

Abstract:

This paper emphasizes on the opportunities of federalism which Nepal has recently undertaken after the promulgation of Constitution of Nepal, 2015 (2072) followed by formation of government at all three tiers viz. federal, provincial and local level and focusses on challenges it has to face walking through twists and turns. Nepal is an underdeveloped country with diverse geography, ethnic groups, linguistic groups and various political parties. Poverty, regional imbalance, improper infrastructure and unemployment remain Nepal's major problems.

The federalism with how relevantly it is associated to democracy has been explored in the paper simultaneously addressing how disparities caused by class, caste, ethnicity, language, religion, region and gender be attenuated. This paper tries to diagnose the impact of federalism, for which to fruitfully grow into a baby from zygote, Nepal needs to address upon.

Keywords: federalism, opportunities, challenges, democracy, Nepal

Background:

It is assumed that the main aspect of the Constitution of Nepal promulgated on September 20, 2015 is the transfer of power from central/federal to the provincial and local government. However, the devolution process has not been satisfactorily experienced as had been expected when it was promulgated by the overwhelming majority of the then Constituent Assembly. One of the reasons for this slow progress might be some confusion and/ or problem in matters of power sharing between different levels of governments. the restructuring initiatives have not been successful in minimizing the political, social, economic, regional and ethnic inequalities that were inherent in the previous political systems for nearly 240 years of a unitary system of governance in Nepal. It is necessary that Nepal's new Federal Constitution for local governance, fiscal policies, cultural identity and other related issues be enhanced to the maximum.

The political system which is based on the federal governance, balanced power sharing, rule of law, values and other governing systems is called federalism. It is a political philosophy in which a group or body of members are bound together with governing representative head. The term "federalism" is used to describe legal and political structures that distribute power territorially within a state. It requires the existence of two distinct levels of government, neither of which is legally or politically subordinate to each other. Its central feature is therefore the notion of shared sovereignty. Examples of federations are, to mention only a few, the United States, Switzerland, Germany, Belgium, Canada, Australia, India, Nigeria and Malaysia We assume that these nations-states have successfully running federal system.

Federalism differs from devolution, which is defined as the transfer of power from central government to subordinate regional institutions that have, however, no share in sovereignty. The term "devolution" has been used, for example, for decentralization efforts in Great Britain since the 1970 ties (Arb and Zimmerman, 2004) Instead it is a system of government in which power is divided between a national (federal) government and various regional governments. As defined in the Constitution of the United States , federalism is a fundamental aspect of American government, whereby the states are not merely regional representatives of the federal government, but are granted independent powers and responsibilities. With their own legislative branch, executive branch, and judicial branch, states are empowered to pass, enforce, and interpret laws, provided they do not violate the Constitution. This arrangement not only allows state governments to respond directly to the interests of their local populations, but also serves to check the power of the federal government. Whereas the federal government determines foreign policy, with exclusive power to make treaties, declare war, and control imports and exports, the states have exclusive power to ratify the Constitution. Most governmental responsibilities, however, are shared by state and federal governments: both levels are involved in such public policy issues as taxation, business regulation, environmental protection, and civil rights.

The precise extent of state and federal responsibility has always been controversial. Federalism is a political framework that divides power between a central governing body and an assessment of smaller, more local government. The purpose of federalism is to bring government closer to the people and to help them have a more meaningful voice in their own governance. There are 27 countries in the world whose governments are structured on federalist principles, and 40% of the world's population resides in these 27 countries. They account for almost half the territory in the world (Baral, 2008). Often, federalism is considered most appropriate for large countries with a lot of heterogeneity. Ideally it would allow each different group to mould the local government to their idiosyncratic needs, instead of having to abide by national laws that were not particularly applicable to their specific circumstances. (Gokarna P., Gyawali, 2018)

Practice of Federalism Round the Globe:

Modern federal states can be divided into three basic categories according to the role they play in dealing with ethnic issues. The first is that of *mononational federations*. These are not necessarily ethnically homogenous like Austria or Germany, they can be heterogeneous, but in the latter case their member states are not ethno-regional units, and their population is integrated by a common political and national consciousness and the unified identity of the population. A typical example of a mononational federation with an ethnically heterogeneous population is the United States, but Australia and federal states in Latin-America can also be included in this category. In these countries federalism is only linked to the national question in a historical sense as it used to be a tool to unify the state and build the nation, but in a structural sense it is not so any more. From a structural and functional perspective, they do not aim at the institutionalization of national-ethnic differences or the protection of minorities, instead, they work as territorial power-sharing systems, which basically intend to articulate regional differences, the decentralization of administration, and the provision of democratic checks and balances.

Countries which are nationally and ethnically heterogeneous and work in a federal structure at least partially based on national and ethnic heterogeneity (i.e. at least some of their member states are ethno-regional units) are usually called *ethno-federations*. They are also referred to as multiethnic or multinational federations, but these two latter terms have a more restricted sense: they designate two versions of broadly defined ethno federalism.

Multiethnic federations in this narrower sense refer to those ethno-federal countries where – like in mononational forms – the population is united by state-patriotism and a unified identity of the population and/or where the demographic composition is characterized by the predominance of the majority nation. In these cases, federation together with other institutions of consociation can be a successful means to handle linguistic and ethnic differences and conflicts. Atypical example of such a multiethnic federation is Switzerland (where everybody defines themselves as Swiss first, and only belongs to one or other ethnic group or canton with a secondary group identity), but many analysts say that post-Soviet Russia and India are moving towards this form too.

On the other hand, the former Socialist federal states and today's Bosnia-Herzegovina are considered to be *multinational* federations, where the individual ethnic groups (or a majority of them, like in the Soviet case) had or have a separate national identity. Therefore, for this system,

the loyalty of each nation is mainly linked to their own national member state, and the link to the union is secondary, through the member states. The success of multinational federations basically depends on whether the individual nations are linked together by some kind of a common long-lasting political interest. Due to the lack or weakness of common state-nation patriotism, only this can lead to internal cohesion, otherwise sheer power remains the only uniting force. As far as federation trends are concerned, the European Union is obviously moving towards this system.

Those ethno-federations where integrative national political consciousness and a strong separate identity are simultaneously present can be considered to be *borderline cases* between multi-ethnic and multinational forms. Examples of this are Belgium, Canada, Serbia-Montenegro and most African and Asian ethno-federations. In the two Western democratic states – Belgium and Canada – there is some kind of common identity of the linguistic and ethnic groups and a feeling of belonging together as citizens but (especially in the cases of the Flemish people in Belgium and the French in Quebec) its dominance over group identities is questionable. A similar duality can be observed in the relationship between Serbs and Montenegrins. In the case of Afro-Asian ethno-federations it is even less adequate to talk about strong and comprehensive political group identities (perhaps with the exception of India), but linguistic, tribal and religious group identities “on the other side” are usually no more than pre-national identities. The question of dominance is still open in these countries. The population of Nigeria, for example, which can only be considered to be a virtual state-nation and yet may become a real one – but it may also disintegrate into separate Ibo, Yoruba and Hausa nations, or it can be divided along religious lines between Muslims and Christians. (Joseph Juhasz, 2005)

We can see that in many countries federation does not serve as a remedy for national and ethnic conflicts. But it must also be noted that federalism is only one of the number of means to solve national and ethnic divergences. This is not only true in the negative sense (though it is absurd to refer to genocide and ethnocide, i.e. forced assimilation, border wars, population exchanges, deportations, etc. as “solutions”), but in a positive sense too. It depends on a number of factors whether it is necessary to federalize the given state in order to manage a national or ethnic problem in a civilized and democratic way, and, if so, in what form – or other means are sufficient, or in certain cases, more appropriate. Depending on them demographic structure, historical and political traditions, the economic and international situation of the country as well as the ethnic groups’ identity, their relationship and geographical pattern, a number of other options can come into question besides different forms of federalism. These can range from the equality of the citizens at individual level within a unified state or from different forms of autonomy to the various types of consocial techniques (cooperative mechanisms) and to peaceful break-ups. (Joseph Juhasz, 2005)

Unfortunately, there is no constitutional theory of federalism. It exists neither in Western countries nor elsewhere. So what is federalism? According to the Stanford Encyclopedia of Philosophy, federalism is the theory or advocacy of federal political orders where final authority is divided between several units and a centre. Unlike a unitary state, sovereignty is constitutionally split between at least two territorial levels so that units at each level have final

authority and can act independently of the other in some areas. Citizens thus have political obligations to two authorities (Stanford Encyclopedia, 2010). The oldest federal system is that of the United States after which Switzerland opted it in 1848, Canada in 1867, Australia in 1901, Austria in 1920, Germany in 1949, and India in 1950. More recently, Belgium adopted federalism in 1993, Spain in 1978, and Malaysia in 1963. These are successful examples of federalism. Some experiments (e.g., Czechoslovakia and Yugoslavia) have proved disastrous. While federalism is adopted by geographically large and small countries, it is also expected to address issues relating to cultural, religious, linguistic, and ethnic diversities so specific in Nepal where reluctant experience with decentralisation has not been good. (GANGA BAHADUR THAPA & JAN SHARMA, 2011).

The review of the literature on decentralisation shows that federalism is concerned with the extent to which power and authority are dispersed through the geographical hierarchy of the state. It involves the concepts of politics, power and space, with a strong correlation between political freedom and development.

The modern federal system of government, invented in America, has been spreading since the last two decades of the twentieth century, marked by the rise of new democracies and a new political culture (Clark & Martinot, 1998). There are wide variations of federalism. Undoubtedly, the conventional assumption that all significant political decisions are made nationally and implemented locally builds on what is often called a centralised political system. If political parties could not tackle federalism with a new political consensus, it would lead to exacerbated social tensions in Nepal, further marginalising and impeding institutionalisation of participatory democracy, and delegitimising the state as being incapable of overcoming problems, or as being unable to withstand any threat to its stability. Authority patterns are important in affecting democratization in a country. Nepal still maintains many traditional values that cannot be overturned in a short period of time. Democracy can be brought about through devolution of authority, and by efficiently designed institutions, which Dahl calls a pluralistic social order (Dahl, 1971). Strong and positive effects of federalism are a boon for enhancing sustainability of democratic governance because they facilitate better institutional performance (Morgan, 2007).

Federalism in Nepal:

Federalism implies that the distribution of political power and delivery of services to different groups of society play a direct role in a country's political arena, that is, regional and local issues should prevail over national ones (Blair, 1996). On the other hand, decentralisation can be defined as centrally initiated efforts to move authority and responsibility for significant governmental activities down to local government units. Although Nepal has historically experienced more centralisation than decentralisation, governance in its common usage refers to "the act, manner, function or power of government where government means an established system of political administration by which a nation is governed" (Webster, 1998).

Nepal's case is problematic. Its established image of democracy has declined to the level closer to the top-down, centralised and hierarchical institution of almost exclusively small groups of politicians who expect to achieve their objectives through fairly open networks of people that

increasingly impinge upon government. Federalism cannot be analysed in terms of a dichotomy of decentralisation and centralisation. In order to elaborate this contention, a whole range of questions has to be confronted, questions relating to the changing character of contemporary federalism, to the complex relationship that has evolved between the state and the localities, and between the centre and the periphery (Kjeellberg, 1995). But more important, political rules are changing in Nepal, and it is essential to look more closely at the constitutional framework of the actual rules of the game by which people live and politics play even in situations with no democratic tradition. (GANGA BAHADUR THAPA & JAN SHARMA, 2011,)

Federalism as a state structure in Nepal had been bubbling under the surface for a long time. Already in the middle of 20th century, efforts were made by the Madhesi in the south of the country to develop a federalist region. As the decades passed, such demands permeated throughout the country, and seemed to largely have been a reflection of the perceived inequalities between the capital and the countryside. The Maoist insurgency, when it broke out in 1996, included federalism in their 40 point agenda. This seems to have been a Madhesi-influenced move by the Maoists to capitalize on growing discontent to enable a mobilization of armed violence, in particular in rural communities (Bergman, 2011). In 1996, CPN-M employed the concept of 'embedded autonomous' (Evens, 1996) as a strategy for the advantage of the people's war. They declared several autonomous regions like Tharuwan, Tamuwan, Tamang Saling, Kirat and Madesh. These are ethnically and regionally marginalized areas which were raised to conceptualize the autonomous federal states in the country. Despite having been on the Maoist agenda throughout the conflict, the Maoists only started politically pushing for federalism after the Madhesi uprising in 2007. The Madhesi population which resided in the southern parts of the country along the Indian border have strong ties to the regional hegemony. As such, this group has the ability to halt the influx of goods to Kathmandu from India, Nepal's biggest trading partner. This bargaining leverage exerted over the Maoists, however, does not seem to have started the initiative on federalism, but only facilitated its introduction to mainstream politics after the conclusion of the war.

By and large seen as a result of the introduction of federalism into mainstream politics, Nepal signed the International Labor Organization's Convention on Indigenous and Tribal People (ILO 169) in August 2007, being only the second country in all of Asia to do so. ILO 169 emphasizes the important contribution of indigenous peoples to social development and stability, and recognizes that indigenous peoples have the right to —self-determination. Exactly what —self-determination means is ambiguous at best, and this has proven to significantly complicate the post-2007 political landscape, since the ratification of this convention has elevated expectations amongst ethnic and indigenous minorities. Activists from the latter often interpret the right to —self-determination as equitable to political autonomy and, if necessary, secession. Although the issue of federalism in and of itself is not largely contested, the modality of federalism (i.e. political, ethnic, geographic, linguistic etc) is debatable (Bregman, 2011).

Federalism which is based on the socio-economic as well as cultural theory developed by Livingston (1956), has more relevance in the context of Nepal, as the area under study has semblance with its theoretical manifestation i.e. it is the plural nature of the society which is

territorially concentrated in different pockets of the country which have expressed its demand of federal autonomy through various protests, movements so as to exert pressure on the government of Nepal for adopting federal restructuring. At last Nepal adapted federalism on its own necessity which can address the diversity i.e. multi-ethnic, multi-lingual, and multi-cultural aspects within the state; balance in development i.e. healthy, sound competitive and proportional development of all the nooks and corners of the country; sharing and transferring the power to the provincial and local level and best mobilization and allocation of the resources for balanced and justifiable development.

Provincial dynamics is very crucial in changing forms of the governing system in Nepal. With the old ways dying and anything new not yet fully formed, what is clear is that the modes of collective decision-making and capabilities of the local and federal governments will not be the same in the future. Provincial structure, geographical location, electoral constituencies, ethnic and linguistic variations, population size, etc. are very diverse in the federal structure of Nepal (See table below). There are many questions about whether the federal government will focus more on its diverse structural issues and conventional forms of control, or whether it will open up to new ways of working with provincial and local governments. New ways of working patterns with provincial assemblies and local councils are needed which must form the mutual trust between and among governmental bodies and elected representatives (International alert, 2018).

Province	Capital	Chief Minister	Number of districts	No. of House of Representative Constituencies	No. of Provincial Constituencies
1	Biratnagar	Sher Dhan Rai	14	28	56
2	Janakpur	Mohammad Lalbabu Raut	8	32	64
Bagmati	Hetauda	Dormani Poudel	13	33	66
Gandaki	Pokhara	Prithivi Subba Gurung	11	8	36
5	Butwal	Shankar Pokhrel	12	26	52
Karnali	Birendranagar	Mahendra Shahi	10	12	24
Sudurpaschim	Godawari	Trilochan Bhatta	11	16	32

The main structure of the Federal Democratic Republic of Nepal has three levels, namely the Federation, the State and the Local level. The Federation, State and Local levels have to exercise

the power of State of Nepal pursuant to this Constitution and law. According to the Constitution of Nepal (2015), (a) there shall be States consisting of the Districts as mentioned in Schedule-4 existing in Nepal at the time of commencement of this Constitution. (b) There shall be Village Institutions, Municipalities and District Assemblies under the Local level. The number of Wards in a Village Institution and Municipality shall be as provided for in the Federal law. (c) Any Special, Protected or Autonomous Region can be set by the Federal law for social, cultural protection or economic development. (d) The Federation, State and Local levels shall protect Nepal's freedom, sovereignty, territorial integrity, independence, national interest, overall development, multi-party, competitive, democratic, republican, federal system of governance, human rights and fundamental rights, rule of law, separation of powers and check and balance, egalitarian society based on pluralism and equality, inclusive representation and identity.

Similarly, according to the constitution (2015), the distribution of State power is mentioned on the following points: (1) The powers of the Federation shall be vested in the matters enumerated in Schedule-5, and such powers shall be exercised pursuant to this Constitution and the Federal law. (2) The powers of a State shall be vested in matters enumerated in Schedule-6, and such powers shall be exercised pursuant to this Constitution and the State law. (3) The concurrent powers of the Federation and the State shall be vested in matters enumerated in Schedule-7, and such powers shall be exercised pursuant to this Constitution, the Federal law and the State law. (4) The powers of the Local level shall be vested in matters enumerated in Schedule-8, and such powers shall be exercised pursuant to this Constitution and the law made by the Village Assembly or Municipal Assembly. (5) The concurrent powers of the Federation, State and Local levels shall be vested in the matters enumerated in Schedule-9, and such powers shall be exercised pursuant to this Constitution, the Federal law, the State law and the law made by the Village Assembly or Municipal Assembly. (6) Any law to be made by the State Assembly, Village Assembly or Municipal Assembly pursuant to clause (3) or (5) shall be so made as not to be inconsistent with the Federal law, and any law made by the State Assembly, Village Assembly or Municipal Assembly which is inconsistent with the Federal law shall be invalid to the extent of such inconsistency. (7) Any law to be made by the Village Assembly or Municipal Assembly pursuant to clause (5) shall be so made as not to be inconsistent with the State law, and any law made by the Village Assembly or Municipal Assembly which is inconsistent with the State law shall be invalid to the extent of such inconsistency.

Challenges:

Nepal is an underdeveloped country with diverse geography, ethnic groups, linguistic groups and various political parties. Poverty, regional imbalance, improper infrastructure and unemployment remain Nepal's major problems. The idea of federal structure emerged as a political agenda against unitary system after the success of people's movement in 2006. From the experiences of other federal countries, provinces demand the additional expenditure as they face new challenges (Subedi, 2018), which are also for the newly formed federal government of Nepal. Some of the challenges are listed on following points:

Meeting additional parliamentary, administrative and bureaucratic expenses is a new challenge in Nepal. The inadequate number of civil servants with low technical skill and minimum logistic support are other constraints.

2. Distribution of resources among the states can be another daunting issue for the federal management. The new constitution has envisioned equitable distribution of benefits derived from the use of natural resources (or development) by federal (central), state and local levels. Proper distribution and allocation of natural resources like river, forest, mines etc. between the federal states is one of the major problems of federalism. It also creates the problems of disaster management, plans, policies, and guidelines to mitigate these problems.

3. There is also a practical problem in the creation of ethnically and linguistically homogenous regions, which is very relevant for Nepal. Ethnic and linguistic homogeneity is hardly possible in any territory in multi-ethnic states, due to the diversity and mixture of peoples across ethnic boundaries. Therefore, new minorities are likely to be created within the subunits, who are in danger of being victimized, intentionally or not (Adeney 2000)

4. Tax burden and duplication is another potential problem in which local governments and the federal states may decide on different tax rates between the local municipalities and states, and between commodities and services within states. In both cases people may adjust to these tax differences by moving economic activities to other states, or between sectors within states.

5. Vertical intergovernmental relations will demand more time until provincial and federal governments are elected. However, horizontal relations establishment process may have to be initiated immediately even if support of vertical (especially central) authorities will remain inadequate (Dhungel, 2017). Out of these challenges, there are other vital challenges of the federal structure and its implementation processes in Nepal. Some of them are: territorial debate of provincial and local bodies, use of natural resources, duplication of revenue and tax burden, ethnic and Madhes issues, neighboring countries perception on federalism, debates on foreign policies, educational policies etc. But these all challenges can be solved by making consensus among the provinces and by changing the attitudes of leaders as well as general people of Nepal

Opportunities:

As unitary system failed to deliver equality among the people, it has been felt that unitary system existed in confrontation with the democratic values. Unitary system also failed to mobilize the resources for the balanced development. So, to protect and well utilize these resources, there is important role of local government and local people which can be effective in federal system. Federal system of governance can facilitate the nation with higher economic growth by formulating and implementing proper policies. Potential exists in the form of conventional sectors such as hydropower, agriculture, tourism and hospitality, forestry and herbal, minerals along with crime, health and education services being the newer ones. From the experiences and practices of federal government system of the world, there are lots of opportunities in the context of Nepal. Some of them are listed on following points:

Ensure the Local Effective Governance

In the federal context, some functions such as secondary education, health, agriculture and other local services have been assigned to the local bodies with the basic principle that functions should be assigned to the lowest level of government. There are numerous advantages of democratically-elected local governments. Some of the advantages include improved governance, enhanced development and citizen's participation. In addition, it also has several other benefits such as increased legitimacy, effectiveness in overseeing public expenditures, improved services, engaged public for democratic governance, among others. Federalism ensures division of power clearly stated in the constitution. In the context of local governance, it has some advantages which are: 1. It ensures that government remains close to the people as they are more in tune with the daily needs and aspirations of people from small and isolated places. 2. It encourages development of the nation in a decentralized and regional manner and allows for unique and innovative methods for tackling social, economic and political problems. 3. It provides a barrier to the dominance of the majority. Under the federal system, if the state government is found to be ineffective and unsuccessful or when national emergency is declared, the federal government controls and directs the respective states until another appropriate arrangement is made (Local Governance Act, 2074).

Social Inclusion and Pluralism

Inclusivity and democratic pluralism are two major conceptual as well as institutional devices created under the federal governance structure in order to mitigate discrimination and ensure 'unity in diversity', one of the core values of multi order government system. It ensures increasing participation of women from all caste groups was observed at the recently conducted local level elections. It also guarantees the minimum representation of other marginalized or minority groups are made at the local executive and legislature in the form of quota system.

Fiscal Autonomy

Extensive fiscal autonomy and resource mobilization and management responsibilities are entrusted to the local bodies by the Constitution. Building administrative capacity and skills of planning and managing budget will continue to remain a challenge for the local leadership. It ensures the local and federal governments fiscal capacities and self dependent economy.

Reduced Conflict:

Federal system of government represents the unified government of people which reduces gap between people and leader as well as people and government. It helps to access the equal use of means and resources which reduces the conflict at local, regional and national level.

More Responsiveness towards Citizens:

The local and provincial governments can be more responsive to the needs of citizen. A government entity is to its citizens; the more likely it is to respond to the needs of citizens, the more likely are the states to listen to citizen needs.

Equal Development:

One of the main objectives of the federal system is to develop equally and as per equitable manner to the grassroots level. Nepalese constitution has assumed that all sectors would be developed with the participation of local people at all spheres of the development (Basnet, 2017). The concept of equitable development is based on the constitution which focuses on the gender, region, class, ethnicity, caste and other aspects of the society.

Conceptual Overview: Federalism and Democracy

Traditionally, 'dual' federalism was a system of dividing the functions between the state and national governments that gave each of them considerable autonomy within their own areas of jurisdiction (Beam, Conlan & Walker, 1983). Federalism is a system in which political authority is divided between two or more constitutionally distinct orders or levels of government. Each one has a set of constitutional powers and an independent base of political legitimacy. The provinces can have either identical powers or 'symmetrical federalism,' or powers varied formally or informally to suit specific needs and characteristics of each province, or asymmetrical federalism. Symmetrical federalism with the right to internal self-determination would be more conducive to stable democracy in Nepal, which is what David Easton defined politics as the "authoritative allocation of values" (Easton, 1965).

In the Nepali context, several explanatory factors could be ruled out if there were a façade of a democratic regime only protecting a corrupt authoritarian oligarchy (Thapa, 2008). While no method of organising institutions is completely neutral in its impact on all those who might be affected by it "within the realm of a balanced federalism, one might prefer a somewhat greater concentration of programmes or authority at one level or another, but unless there is a clear link between citizen participation and representation in a certain function at a given level of government, democratic assertions about governmental size provide little basis for determining where individual programmes should be placed, or how they should be shared" (Beam et al., 1983).

This perspective does suggest that while the underlying justification for the rational choice theory of federalism derives from the distribution of public resources, and the constitutional system of division of powers (the factors influencing public policy) is the institutional context with the governmental system simple enough to facilitate citizen understanding and clear channels of accountability to safeguard individual liberty. Truly, there are a series of unresolved problems of assigning governmental functions to different levels of government in political theories of federalism in their failure to adequately address current patterns of federal politics and intergovernmental relations. In a related vein, economic theories of federalism still prohibit extensive federalism, whereas political decentralisation promotes fair, transparent, effective, and accountable institutions. However, such a tendency is probabilistic, not deterministic. The administrative perspective on federalism stresses the impossibility of effectively managing a country from a single centre. A unitary system refers to maladministration and functional autonomy-a strong executive with hierarchical organisation functional at each level, whereas political decentralisation is incompatible with such an organisation (Markovitz, 1999). This largely confirms Putman's theoretical position. He argued that even if civic associationalism makes state institutions work better, the crucial issue is the legitimisation of democracy by performance² (Putnam, 1993).

Whereas civic organisations must be able to significantly affect the policy-making process from outside the state, then we make a strong case that the rule of law, as a key component of democratic participation, is not merely a matter of creating just institutions. While civil society cannot work by itself as a mechanism for the empowerment of marginalised groups in the context where there are vast structural impediments for the effective participation and broader influence of such groups or equalising functions that have long been associated with government in a larger social context, but certain forms of civil society may function as a multiplier of unresolved tensions and divisions in the political and social spheres, and they may help to promote mechanisms linked to democratisation³ (Schmitz & Gillies, 1992).

In long-term democracies, as Lijphart (1999) summarises the evidence, federal arrangements are most common in the societies that are geographically large and/or ethnically and linguistically diverse, while the vast majority of monolingual and mono-ethnic states are unitary in form. Several scholars of comparative politics, most notably Juan Linz, have argued that presidential systems are particularly pernicious in their potential for conflict, especially when coupled with constitutional arrangements that create rival centres of power. For example, illdefined borders between presidential powers and those of the legislature can be continual irritants leading to political unrest, and it may trigger the crisis that leads to the end of democracy. Rather unsurprisingly, a federal structure with limited autonomy is indeed entirely superficial, deeply problematic, and perhaps constantly prone to not being able to give citizens the opportunity to voice their preferences, and to allow them to become politically active.

Still more important, a modern and forward-looking nation requires a mature and reasoned political discourse, including the economic policy that deals with allocation, stabilisation, and redistribution of resources. By finding local solutions to problems, federalism gives people a real role in shaping decisions, serving the values of associational freedom such as equality of opportunity, a tension that may be particularly acute in significantly multiracial and multicultural societies, e.g., the contemporary Nepalese society. Those who wonder why every individual needs to engage in decision-making and deliberation, and to support a functioning market economy in a high-income country, it is still not clear how federalism resolves the paradox of participation that is difficult to be generalised elsewhere. It is argued that many independent, regional and ethnic movements lead to disabled and fragmented politics. But a legitimate academic question that perhaps deserves serious consideration is: what would be a feasible polity in Nepal that would help tackle different dimensions of institutionalisation, participatory democratic practices, political institutions and representation in order to enhance the quality of democracy and address extreme levels of inequality, poverty, and exclusion. (GANGA BAHADUR THAPA & JAN SHARMA, 2011).

Neither a single format nor a set of institutions embodies modern democracy, even if at a given moment in time, some particular country may seem to represent “best practice” in which individuals acquire power to decide by means of a competitive struggle. Consolidation of democracy is strongly associated with five values and attitudes: rule of law, electoral accountability, participation, inter-institutional accountability, participation, and competition, which reflect democracy’s capacity to give citizens an adequate answer by implementing the

public policies that respond to their needs (Morlino, 2009). The extension of democracy to the state is not just a matter of elections, constitutional reform, or changes in the form of government, particularly in the countries with a long history of authoritarian rule like Nepal. Federalism should be seen as a political arena that institutionalizes effective representation and political participation to enhance multiple social, economic and political transformations in the context of Nepal's long-standing problems with democracy, local interests, and sustainable socio-economic development in some cases what Dahl calls "participatory autocracy" (Dahl, 1998).

The unquestionable relevance of federalism is consistently confirmed by better results and performance when policy-making authority is within the local governments because decision-making takes place closer to the people. Federalism produces diversification and localisation of the demands to which traditional decentralisation is unable to respond adequately.

The transfer of power under federalism provides services to its citizens in tune with local norms and values, and it creates a new and innovative programme to address community problems more effectively. It promotes better informed and responsive local governments as well as the general well-being of a community and its citizens. It helps to build strong communities and to create loyalty to the political system. It helps understand local needs and preferences by ensuring delivery of services that people actually need. The people are the ultimate judges of the performance of their local authorities in terms of both development needs and service delivery. Thus, it ensures policy effectiveness and quality of service delivery. The politically accountable local government is regarded as a decisive precondition for the functioning of the entire national and democratic character. Last but not least, it brings major improvements in terms of democratic control and political accountability (Walle, 2010; Yackee and Palus, 2010; Kuhlmann, 2010 and Thapa, 1998).

Conclusion:

The major objective of federalism in Nepal is to eliminate disparities caused by class, caste, ethnicity, language, religion, region and gender. However, while federalism can be a mechanism for eliminating some disparities caused by socio-cultural variables, it does not ensure inclusion or democracy. The constitution of Nepal be required to facilitate a deep-rooted and inclusive democracy where all minorities are protected. Irrespective of the final partition, there will be a number of ethnic minorities within all federal states. A thriving and inclusive local democracy is necessary to secure the interests of all local people or local minority groups and not only the local elites. Furthermore, the constitution and practices should secure the interests of groups defined along non-ethnic cleavages such as class, caste, urban/rural and religion. To the possible extent, each federal state must be established as an economic center (Alen & Magnus, 2002). The federal government must ensure the rights of people and should guarantee the security and prosperity of the country.

Federalism is not an end in itself, but devolution of power. It is rather a central mechanism for understanding democracy to guide the institutionalisation of the federal democratic republic. The debate on whether Nepal needs federalism came to an end on the very day when the Interim Constitution transformed Nepal into a Federal Democratic Republic. Nepal, of course, is not yet a democracy because the centre has power monopoly. Our discussions on federalism are obviously impressive, but concerns still remain rather strong regarding the political communities' professed commitment to enacting meaningful reform of local governance in the interest of democratic governability.

One cannot fail to note that state institution building is a complex process that requires agreement on multiple issues, including centralisation of coercive powers, the division of power between the centre and periphery. However, the new state institutions, imposed by external actors, are likely to be fragile and unable to generate authority within society. Of course, when rulers benefit from state weaknesses, they will have no interest in measures that strengthen the state to their misfortune. It would not be inaccurate to say that Nepal is in the middle of a range of debates that may decide the future shape of federalism and democracy. Anyway, we cannot import it as if it were KFC or Pizza Hut, or Coca Cola. Federalism cannot be imported like refrigerators or computers, it can only be shared. The best option would be federalism which would provide for autonomy and cultural pluralism, where local and central sovereignty are cooperative and coequal. We can, however, deal with enlightened, effective, and realistic themes. Yet, principled policies need to transform society where government is run by commonly accepted and binding rules. Democracy can best provide prosperity, independence, and liberty for which the Nepali people have struggled and suffered for so many years.

There are some practical obstacles to participation and fairness. We need to resolve some issues, for instance, how to decide which groups are entitled to greater representation, and how to ensure that their representatives are in fact accountable. Federalism is first and foremost a federation of peoples. The decisions regarding the powers of the federal subunits should recognise and affirm the equal status of the disadvantaged and marginalised groups or regions that need special representation. Nepal is a country of great diversity: there are varied ethnic groups, varied resource bases, and varied climate patterns. Therefore, a strategic response is needed in order to make the right choices that can become a model without threatening the stability and integrity of the Nepali state.

Since 1990, the main tendency of the democratic process has been to produce several parties that have a potential plurality status, but no single party can realistically strive for setting up a federal structure. The Nepali case study does not analyse a single event, but a series of events that have occurred over 60 years since Nepal's first democratic opening in 1951 when democracy and popular sovereignty tended to degenerate into the tyranny of the majority (or to worse than that). The problem of Nepal's democratic deficit is the centralised authority of political leaders who want a total and unchallenged grip on the political process. Another problem is the politics that is less based on ideas and ethical concerns, but more on material advantages and state resources rather than public goods. Nepal's political future seems largely to depend on an emerging class structure and class relations. However, if substantive democratic reforms are combined with

faster economic development, they will enhance the prospects of democratic transformation and good governance based on the political system that is inclusive, accountable, and responsive. If this is not the case, the prospects are rather bleak.

Bibliography:

1. Aalen, L. and Magnus, H. (2002). Ethnic federalism in a dominant party state: The Ethiopian experience 1991- 2000. Bergen : Michelsen Institute.
2. Adeney, K. (2000). Regionalism, identity and reconciliation: Federalism in India and Pakistan. Paper presented at the Political Studies Association-UK 50th Annual Conference London 10-13 April 2000.
3. Arb, C. and Zimmerman, W. (2004). Federalism: A characteristics elements of Swiss forest policy. Swiss Federal Institute of Technology Zurich.
4. Baral, B. (2004). Yesto hunuparcha rajya ko samrachna. Kathmandu, Nepal: Bijayapur Prakashan Samiti.
5. Basnet, S. (2017). Importance and challenges of federalism in Nepalese prospective. Retrieved from, <http://sundershanbasnet.blogspot.com/2017/08/importance-and-challenges-of-federalism.html>.
6. Beam, D. R., Conlan, T. J. & Walker, D. B. (1983) Federalism: The Challenge of Conflicting Theories and Contemporary Practice, In: Finifter A. W. (ed.) Political Science: The State of the Discipline, pp. 247-279 (Washington DC: American Political Science Association).
7. Blair, H. W. (1996) Democracy, Equity and Common Property Resource Management in the Indian Subcontinent, Development and Change, 27(3), pp. 475-500, doi: 10.1111/j.1467-7660.1996.tb00600.x.
8. Bregman, A. (2011). Ethnic federalism in Nepal : A Remedy for a stagnating peace process or an obstacle to peace and stability? Minor Field Study Report Department of Peace and Conflict Research Uppsala University.
9. Clark, T. N. & Hoffmann-Martinot, V. (ed.) (1998) The New Political Culture (Boulder: Westview Press).
10. Dahl, R. A. (1998) On Democracy (New Haven: Yale University Press)

11. Dhungel, S. (2017). Unique local governance model. Magazine Issue: VOL. 10, NO. 22, July 07, 2017. Retrieved from <https://www.spotlightnepal.com/2017/07/09/unique-local-governance-model/>
12. Easton, D. (1965) *A System Analysis of Political Life* (New York: John Wiley).
13. Evans, P. (1996). *Embedded autonomy: States and industrial transformation*. New Jersey: Princeton University press.
14. GANGA BAHADUR THAPA & JAN SHARMA, 2011, *The Democratic Deficit and Federalism in Nepal: Is it a Cure or Part of the Problem?*
15. Gokarna P. Gyawali, 2018, *Federalism: Challenges and Opportunities in Nepal*
16. International alert (2018). *Democracy and peace in federal Nepal*. Retrieved from www.international-alert.org
17. Joseph Juhasz, 2005, *ETHNO-FEDERALISM: CHALLENGES AND OPPORTUNITIES*
18. Kjellberg, F. (1995) *The Changing Values of Local Government*, *The Annals of the American Academy of Political and Social Science*, 540(1), pp. 40-50, doi: 10.1177/0002716295540000004.
19. Kuhlmann, S. (2010) *Between the State and the Market: Assessing Impacts of Local Government Reforms in Western Europe*, *Lex Localis - Journal of Local Self-Government*, 8(1), pp. 1-21, doi:10.4335/8.1.1-21(2010).
20. Morgan, R. (2007) *On Political Institutions and Social Movement Dynamics: The Case of the United Nations and the Global Indigenous Movement*, *International Political Science Review*, 28(3), pp. 273-292, doi: 10.1177/0192512107077099
21. Morlino, L. (2009) *The Quality of Democracy: An Agenda for Future Research?*, *Participation*, 33(2), pp. 3-4.
22. Putnam, R. D., Leonardi, R. & Nanetti, R. Y. (1993) *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton NJ: Princeton University Press).
23. Schmitz, G. J. & Gillies, D. (1992) *The Challenge of Democratic Development: Sustaining Democratization in Developing Societies* (Ottawa: The North-South Institute).
24. Subedi, Y. (2018). *Governance challenges in federal structure*. Retrieved from, <http://kathmandupost.ekantipur.com/news/2018-05-31/governance-challenges-in-federal-structure.html>.
25. Wagle, U. R. (2006) *Political Participation and Civic Engagement in Kathmandu: An Empirical Analysis with Structural Equations*, *International Political Science Review*, 27(3), pp. 301-322 (California: Sage Publications), doi: 10.1177/0192512106064464
26. Yackee, S. W. & Palus, C. K. (2010) *Learning from Experience? Second-Order Policy Devolution and Government Responsiveness*, *Lex Localis - Journal of Local Self-Government*, 8(1), pp. 65-92, doi: 10.4335/8.1.65-92(2010).