depends on the government and their choice of interest. However, below are the two reformative approaches and according interventions:

1. Normal reformative approach of CPoD via redefining and restructuring a proportionate electoral system (for a more cost-effective and sustainable structure for a small country like Nepal), and
2. Radical reformative structural approach of CPoD via redefining and restructuring federal and state legislatures (for a radical and cost-effective structure for a small country like Nepal).

In the normal reformative approach (NRA) and according to the normal reformative intervention (NRI), it generally considers or tries to adjust or manipulate the ratio or size of the proportionate structure as well as the determinant ratio for the state house member number as per the necessity, suitability, and sustainability of the federal and state governing and parliamentary system. Thus, there are:

- I. Minimum Normal Reformation Structure Approach
- II. Maximum Normal Reformation Structure Approach

In M(i)NRSA (Minimum Normal Reformation Structure Approach) and according to M(i)NRSI (Minimum Normal Reformation Structure Intervention), it basically reviews the current PR structure or the size of the determinant ratio for the state structure as per minimum normal reformative measures. As per the scale and size of restructuring, it can be as below:

- a. M(i)NRoPSA (Minimum Normal Reformation on Proportionate Structure Approach)
- b. M(i)NRoDRfSHSA (Minimum Normal Reformation on Determinant Ratio for State House Structure Approach)
- c. M(i)NRoASA (Minimum Normal Reformation on both or All Structure Approach)

In M(i)NRoPSA (Minimum Normal Reformation on Proportionate Structure Approach) and the corresponding intervention, it fundamentally reviews the proportionate structure and tries to reset it from the current base determinant size of 66.66% of the FPTP structure to between <66.66% - 35%, which means the PR structure for the Member of Legislative Assembly and Member of State Assembly becomes a minimum of 58 and 116, in comparison to the current 110 and 220.

Thus, with it, the overall structure of all Federal and State Assemblies becomes a minimum of 728 in comparison to the current 884.

Whereas, in M(i)NRoDRfSHSA (Minimum Normal Reformation on Determinant Ratio for State House Structure Approach) and its corresponding intervention, it specifically reviews the current ratio determinant size of double the federal parliament concept for state house member number and restructures it to between <2 and 1.5. That means the state FPTP structure becomes a minimum of 248 in comparison to the current FPTP state structure of 330. Thus, as per this intervention, the FPTP structure for Federal and State Assemblies reaches 165 and 248, respectively. Furthermore, the overall structure of the Federal, National, and State Assemblies becomes 275, 59, and 413, respectively. Thus, with this, the overall structure of all Federal and State Assemblies becomes a minimum of 747 in comparison to the current 884.

And, furthermore, M(i)NRoASA (Minimum Normal Reformation on both or All Structure Approach) and the corresponding intervention substantially review and look for all the structures to review at the same time. One simple dimension of this should be reviewing and restructuring both proportionate and FPTP structures according to the newly reviewed determinant ratio of the above two minimum normal reformations. This means <2 to 1.5 of federal member number for state member numbers and $<66.66\%$ - 35% of each FPTP state and federal parliament for proportionate representative members, and the corresponding structure size is a minimum of 248 for the state house structure, and 58 and 87 for both PR structures, resulting altogether in a minimum of 617, including 165 federal parliament members and 59 national assembly members.

As for M(x)NRSA (Maximum Normal Reformation Structure Approach) and the corresponding intervention, it specifically reviews the current PR structure or size of the determinant ratio for the state structure according to maximum normal reformative measures. According to the scale and size of restructuring, it can be as follows:

- a. M(x)NRoPSA (Maximum Normal Reformation on Proportionate Structure Approach)
- b. M(x)NRoDRfSHSA (Maximum Normal Reformation on Determinant Ratio for State House Structure Approach)
- c. M(x)NRoASA (Maximum Normal Reformation on both or All Structure Approach)

In M(x)NRoPSA (Maximum Normal Reformation on Proportionate Structure Approach) and the corresponding intervention, it basically reviews the proportionate structure and tries to reset it from the current base determinant size of 66.66% of the FPTP structure to between $<35\%$ - 10%. This means the PR structure for Members of the Legislative Assembly and Members of the State Assembly becomes a minimum of 17 and 34, in comparison to the current 110 and 220. Thus, with this, the overall structure of all Federal and State Assemblies becomes a minimum of 605 (including 59 national assembly members), in comparison to

the present 884.

Whereas, in M(x)NRoDRfSHSA (Maximum Normal Reformation on Determinant Ratio for State House Structure Approach) and its corresponding intervention, it essentially reviews the current ratio determinant size of double the federal parliament concept for the state house member number and restructures it to be between <1.5 to 1.30. That means the state FPTP structure appears to be a minimum of 215 in comparison to the present FPTP state structure of 330.

And, furthermore, M(x)NRoASA (Maximum Normal Reformation on both or All Structure Approach) and the corresponding intervention substantially review and look for all structures to review at the same time. One simple dimension of this is reviewing and restructuring both the proportionate and FPTP structures according to the newly reviewed determinant ratio of the above two minimum normal reformations. This means <1.5 to 1.3 of the federal member number for state member numbers and <35% - 10% of each FPTP state and federal parliament for proportionate representative members. Accordingly, the structure size is 215 for the state house structure, and 17 and 22 for both (Federal & State) PR structures, resulting altogether in 478, including 165 federal parliament members and 59 national assembly members.

And now, let us jump to the second option named RRSA (Radical Reformative Structural Approach) and its corresponding intervention. It specifically reviews the current FPTP & PR structure or the size of the determinant ratio for state structure as per the radical reformative approach. According to the scale and size of restructuring, it can be as below:

1. Average Radical Reformative Structural Approach
2. Extreme Radical Reformative Structural Approach

The first one is ARRSA (Average Radical Reformative Structural Approach), and its corresponding intervention is ARRSI (Average Radical Reformative Structural Intervention). It advocates for redefining the FPTP and proportionate electoral systems according to our own priorities and essentialities, and restructuring a cost-effective, inclusive, and sustainable structure once again. As per the gravity of ARRSA, it can be further divided as below:

- a. ARRoPSA (Average Radical Reformation on Proportionate Structure Approach)
- b. ARRoDRfSASA (Average Radical Reformation on Determinant Ratio for State Assembly Structure Approach)

In ARRoPSA (Average Radical Reformation on Proportionate Structure Approach) and the corresponding intervention, it fundamentally reviews the political and constitutional spirit and the reason behind the establishment of this overburdening proportionate structure and tries to search for another best available option as per the Nepalese political and economic contexts. The proportionate electoral structure or proportionate seats for federal and state assemblies are arranged to keep flourishing the main spirit of inclusive democracy. If there is another option that can ensure both proportionate representation and inclusive de-

mocracy, that is the best option. After all, representation is the main goal of any election, and if we model representation in a way that can ensure inclusion and democracy at the same time, and also save the country from the expensive and overburdening version of federal and state structures. For that, either we have to arrange a proportionate system for the nomination of the candidates, provided the candidates from specific groups are nominated and elected on an FPTP basis by the available political parties in specific electoral areas as per the CMS (Cyclic Management System), thus, whoever wins can represent the specific group, which, in the end, will ensure all the representation in a proportionate way on the one hand, and on the other can secure the potentiality and expectation of electing them in a cyclic electoral routine by available electoral areas. Thus, there is no reason for putting an overburdening proportionate electoral system if we have an affordable and cost-effective version of a proportionate representation system that still can preserve the constitutional spirit of an inclusive democratic system and proportionate representation. Anyway, as per this approach and intervention, the total seats for Federal, National, and State Assemblies are to be 165, 59, and 330 respectively. Thus, the overall structure statistically reaches 554.

Whereas, in ARRoDRfSASA (Average Radical Reformation on Determinant Ratio for State Assembly Structure Approach) and its corresponding intervention, it fundamentally reviews the current ratio determinant size of double the federal parliament concept for the state house member number and restructures it between <1.3 to 1.15 . That means the state FPTP structure becomes a minimum of 190 in comparison to the current FPTP state structure of 330. Thus, as per this intervention, the FPTP structure for the Federal Parliament and State Assemblies becomes 165 and 190 respectively. Altogether with FPTP and PR seats, the total seats for the Federal, National, and State Assemblies are to be 275, 59, and 317. Hence, 551 is to be the total structure of all three assemblies.

And now let us move to the second option of the Radical Reformatory Structural Approach called ERRSA (Extreme Radical Reformatory Structural Approach), and its corresponding intervention is ERRSI (Extreme Radical Reformatory Structural Intervention). The ERRSI redefines federal and state legislation for a smart, cost-effective, and sustainable legislative system. Anyway, it has the following types of ERRSA:

1. ERRSAfMoPESaDEPoPM (ERRSA for Main-Streaming only Proportionate Electoral System and Directly Elected President or Prime Minister),
2. ERRSAfMoFPTPES (ERRSA for Main-Streaming only FPTP Electoral System), and
3. ERRSAfSS (ERRSA for State Structure)

The first ERRSA is ERRSAfMoPESaDEPoPM, which stands for “ERRSA for Main-Streaming only Proportionate Electoral System and Directly elected President or Prime-Minister”. According to its intervention, it specifically reviews both the FPTP & PR electoral systems of Nepal in the context of the constitutional spirit of inclusive democracy, republicanism, and federalism, and proportionate representational contexts; and it, while maintaining all these core values and spirit of

the constitution, offers the provision of only the main-streaming Proportionate Electoral System by eliminating FPTP for Federal and State Assemblies. Whereas, the directly elected Executive head, either the Prime Minister or the President, is also provided for political and governmental stability and sustainability. However, at the Local Level, the FPTP electoral system is to remain the only electoral system retained, as per the current constitutional provision. With this intervention, the total FPTP electoral seats of federal and state assemblies are transferred into PR electoral quotas. In addition, it also reviews the various baseline ratios of the federal assembly structure for determining state structure. The currently set ratio for federal and State Assemblies is 1:2. Thus, the total seats in Federal and State Assemblies become 165 and 330 respectively if the current constitutional provision of '2 times bigger concept for state structure' is retained. Otherwise, the number of State Assembly seats can decrease to 278, 215, and 190 if set at 1.5, 1.3, and 1.15 times bigger concepts. Hence, the total number of PR electoral seats for all (Federal, State, and National) Assemblies becomes 554 (165 + 330 + 59), 502 (165 + 278 + 59), 439 (165 + 215 + 59), and 414 (165 + 190 + 59) as per the 2, 1.5, 1.3, and 1.15 time bigger concepts, respectively.

The second ERRSA is ERRSAfMoFPTPES, which stands for "ERRSA for Main-Streaming only FPTP Electoral System". According to its intervention, it substantially reviews both the FPTP & PR electoral systems of Nepal in the context of its constitutional spirit of inclusive democracy, republicanism and federalism, proportionate representational contexts, as well as the current context of political instability of the government and its corresponding electoral system; it, respecting all these core values and the spirit of the constitution, offers the provision of only the main-streaming FPTP electoral system by eliminating the PR electoral structure for Federal and State Assemblies. For the assurance of inclusion and proportionate representation only through the FPTP electoral system, it utilizes methods very similar to both of the above-mentioned ARRSAs (Average Radical Reformative Structural Approaches). Hence, the total number of FPTP electoral seats for all (Federal, State, and National) Assemblies become 554 (165 + 330 + 59), 502 (165 + 278 + 59), 439 (165 + 215 + 59), and 414 (165 + 190 + 59) as per 2, 1.5, 1.3, and 1.15 times bigger concepts respectively. Altogether, the minimum of FPTP seats becomes 414 by utilizing the 1:1.15 ratio approach for Federal and State Assemblies structures, which still looks moderately big and less expensive in comparison to the present 884 and the structure is almost less than $\frac{1}{2}$ (Half) and exactly 47% of the current size, and it seems far better in terms of size and sustainability as per this Extreme Radical Reformative Intervention, most specifically the ERRSAfMoFPTPES (Extreme Radical Reformative Structural Approach for Main-Streaming only FPTP Electoral System) intervention.

The last ERRSA is ERRSAfSS, which stands for "ERRSA for State Structure". According to its intervention, it fundamentally reviews State Structure and its baseline electoral ratio based on our specific context, priority, essentiality, and necessity. Thus, it has the following two types of ERRSAfSS:

1. ERRSAfSS Based on Retention and Sustainable Restructuring
2. ERRSAfSS Based on Abolition

The first ERRSAfSS is ERRSAfSSBoRaSR, which stands for “ERRSAfSS Based on Retention and Sustainability Restructuring”. According to it and its corresponding intervention, it very specifically reviews the size and number of states, and pragmatically reforms them according to various multi-faceted aspects of viability and sustainability. It focuses on making the state structure more affordable and cost-effective by working on two dimensions—the number and size of states, and the ratio of Members of State Assembly based on the ratio of Members of Federal Assembly.

As far as the state structure according to this approach is concerned, 2 - 4 states {Names can be: Purwaanchal (Eastern State) Pradesh, Madhemaanchal (Central) Pradesh, Lumbini Pradesh, and Pachhimaanchal (Western) Pradesh} constitute the affordable structure. Names for these states can be Purwaanchal (Eastern State) Pradesh, Madhemaanchal (Central) Pradesh, Lumbini Pradesh, and Pachhimaanchal (Western) Pradesh. The option of two states, for delimiting the number of state restructurings, can be the best option from the perspective of sustainability, and their names can be Purwaanchal (Eastern) Pradesh & Pachhimaanchal (Western) Pradesh. Similarly, Purwaanchal (Eastern State) Pradesh, Madhemaanchal (Central) Pradesh, and Pachhimaanchal (Western) Pradesh can be another moderate option. Finally, Purwaanchal (Eastern State) Pradesh, Madhemaanchal (Central) Pradesh, Lumbini Pradesh, and Pachhimaanchal (Western) Pradesh can be another average option for delimiting the number of state restructurings. The size of the State Assembly should be 1.3 - 1.15 of the Federal Parliament Structure, which means the size of the state assemblies of all states should altogether be a minimum of 190. In this sense, the total numbers of the Members of the Legislative Assembly, Members of the State Assembly, and Members of the National Assembly become 165, 190, and 59, respectively.

Whereas, the last one of ERRSAfSS is ERRSAfSSBoA, which refers to “ERRSAfSS Based on Abolition”. As per it and the corresponding intervention, it essentially eliminates this entire overburdening and expensive state structure to address the earlier, further above-mentioned current multi-faceted crisis, and to prevent potentially upcoming irreversible devastating crises. The more sustainable two-tiered power-sharing-based Central/National/Federal—Local Governing Model can be a sustainable governing model for a small country like Nepal. With it, the total number of members of the House of Representatives and National Assembly becomes 224.

To drive further to the conclusive form of the reformative intervention, the following are the electoral and governance structural reformation options as per this research of which I had also presented via. my previously published article entitled “*Nepalese Crisis and Possible Interventions in the Context of Its Electoral Delimitation and Governing Structure*” (Thapa, 2026) too.

- 1) Parliamentary System, PM as an executive head, FPTP as a general election with

the assurance of inclusive representation, the National Assembly structure should be 20% of the HoR, and members of NA should be from various fields of non-political & expertise, 1.3 - 1.15 times bigger than the HoR concept for State Assembly, and 2 - 4 states for the number of states (altogether minimum of 338 members means 165, 33, 190 for the number of members of the HoR, NA and SA respectively);

2) Directly elected Head of Executive based on FPTP; Proportional Representation Election System for Member of HoR (provided the PR closed list should be transparent and the election commission should have full authority to elect the PR candidate); and all other things remain the same as above option and with the automatic conversion of the current FPTP structure as the PR structure, the total number of members of all houses remains the same altogether of mini-mum of 338. And, FPTP should be election system of Local Units;

3) The majority of introductory political positions in local government should be based on volunteerism in political representation; and

4) Or abolition of State/Province Governance Structure;

5) Electoral delimitation should be based on multiple indicators with an assurance of equal and as well as equitable representation; etc.

In this way, the above are various interventional solutions of electoral and, accordingly, governing structural delimitation, and now let us move to another intervention called “Good Governance and Specialized Interventional Initiatives (GGaSIIs)”. As far as GGaSIIs interventions: Comprehensive Economic and Financial Revitalization, Reformation, Recovery and Development Initiative (CEaFRRRaDI); Zero Tolerance Policy Against Corruption and Impunity (ZTPACaI); Justiciable Tax/Specific-Tax-Cuts/Return/Reduction; Approach of Political Volunteerism (AoPV) at most of the introductorial political roles; Promotional Public Fund for Start-up and Entrepreneur (PPFfSaE); Employment, Production, Industry and Market Protection, Promotion and Development Initiative (EPIaMPPaDI); Comprehensive Banking, Finance, and Cooperative Crisis Management Initiative (CBFaCCMI); House Decision for Decidable Issues (HDfDI) and Referendum for House Undecidable Issues (RfHUIs); Special Independent Judicial Investigation Commission (SIJIC) for identification and judicial settlement of mass killings of Gen Zs; Loss Evaluation and National Infrastructural Reconstruction Fund, Commission, and corresponding Rapid Task-force; and Government Work Efficiency, Anti-Corruption, Money Laundering Special Undercover Task Team Initiative (GWEAMLSUTTI); etc., are not limited to these given other interventions.

To wrap up, the above are the various interventions based on their gravity and dynamism. Now, it is up to the available political parties and the government of Nepal to choose which interventional measure they prefer.

5. Conclusion

The economic, financial, social, and political indicators of Nepal have been moving very negatively through sensitively difficult situations and at the crisis level. If

no intervention is taken to improve these indicators on time, it will reach the level of a severe crisis. At this state, we have various interventional solutions according to their respective gravity and dimension, based on the “Electoral and Governing Structural Reformative Approach (EaGSRA)” and the “Good Governance and Specialized Interventional Initiative Approach (GGaSIIA)”. The EaGSRA offers various reformative approaches. To which should one adhere? It depends on the government and their choice of interest. Meanwhile, the GGaSIIA offers various interventional initiatives to address the current political and economic crisis by responding to the Nepalese people’s and Gen Z Group’s anti-corruption and political movement, in order to further advance the country’s journey of peace, prosperity, and sustainability. Anyway, with these findings, a new, innovative, broader multidisciplinary and dynamics Crisis Assessment and Analysis Model has been established and offered on the one hand, and, on the other, it has also introduced a new and innovative Reformation Theory and Model of Electoral Constituency Delimitation and Governance Structure as an innovation and important achievement of this research efforts.

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Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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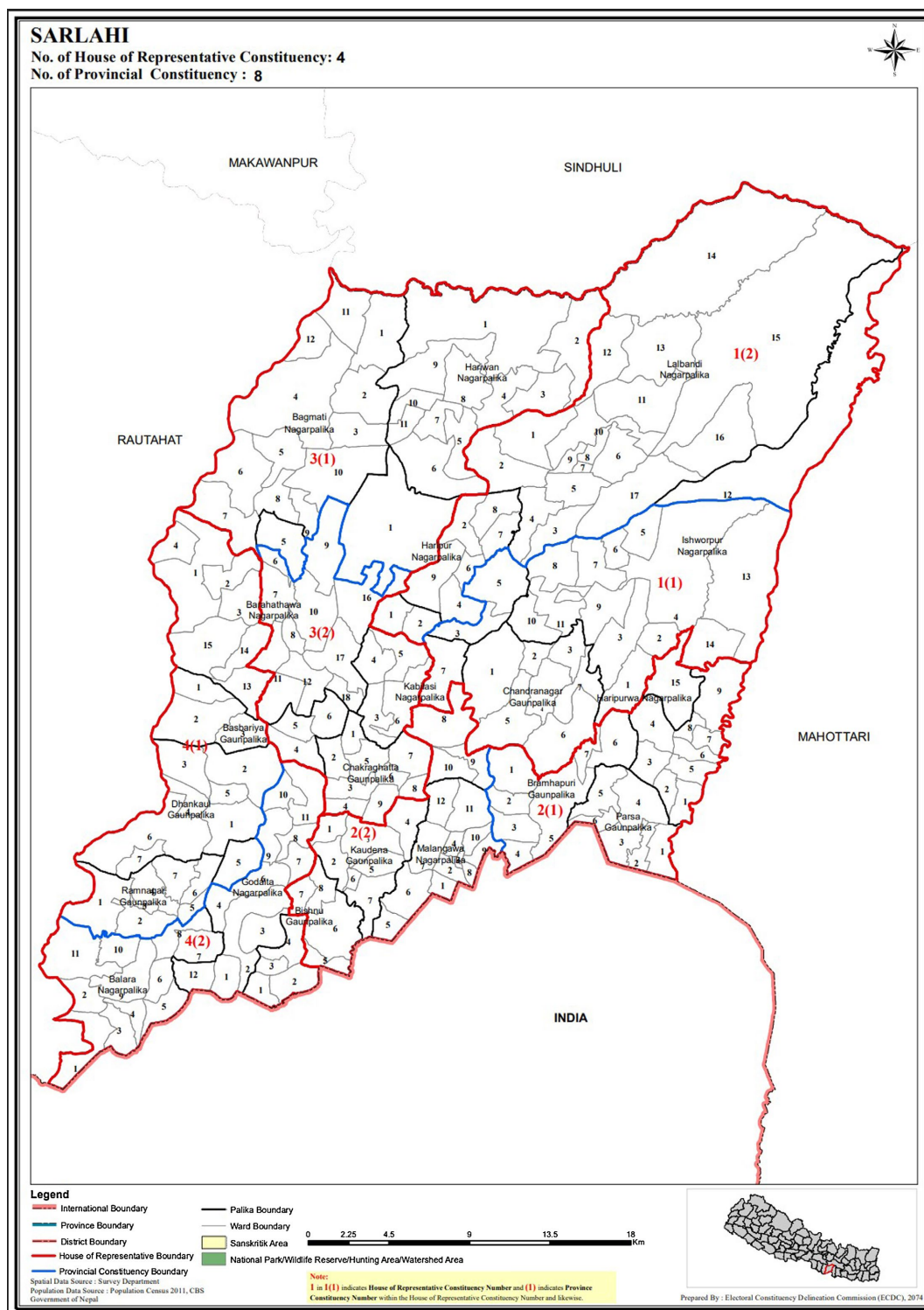
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Appendices

Appendix A. Regional-Wise Constituency Breakdown & Gerrymandering



Source: Electoral Constituency Delineation Commission (2017).

Figure A1. Delimitation of Constituencies in Sarlahi District.

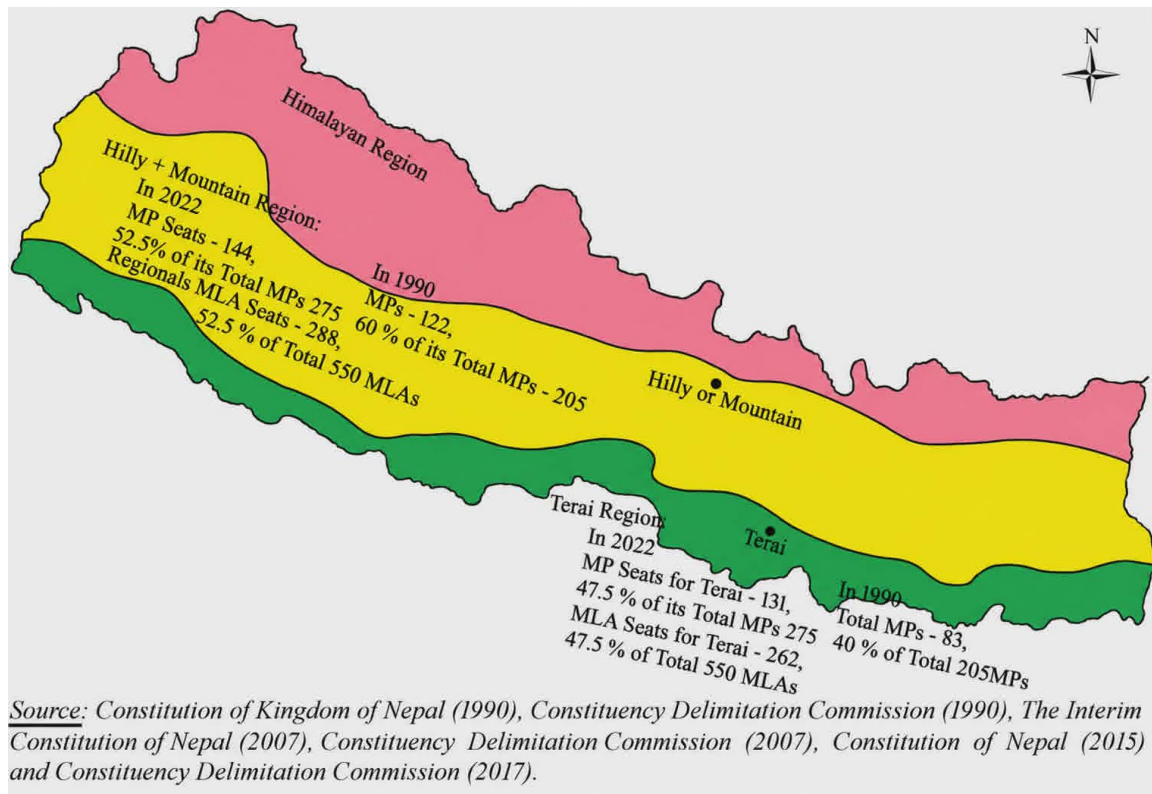


Figure A2. Region-wise total constituencies for MPs & MLAs.

Appendix B. Breakdown of Total Political Posts in the Governing Structure of Nepal

Table B. Total political posts in government's various structures of Nepal.

Total Political Posts in the Government's Various Structures of Nepal			
S.N.	Political Posts	Number	Reference
1	President	1	Constitution of Nepal 2015 (Articles 61 and 67)
2	Vice-President	1	
3	Prime Minister	1	Constitution of Nepal 2015 (Article 76.1 and Article 76.9)
4	Federal Ministers	25	
5	National Assembly Chairperson	1	Constitution of Nepal 2015 (Article 92.1, Article 86.1, and Article 86.2)
6	National Assembly Deputy Chairperson	1	
7	National Assembly Members	59	
8	House Speaker	1	Constitution of Nepal 2015 (Article 91.1 and Article 84.1)
9	House Deputy Speaker	1	
10	FPTP Federal Assembly Member	165	
11	PR Federal Assembly Member	110	
12	State Assembly Speaker	7	Constitution of Nepal 2015 (Article 182.1)
13	State Assembly Deputy Speaker	7	

Continued

14	State Head	7	Constitution of Nepal 2015 (Article 163.1, Article 168.1, Article 168.9)
15	Chief Minister	7	
16	FPTP State Assembly Member	330	Constitution of Nepal 2015 (Article 176.1.a)
17	PR State Assembly	220	Constitution of Nepal 2015 (Article 176.1.b)
18	State Minister	154	Constitution of Nepal 2015 (Article 168.9)
19	District Coordination Committee Chairperson	77	Constitution of Nepal 2015 (Article 56.4), Federal Law, Local Government Operation Act 2017
20	District Coordination Committee Deputy Chairperson	77	
21	District Coordination Committee Member	539	
22	Mayer Metropolitan	6	Constitution of Nepal 2015 (Article 219), Local Government Operation Act 2017
23	Deputy Mayer Metropolitan	6	
24	Mayer Sub-Metropolitan	11	
25	Deputy Mayor Sub-Metropolitan	11	
26	Municipalities Council Mayer	276	
27	Municipalities Council Sub-Mayer	276	
28	Rural Council Chairperson	460	
29	Rural Council Deputy-Chairperson	460	
30	Ward President	6743	
31	Ward Member and Executive Council Member	26,972	
Total Political Posts		37,012	NA

Appendix C. Yearly Budget Breakdown of Nepal

Table C. Public expenditure ratio over budget & GDP, and respective economic status.

Public Expenditure Ratio over Budget & GDP, and Respective Economic Status															
Public Expenditure Ratio Based on Budget & Respective Economic Status															
Year	Budget (in billion NRs.)	Public Expenditure Breakdown Based on Budget				Expenditure Ratio Status				Pub. Expenditure Ratio based on GDP & Respective Economic Status					Remarks
		Capital Expenditure (in Billion)	Recurrent Expenditure (in Billions)	Finance Mgmt. (in billion)	Recurrent (Other) Expenditure (in Billion)	Transfer to Province and Local Government (in Billion)	Net Recurrent (Other) Expenditure (in Billion)	Ideal Expenditure Ratio for Nepal	Actual Ratio of Capital and Recurrent (Other) Expenditure	STATUS	Nominal (Current) GDP in Billion (NRs.)	Ideal Expenditure Ratio compared to GDP (Ideal Ratio of 75:25 for Capital and Recurrent (other)	Actual Expenditure Load (%) on GDP	Counterproductive % of Public Expenditure by below % of GDP	STATUS
2018	1279	335.17	803.5	140.3	0	943.79	75.0:25	26.2:73.75	↓	3715.27	<25%	34.4%	9.4%	↓	N/A
2019	1315	313.99	845.45	155.7	0	1001.17	75.0:25	23.87:76.75	↓	3911.68	<25%	33.6%	8.6%	↓	N/A
2020	1533	408.59	957.1	167.5	0	1124.6	75.0:25	26.64:73.75	↓	3931.37	<25%	39.0%	14.0%	↓	N/A
2021	1472	352	948	172	0	1120	75.0:25	23.91:76.75	↓	4393.11	<25%	33.5%	8.5%	↓	N/A
2022	1648	374.26	678.62	208	386.7	1273.31	75.0:25	22.71:77.75	↓	5441.11	<25%	30.3%	5.3%	↓	N/A
2023	1794	380.38	753.4	230.2	429.8	1413.45	75.0:25	21.20:78.75	↓	5445.53	<25%	32.9%	7.9%	↓	N/A
2024	1751	302.08	1141.78	307.5	0	1449.23	75.0:25	17.75:82.75	↓	5743.99	<25%	30.5%	5.5%	↓	N/A
2025	1860	352.35	1140.66	367.3	0	1507.94	75.0:25	18.94:81.06	↓	6107.00	<25%	30.5%	5.5%	↓	N/A
2026	1964	407.89	1181	375.2	0	1556.24	75.0:25	20.75:79.25	↓	6418.7	<25%	30.6%	5.6%	↓	Projected

Note: The above public expenditure data are based on budget figures. Also, the GDP figure is based on a single specific year, not on mixed fiscal years (i.e., 2023/24 and so on), and likewise, the specific exchange rate and date vary; thus, the figure may appear slightly different from that of a specific fiscal year. The GDP here is Nominal (Current) GDP.

Source: *National Budget of Nepal*, *Dhungel (2018)*, *NBSM*, *Worldometer (n.d.)* [for GDP], *Ministry of Finance—Government of Nepal (2025)* [GDP for the year 2024/25], *ADB (2025, April 9)* [for projected GDP of the year 2025/26], and *Rahn & Fox (1996)*.

Appendix D. Rahn's Optimum Expenditure Size of Government and Scully's Growth Maximization Optimum Tax Rate of Nepal

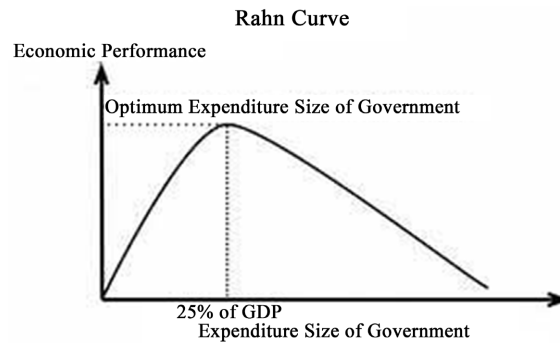
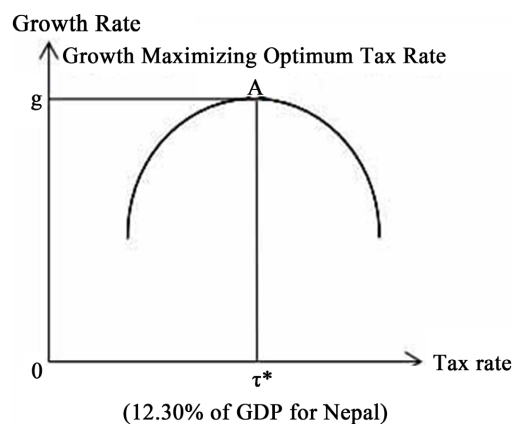


Figure D1. Rahn curve of the optimum expenditure size of government.



Source: *Panthee (2019)* and *Scully (2003)*.

Figure D2. GW scully's growth maximizing optimum tax rate.

Appendix E. Comparative Tax-load Per Person & Tax-load in Terms of GDP

Table E1. Tax-load in Terms of GDP

Tax load in terms of GDP								
Year	Actual Tax Collection in trillion NRs.	Nominal (Current) GDP in trillions (NRs.)	Growth Rate	Ratio of Tax in Proportion to GDP	Growth-Maximizing Optimum Tax Rate	Counter Productive Status	Status	Remarks
2015/16	0.48	2.46	3.98%	16.80%	12.30%	(-) 4.5%	↓	N/A
2023/24	1.059	5.743	3.67%	18.25%	12.30%	(-) 5.95%	↓	N/A
2024/25	1.179	6.1072	4.61%	19.30%	12.30%	(-) 7%	↓	N/A
2025/26	1.315	6.4187	5.10%	20.50%	12.30%	(-) 8.2%	↓	Projected

Note: Data regarding 2025/26 is based on government projection. The growth-maximizing optimum tax rate of 12.30% is determined according to the Scully, G.W.'s principle of the growth-maximizing optimum tax rate by Keshav Raj via his journal paper published in 2019, based on economic data from 1993 to 2015. The GDP here is nominal (current) GDP.

Source: *Kharel (2021)*, *Investopaper (2024)*, *Share Sansar (2025)*, *NBSM (2025)* [for projected tax collection or revenue for the year 2025/26], *Worldometer (n.d.)* [for GDP], *Ministry of Finance—Government of Nepal (2025)* [GDP for the year 2024/25], *ADB (2025, April 9)* [for projected GDP of the year 2025/26], *Panthee (2019)* [for determination of growth-maximizing optimum tax rate as per Scully model], and *Scully (2003)*.

Table E2. Comparative average individual tax-load per person on its own nepalese average tax burden context.

Comparative Average Individual Tax-load Per Person in Its Own Nepalese Average Tax Burden Context											
Years	Total Tax Collection in Billion NRs.	Population	Average Individual Tax Load in NRs.	Average Individual Tax-load Differences based on the year 1999/2000				Yearly Individual Tax-load Differences			Remarks
				% Compared to the year 1999/2000	Times	Difference	Status	Percentage (%)	Times	Difference	
1999/2000	7.9275	24546509	322	100%	1	N/A		N/A	N/A	N/A	N/A
2023/24	1059	29651054	35715	11092%	110	10992%		N/A	N/A	N/A	N/A
2024/25	1179	29618118	39807	12362%	123.6	12262%	↑	111.5%	1.11	11.5%	↑
2025/26	1315	30858187	42614	13234%	132	13134%		107%	1.07	7%	Projected

Note: The average individual tax-load of 2023/24 was 110 times and almost 11,092% of the average tax-burden of the year 1999/2000, and it can also be projected to increase up to 132 times or almost 13,234% of the year 1999/2000.

Source: Ministry of Finance—The Government of Nepal (2000), Kharel (2021), Investopaper (2024), Share Sansar (2025), Worldometers, Countrymeters (2025, August) [for Population of 2025], NBSM (2025).

Table E3. Comparative average individual tax burden per person of Nepal & India.

Comparative Average Individual Tax Burden Per Person of Nepal & India						
Based on actual tax collection						
Years	Tax or Revenue Collection (in Billion)	Tax burden per person in Nepal (in NRs.)	Average Tax Burden Per Person in India (In NRs.) Year Basis	Difference of Nepalese Per Person Average Tax Load Compared to Indian Average Individual Tax Burden	Status	Remarks
2017/18	726.71	25,880	22,338	15.90%	↑	Nepal probably has a heavier tax load on individuals because of its trade-based economy.
2018/19	826.76	29,097	23,965	21.40%	↑	
2023/24	1059	35,715	20,732	72%	↑	
2024/25	1179	39,807	27,332	46%	↑	
2025/26	1315	42,614	38,160	11.70%	↑	Projected

Note: The Indian tax load, based on its corresponding services, provided by the government of India, is still heavier. There is no doubt about the Nepalese much heavier tax load because of its trade-based economy (the maximum proportion of the tax generally comes from individual taxpayers) as opposed to the Indian production-based economy (the maximum proportion of the tax in India comes from production). Thus, Nepal has a much heavier tax load than the figure reflects.

Source: Ministry of Finance—The Government of Nepal (2000), Kharel (2021), Investopaper (2024), Share Sansar (2025), Worldometers [for Population], Countrymeters (2025, August) [for Population of 2025], NBSM (2025), Government of India, 'Report No 5 of 2022' (2022), Ministry of Finance—Government of India (2024), and Chokhawala (2025).

Appendix F. National Debt Over GDP & Population, and Trade Deficit

Table F1. National Debt Over GDP.

National Debt Over GDP							
Year	Debt (in Billion)	Nominal (Current) GDP (in Billion NRs.)	Ideal Optimum Debt Threshold % of Public Debt as Proportionate to GDP	Actual % of Deficit as Proportionate to GDP	Differences/Threat by GDP Amount	Status	Remarks
2018	1155.08	3715.27	35.44%	31.09%	-4.35%	→	
2019	1331.04	3911.68	35.44%	34.02%	-1.42%	↑	Note: NRs. 595 billion is supposed to be added to the projected debt as per the budget 2025/26.
2020	1702.73	3931.37	35.44%	43.31%	7.87%	↑	
2021	1901.46	4393.11	35.44%	43.28%	7.84%	↑	
2022	2325.22	5411.11	35.44%	42.97%	7.53%	↑	
2023	2565.96	5445.53	35.44%	47.12%	11.68%	↑	
2024	2611	5743.99	35.44%	45.50%	10.06%	↑	
2025	2622	6107.00	35.44%	43.00%	7.56%	↑	
2026	3217	6404.00	35.44%	50.23%	14.79%	↑	Projected

Note: The above Public Debt and GDP figures are based on a single specific year, not on mixed fiscal years (i.e., 2023/24 and so on), and equally, the exchange rate of a specific date varies; thus, the figures seem slightly different from those of a specific fiscal year. Anyway, the GDP here is Nominal (Current) GDP.

Source: *Ministry of Finance—Government of Nepal (2025) [GDP for the year 2024/25]*, *ADB (2025, April 9) [for projected GDP of the year 2025/26]*, *Countryeconomy (2024) [for the debt up to 2023]*, *RepublicaI National Daily (2025, February 19) [for the debt of 2024]*, *RepublicaIII National Daily (2025, May 20) [for the debt of 2025]*, *Worldometer (n.d.) [for GDP]*, projection of the Nepalese national debt trend for the year 2025/26 is analyzed based on the national budget figure of 2025/26 as can be seen in *NBSM (2025)*, and *Prasai (2024) [for growth-maximizing ideal threshold (35.44%) of public debt proportionate to GDP]*.

Table F2. Public debt burden over population.

Public Debt Burden Over Population				
Years	Debt (in billion NRs.)	Debt Burden per Person or Debt Per Capita (in NRs.)	Status	Remarks
2000	247.6056	10,068	↑	
2005	306.8	11,656	↑	
2010	463.9572	17,092	↑	
2015	667.66736	24,180	↑	Note: NRs. 595 billion is supposed to be added over the projected debt as per the budget for 2025/2026. Thus, the prospective national debt will reach NRs. 3217 billion.
2020	1702.73	57,977	↑	
2021	1901.46	63,302.7	↑	
2022	2325.22	76,107	↑	
2023	2565.96	83,060.7	↑	
2024	2611	92,194.27	↑	
2025	2622	88,527	↑	
2026	3217	104,251	↑	Projected

Note: Public debt in the year 2025 is 10.59 times (1059% of the public debt of the year 2000) higher compared to the public debt of 2000, and the debt burden per person is 8.8 times higher (880% of the debt burden per person of the year 2000) compared to the debt burden of the year 2000. Similarly, for the current year 2026, public debt is predicted to rise by 13 times (1300% of the public debt of the year 2000) compared to the public debt of 2000, and the debt burden per person is expected to be 10.35 times higher (1035% of the public debt burden per person of the year 2000) compared to the debt burden of the year 2000. The prediction is made as per the source mentioned in the budget 2025/26.

Source: *Countrymeters (2025, August)* [for Population of 2025], *Countryeconomy (2024)* (for the debt up to 2023), *RepublicaI National Daily (2025, February 19)* [for the debt of 2024], *Worldometer (Population up to 2025)*, *RepublicaIII National Daily (2025, May 20)* [for the debt of 2025], and projection of Nepalese national debt trend for the year 2025/26 is analyzed based on the national budget figure of 2025/26 as seen in *NBSM (2025)*.

Table F3. Trade deficit in terms of GDP.

Trade Deficit in Terms of GDP			
Year	Trade Deficit (in billion NRs.)	% of Trade Deficit as Proportionate to GDP (Nominal)	Status
2005	(-) 110.5	(-) 16.25%	↓
2021/22	(-) 1720	(-) 33%	↓
2022/23	(-) 1450	(-) 27%	↓
2023/24	(-) 1440	(-) 24.6%	↓
2024/25	(-) 1527	(-) 25%	↓
2025/26	(-) 1527+	(-) 25+%	↓

Note: We had a trade deficit of 110.5 billion in the year 2005, whereas by the year 2024/25 it increased to the higher level of a trade deficit of 1527 billion, almost 14 times (1400%) higher. We can still predict a further increase in the deficit in the year 2025/2026.

Source: *Ministry of Finance—Government of Nepal (2025)* [GDP for the year 2024/25], *ADB (2025, April 9)* [for projected GDP of the year 2025/26], *Worldometers* [for Population], *Worldometer (n.d.)* [for GDP], *Shrestha (2016)*, *Macrotrends^{III}* (for the trade deficit up to 2023), *The Himalayan TimesI (2023)*, and *RepublicaII National Daily (2025)*.