



# Exploring Solutions to Minimize the Causes of Political Instability in Nepal

## Overview

Nepal's political instability has eroded public faith in political parties, political leaders, and, consequently, the entire political system. As governments frequently change at both the federal and provincial levels without substantial justification, negative public perception continues to rise. Top leaders of nearly all political parties are viewed as power-hungry and corrupt individuals with little or no regard for the welfare of the people or the future of the nation, a perception amplified by poor service delivery, stagnant employment growth, and rampant corruption with glaring impunity.

In this context, this paper examines patterns in government instability, the factors driving it, and its impact on the country and its people. The paper draws on a review of political instability trends in Nepal from 1990 to July 2024 and insights from interviews conducted by the Niti team with experts.<sup>1</sup> Although the paper does not propose specific solutions, it highlights several reform proposals, which have gained prominence in public discourse. The objective is to illuminate the consequences of instability to encourage more meaningful discussions aimed at developing potential solutions.

## Background

For the last several decades, political instability (for the purposes of this paper, understood as the increasing likelihood of government changes for political reasons, which complicates economic development and policymaking) has become a persistent feature of Nepali politics. The trend of uncertainty that began in the 1990s has continued through the transition period (2007-2015) and remains a stable feature even after the

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<sup>1</sup> Including Dr Mrinendra Rijal, Bhojraj Pokharel, Krishna Khanal, and Kalyan Shrestha.

promulgation of the new Constitution in 2015.<sup>2</sup> At the federal level and in the provinces, governments change every few months or at least once a year. Instability has become so entrenched that a French newspaper, in its July 16, 2024, edition, described Nepal as “the world champion of political instability.”<sup>3</sup>

Since 1990, no government in Nepal has completed a full five-year term. The longest-serving government lasted no more than three years - only two such instances: the one led by Girija Prasad Koirala (1991-94) and the one led by KP Sharma Oli (2018-2021). All other governments have been short-lived. Since the restoration of democracy in 1990, Nepal has had 30 Prime Ministers and 32 governments. Since 2008, there have been 16 governments in 16 years, involving coalitions of two or more parties and multiple alliances. From 1990 to 2002, ten Prime Ministers served over twelve years, while from 2002 to 2008, six Prime Ministers served over six years.<sup>4</sup>

It was hoped that the pattern of frequent government changes, which began in the 1990s, would cease after the 2007 political transition. However, this expectation proved unfounded. Similarly, it was hoped that the promulgation of the 2015 Constitution would reduce the frequency of government changes, but the trend persisted.

Coalition governments or pre-election alliances have failed to bring stability. The Nepali Congress and Maoist Center formed an alliance for the 2022 general elections to defeat the Communist Party of Nepal (Unified Marxist–Leninist) (UML), but the alliance disintegrated shortly afterward. In December 2022—a month after the general elections—the Congress-Maoist Center alliance (of which Deuba was the Prime Minister) collapsed, and a UML-Maoist Center alliance formed a government under Pushpa Kamal Dahal. Two months later, in February 2023, Dahal left the UML to form an alliance with Congress. In March 2024, this coalition also fell apart as Dahal re-aligned with the UML. In July, the Nepali Congress and UML united to remove Dahal from power. On July 1, Deuba and Oli reached an agreement whereby Oli would lead the new government for 18 months, after which Deuba would succeed him for the remaining 18 months until the next general elections in 2027.

Although UML and Congress have claimed that this coalition between the first and second-largest parties in the parliament is intended to amend the constitution to ensure political stability, this appears to be a mere façade. The duration of this temporary alliance between the two largest forces in federal parliament remains uncertain. Historical precedents show that leaders often do not adhere to such agreements. For example, the power-sharing agreement between KP Oli and Pushpa Kamal Dahal in 2018 was supposed to have Oli lead the government for the first two and a half years, with Dahal taking over for the remaining period. Oli’s reluctance to honor this agreement was a major factor in the split of the Nepal Communist Party (NCP). Similarly, when Dahal left his

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<sup>2</sup> While these trends could be traced from Bhimsen Thapa through the Panchayat era to the present day, this paper confines its analysis to the period starting from 1990.

<sup>3</sup> Bruno Philip, “Nepal, the world champion of political instability.” *Le Monde*, July 26, 2024.

<sup>4</sup> Binoj Basnyat, “Three Worrisome Implications of Nepal’s Political Instability,” *Khabarhub*, June 27, 2024

coalition with Congress in December 2022 and joined forces with UML, the informal understanding was that Dahal would lead the government until 2025 and then hand over power to KP Oli, who would become the Prime Minister. However, this coalition also disintegrated within two months. Thus, it is impossible to predict with certainty how long any coalition will last in Nepal—whether at the federal level or in the provinces.

## Impact on provincial government

The affliction of instability that has rendered the federal government ineffective has also permeated the provincial level. The threat of instability looms over chief ministers as soon as a federal government falls. In the past year and a half since the provincial assembly elections, chief ministers in seven provinces have changed 21 times, and in the same period there have been 23 votes of confidence.<sup>5</sup> Some chief ministers have not been able to serve for more than a month.

Experts believe that coalition politics, a key factor in government instability in Nepal, has negatively impacted the smooth functioning of provincial governments, challenging the relevance of federalism and posing a threat to the very core of the federal governance system.<sup>6</sup> The long-standing norm of multi-party coalition-building in Nepal, where ruling parties at the national level dictate or strongly influence the formation of provincial governments, contributes to a loss of autonomy and independence for these provincial governments. Following the resignation of Prime Minister KP Sharma Oli from the federal government in 2021, all provinces except Madhesh experienced government changes, with chief ministers and ministers in provincial governments being reappointed based on the directives of the top leadership of the three main political parties.

The July 1 agreement is expected to have repercussions on provincial governments as well, as the two parties have decided to each lead an equal number of provinces—UML in Koshi, Lumbini, and Karnali provinces, and Nepali Congress in Bagmati, Gandaki, and Sudurpaschim provinces. The UML has already withdrawn its support from the coalition governments in Bagmati, Lumbini, and Sudurpaschim provinces. This trend is likely to extend to other provinces as well.

## Impact on the economy

Zahid Hussain, an economist with the World Bank, argues that economic growth and political stability are deeply interconnected.<sup>7</sup> For one, he shows how the uncertainty associated with an unstable political environment can reduce investment and slow economic development. He also highlights that if a country is free from conflicts and drastic regime changes, people can focus on working, saving, and investing. Further, an

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<sup>5</sup> 'Sarkar Banauna Byasta Sarkar' [Government Busy Forming Government], *Kantipur*, Jeth 24, 2081.

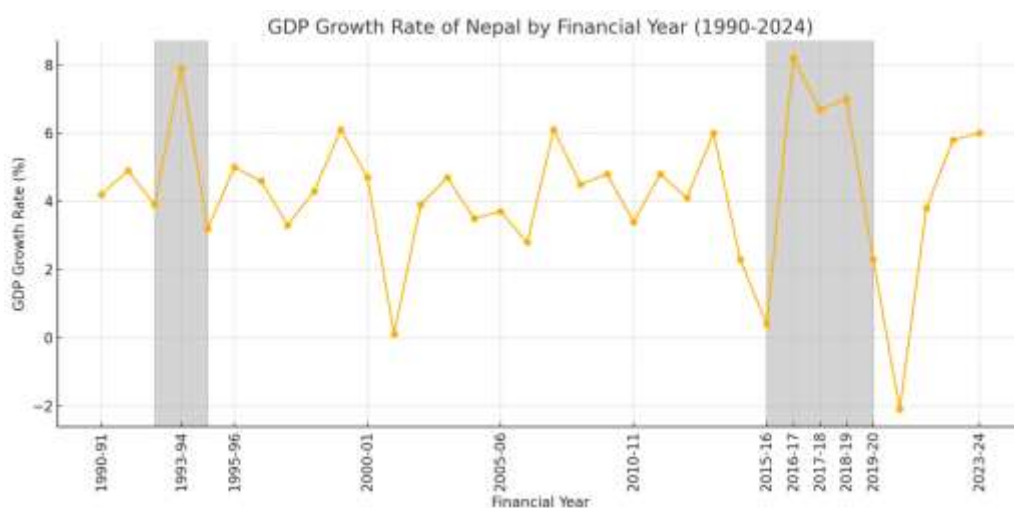
<sup>6</sup> Manandhar, Mohan Das. "How Coalitional Politics Undermines Federalism in Nepal" Paper presented at the Federalism Conference in Kathmandu.

<sup>7</sup> See, eg Zahid Hussain, 'Can political stability hurt economic growth?', *World Bank Blogs*, June 1, 2014 <<https://blogs.worldbank.org/en/endpovertyinsouthasia/can-political-stability-hurt-economic-growth>>.

embedded tradition of democracy and political stability can contribute to reduced corruption.

Economists regard political instability as a serious malaise that adversely affects a country's economic performance. They believe that political instability influences policymakers to adopt less effective short-term macroeconomic policies, often leading to frequent policy changes.<sup>8</sup> Studies indicate that GDP growth is significantly lower in countries and periods characterized by a high likelihood of government collapse.<sup>9</sup>

In Nepal's case, while stability may not be an absolute determiner, our GDP growth appears to be better or stable in years where there was government stability than in years with short-lived governments. For example, our GDP growth rate in 90/91 was 4.2 which rose to 4.9 in 1991/92, and again rose to 7.9 in 1993/94—during which Nepal had a government that lasted for three years. In 2016/17—in the wake of constitution promulgation, the growth was 8.2 percent. In 2017/18 and 2018/19, the growth fell to 6.7 and 7.0 respectively but it was still not bad. Thus, it can be said that GDP growth is either stable or higher in years when we have government stability.



Foreign Direct Investment (FDI) inflow also tends to be higher in years with a stable government. In 2018/19, FDI inflow to Nepal was 13.1 billion rupees, which increased to 19.5 billion rupees in 2019/20 and 2020/21, before declining to 18.6 billion rupees in 2021/22.<sup>10</sup> In 1991, FDI was 2.902 billion rupees, which rose to 16.211 billion rupees in 1992/93 but fell to 3.176 billion rupees in 1993/94.<sup>11</sup>

## Impact on foreign policy

<sup>8</sup> Coronel, Ana Lucia. [How does Political Instability Affect Growth?](#) IMF Working Paper, January, 2021

<sup>9</sup> Ibid

<sup>10</sup> Nepal Rastra Bank, 2022.

<sup>11</sup> Bhattarai, Rajan. [Foreign Direct Investment in Nepal: Past, Present and Future](#), KDI School of Public Policy and Management, 2008.

Political instability in Nepal has profoundly influenced its foreign policy, manifesting in frequent changes in ambassadors to key countries such as India, China, and the United States. Since 1990, there has been a notable pattern where no Nepali ambassador has completed a full term in any of these pivotal posts, with only a few exceptions like Yog Prasad Upadhyay and Arjun Karki, who served as ambassadors to the US.

This constant turnover in diplomatic representation has undermined Nepal's capacity to effectively articulate and pursue its foreign policy priorities. The lack of continuity in these critical positions disrupts the establishment of long-term relationships and coherent policy strategies with major world powers. Each new appointment often necessitates a period of adjustment and realignment, which can stall ongoing negotiations and dilute the effectiveness of diplomatic efforts. As a result, Nepal's ability to advocate for its interests and navigate complex international dynamics has been compromised, exacerbating the challenges posed by its internal political volatility.

## Structural causes

The democratic principle guiding Nepal's governance system envisions elections in which winners and losers are clearly defined. The winners are expected to form the government and remain in office for five years, while the losers stay in opposition for the same term. This principle has not been reflected in Nepal's governance system; no government has completed a full five-year term, nor have any political parties served as a constructive opposition for the entire duration. As one expert observed, the mindset of our political parties is such that they are unwilling to remain in opposition even for five days, let alone five years.

A former Chief Commissioner of the Election Commission remarked, 'The moment a political party is out of government, it begins to focus on how to displace the party in power to take its place. Within every party, there is a belief that state power is paramount, and all else is secondary. Consequently, political parties often alter laws to serve their self-interests.'

Another expert interviewed by the Niti team noted that not only are political leaders responsible for instability, but also the public, as instability has become ingrained in the population's collective psychology, nature, and culture. He stated, 'Our democratic culture has not been institutionalized, and voters often make decisions without thorough consideration, leading to adverse consequences. Our political leaders lack the faith, dedication, skills, and education needed for stability. Driven by extreme selfishness and a lack of values, they contribute to political instability.'

Political parties and their representatives are keen to avoid being perceived as agents of instability. One political leader argued that if a party adheres to the constitution, it should not be labeled as an agent of instability. By this reasoning, major parties like the UML, Congress, and Maoist Center cannot be considered as fostering and perpetuating instability.

However, there is a consensus that the pursuit of power among parties and leaders is a significant cause of instability. A political party often seeks to overthrow the government led by another party to assume power or join the government. One prominent leader observed, ‘The ambitions of major leaders to become Prime Ministers by any means contribute to government instability. Smaller parties play no role in this instability. When parties perceive an opportunity to seize state power, values, ideologies, and political culture become secondary. The personal ambitions of leaders like Oli, Deuba, and Dahal are the primary causes of political instability in Nepal.’ An expert echoed this sentiment, stating, ‘Mainstream parties are responsible for government instability, not fringe parties. If this practice is not curtailed, we may face total political instability.’

Addressing political culture and intentions remains challenging, as it is difficult to regulate personal motivations. Laws alone cannot discipline the behaviors and ethical conduct of leaders. Political culture must evolve organically and become a normative expectation.

## Key issues and proposals for addressing political instability

As the discourse surrounding political instability in Nepal continues to evolve, several key issues have surfaced, reflecting broader concerns about the effectiveness and sustainability of the current legal and constitutional framework. The following issues represent significant points of contention and proposals that have been put forward to mitigate instability and enhance the functionality of the political system. These include the mechanisms of confidence votes, the effectiveness of party split regulations, debates surrounding proportional representation, the implications of term limits, and the need for pre-poll alliance formalization. Understanding these concerns provides a comprehensive view of the ongoing discussions aimed at supporting stability in Nepal's political environment.

### Vote of confidence

The stability and effectiveness of the Council of Ministers and the Prime Minister's tenure have emerged as critical issues in the analysis of Nepal's constitutional framework. Regarding the constitutional provisions for the formation and longevity of government, the 2015 Constitution does not significantly differ from the 1990 Constitution. Under the 1990 Constitution, the king appointed the leader of the party commanding a majority in the House of Representatives as the Prime Minister (Article 35). This Prime Minister was required to obtain a vote of confidence within 30 days of appointment (Article 36). If a no-confidence motion was not passed by a majority of the House of Representatives, the Prime Minister would be relieved of duty (Article 37). Any political leader who became Prime Minister, whether with a clear majority or support from coalition partners, had to secure a vote of confidence within thirty days of appointment (Article 36). A no-confidence motion could be tabled by one-fourth of the total members of the House of Representatives (Article 37) but could not be presented more than once in the same session, meaning that a Prime Minister who had successfully obtained a confidence vote

could not face another no-confidence motion within the same session, at least for the next six months (Article 37).

The 2015 Constitution shares similarities with the 1990 Constitution regarding the formation of the Council of Ministers and the Prime Minister's tenure. If a Prime Minister fails to receive a vote of confidence within 30 days of appointment, they face removal from office (Article 76(6) of the 2015 Constitution). The Prime Minister must obtain a vote of confidence from the House of Representatives if their party is fragmented or if a coalition partner withdraws support (Article 76(7)). The framers of the 2015 Constitution aimed to prevent the political instability of the 1990s from recurring by instituting a two-year prohibition on no-confidence motions (Article 100).<sup>12</sup> However, the practical application of this provision is problematic. Although the Constitution stipulates that no-confidence motions cannot be presented within the first two years of the Prime Minister's appointment and that if a no-confidence motion fails, another cannot be tabled within a year (Article 100), in practice, the government often falls or the cabinet changes when a coalition partner withdraws support. This has occurred several times with governments led by Sher Bahadur Deuba, Pushpa Kamal Dahal, and KP Oli. Former Prime Minister Pushpa Kamal Dahal, for example, had to secure a vote of confidence from Parliament five times since his appointment in December 2023, failing only on the fifth attempt.

When a Prime Minister is required to secure a vote of confidence every time a party splits, support is withdrawn, or a minister resigns—even if the Prime Minister retains a majority in the House—it creates a constant fear of being unseated. This situation prevents the Prime Minister from focusing on development and foreign policy, as their primary concern becomes maintaining coalition integrity. In this environment, the Prime Minister may be forced to make unfair concessions, such as offering ministerial positions to individuals with questionable backgrounds or criminal convictions, just to keep the coalition intact.

## Party split threshold

As the discourse surrounding political instability in Nepal continues to evolve, the effectiveness of the legal mechanisms intended to ensure stability within parties has come under scrutiny. Section 33(2) and (3) of the Political Parties Act 2017 contains provisions related to party splits. According to this law, 40 percent of the members of a central committee and parliamentary party of the federal parliament can form a new party or defect to another party. However, a new party thus formed and recognized by the Election Commission cannot subsequently defect from the original party to form a new one.

These provisions, however, have not been effective and have been breached by the political parties in power. In particular, an ordinance amending the Political Parties Act

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<sup>12</sup> An expert was of the view that this idea of two years limitation is flawed and it should not have been in our constitution in the first place.

2017 attempted to lower this 40 percent threshold. Issued on August 18, 2021, by the then-Sher Bahadur Deuba government, this ordinance revised the Act's provision that previously required 40 percent support from members in both the parliamentary party and central committee to split a party. The ordinance reduced the threshold to 20 percent in any one of the committees. As a result, two new political parties were formed. On August 26 of that year, Madhav Kumar Nepal, breaking from the UML, and Mahantha Thakur, leaving the Janata Samajwadi, registered the CPN (Unified Socialist) and the Loktantrik Samajwadi Party, respectively. Two days later, the ordinance was repealed, having served its purpose. The provisions amended by the ordinance became void upon its repeal.<sup>13</sup>

## Proportional representation

Debates surrounding the Proportional Representation (PR) system reveal deep divisions about its role in Nepal's political instability and whether reforming or removing it would lead to more stable governance. The PR system is often criticized as a contributor to political instability, leading to calls for its reform or even removal. One proposal suggests amending the electoral laws to reduce the number of PR seats from 110 to 60, arguing that this reduction would facilitate the formation of a majority government. The rationale is that if a major party requires fewer seats, smaller parties would be more willing to join the coalition without extensive bargaining. However, it can be argued that the PR provision does not play a major role in triggering instability. Even if the PR system were abolished and the parliament were composed purely of First-Past-The-Post (FPTP) seats, parties might still fall short of the majority required to form a government, as evidenced by the election results of 2017 and 2022.

In the 2017 elections, the UML secured 121 seats, 41 of which were PR seats; Congress won 63 seats, with 40 under PR; and the Maoist Center obtained 53 seats, 17 of which were PR. The UML could not form a majority government without forming a coalition with other parties, regardless of the PR seats. In the 2022 elections, Congress won 89 seats (32 under PR), UML secured 78 seats (34 under PR), and the Maoist Center gained 32 seats (14 under PR). Neither Congress nor UML was able to secure a majority in parliament to form a government, necessitating coalition agreements with the Maoist Center and the Rastriya Swatantra Party.

It is also important to consider that prior to 2007, during the 1990s—a decade marked by significant instability when the PR system was not yet introduced—stable governments were not achieved. Thus, reducing or eliminating PR seats from the electoral system does not necessarily guarantee the prevention of government instability in the future.

A different scenario might emerge if the First-Past-The-Post (FPTP) election system were reformed to provide proportional representation, or if the allocation of PR seats were adjusted—whether by reserving seats for highly excluded groups or reducing the number

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<sup>13</sup> A similar ordinance was introduced by the government led by KP Oli in April, 2020, which the government finally withdrew after widespread criticism, particularly from Nepali Congress. (See also, [‘Aided by Deuba ordinance, dissidents split two parties,’](#) *The Kathmandu Post*, August 19, 2021.

of PR seats. ‘However, this presents a significant challenge,’ said an expert, ‘as it would require constitutional amendments, which are not easily achieved.’

## Prime ministerial term limits

The lack of term limits for political party leaders in Nepal has led to prolonged leadership tenures, prompting debates about the need for term limits. The Political Parties Act does not specify limits on the number of times a leader can serve as the head of a political party. Consequently, individuals often maintain leadership roles for extended periods, sometimes exceeding three decades. The adage ‘Once a chairman, always a chairman’ seems to apply to leaders like Oli, Dahal, and Deuba. There were previous discussions and attempts to establish an age limit—set below 70 years—for top office bearers. However, the UML abandoned this proposal, which in turn made it easier for Congress to disregard such age limits. Since there are no restrictions on the number of times an individual can serve as party president or Prime Minister, Deuba could become Prime Minister for the seventh time if he succeeds Oli as planned.

Interestingly, while the 2015 Constitution (Articles 215(7) and 216(7)) imposes a two-term limit for mayors and chairpersons of municipalities and rural municipalities, it does not set a limit on the number of times a person can serve as Prime Minister or chief minister. Some experts argue that introducing similar provisions for chief ministers in provinces and the Prime Minister at the federal level might reduce the incentive for top leaders to continually seek changes in government, which has been a frequent occurrence

## Pre-poll alliances

Pre-poll alliances have become a feature of Nepal’s electoral politics—with alliances contesting both the 2017 and 2022 national elections—but their quick dissolution after polls raises questions about their effectiveness. Other contexts show that is not unprecedented for coalition governments to complete their full terms. For instance, in India the United Progressive Alliance (UPA) served two consecutive terms from 2004 to 2014, demonstrating that a single-party majority is not always necessary for stable governance. An expert argues that Nepal has not experienced similar stability due to a lack of political maturity and a nascent coalition culture.

Some experts advocate for amending electoral laws to establish a provision for pre-poll alliances, preventing defections and imposing sanctions for breaking alliances, and thus incentivizing alliances to remain intact for the entire term of the parliament. According to one expert, this requires the Election Commission to formally recognize pre-poll alliances as legitimate and binding for a full parliamentary term. The expert explained: ‘Given the improbability of a single party achieving a clear majority under the current electoral system, the concept of political alliances must evolve into a practiced and mature norm, similar to what is seen in India and other parts of the world. However, this practice has either failed to develop or has been actively hindered in Nepal. Hence, it is essential to

formalize such alliances through legal mechanisms. Making political alliances legally binding could offer a viable solution.’

## Conclusion

While some aspects of government instability in Nepal can be traced to loopholes in the Constitution, electoral laws, political party statutes, and legislative and executive structures, the core issue lies in the absence of a robust political culture and the relentless pursuit of power by top leaders. The fundamental problem is the ambition of leaders who seek to remain in power indefinitely.

Nepal has become a unique case in South Asia due to its frequent government changes. To avoid becoming a global symbol of political instability, or ‘the world champion of political instability,’ it is crucial to engage in a serious discourse on how to achieve government stability, including considering constitutional amendments if necessary.

Reforming legal and constitutional frameworks could be effective, as evidenced by the impact of limits on the size of the federal cabinet and the requirement for votes of confidence. As discussions on political instability in Nepal continue, it is essential systematically review the proposed solutions to mitigate instability and improve the functionality of the political system.

While constitutional and legal reforms can address structural issues—though not without significant difficulty—tackling the issue of power grabs and the misuse of power for personal gain is more challenging. Legal and constitutional measures alone may not be sufficient to resolve these underlying problems.

In light of these considerations, it is crucial to urgently address the following issues:

1. Can we achieve political stability in the same policy environment?
2. What are the constitutional and legal hurdles to government stability in Nepal? How can they be corrected?
3. Is the Proportional Representation a hurdle to stability? How? How not?
4. What is collective consciousness among the political parties about the government instability? Do they think like the common people think about it? Or do they think differently?
5. What is a political culture? Where do Nepali political parties stand in terms of political culture? How does it contribute to government instability?
6. Can we have government stability in Nepal within the framework of the current constitutional and political arrangements?
7. Is political and government instability here to stay forever? Do we not deserve better?