

CHAPTER 10

URBANIZATION AND DEVELOPMENT

- *Dr. Pitamber Sharma**

10.1 Introduction

Urbanization refers to the process of growth in the proportion of population living in urban areas. Historically, the concept of urbanization has been related to specialization, industrialization and consequent economic development. Although the form of this relationship has remained contested, there is a general consensus among scholars that a fundamental characteristic of urbanization is the structural shift in employment from agriculture to non-agriculture pursuits. In other words, urbanization is a territorial response to structural changes in the economy. A distinctive division of labour, technology based production of goods, trade of a variety of goods and service, high level of spatial and economic interaction, and relatively high density and diversity of population are basic tenets associated with urbanization. The distinction between town and country is not merely a distinction based on the nature of settlements, it is a distinction rooted in the economic structure and social relations of production and reproduction, and in the processes of social and political consciousness and its articulation. Therefore, urbanization is often taken as a proxy for the level of development in general.

Nepal remains one of the least urbanized countries in the world and also in South Asia. While this low level of urbanization is a matter of considerable concern for the economic development of the country, the present state of urbanization and urban development also manifests distinctive characteristics and problems that demand urgent attention. Urbanization and the consequent process of economic, social and even political changes that it entails has to be very much part of Nepal's development vision because a large proportion of population live in far-flung settlements without adequate infrastructure, facilities and services, and depend on traditional agriculture as a source of livelihood. Diversification of agriculture, creation of off-farm employment opportunities, creation of conditions where the comparative resource advantages of particular regions can be fruitfully realized, and dealing with issues of gender and ethnicity, among others, is facilitated by the process of urbanization. While the nature and form of urban development may be debated, the fact that urbanization has to be an integral part of Nepal's development agenda can hardly be contested.

* Dr. Sharma (Prof. in T.U. for many years) is currently a freelancing consultant on Regional/Urban Planning and Urban Research.

It is in this context that the present chapter focuses on aspects of the level and tempo of urbanization, the geographical pattern of urbanization, socio-economic characteristics of urbanization, components of urban growth, various correlates of urbanization and development and the future trends in urbanization in Nepal.

10.2 Problems of Definition

The problems of definition in the study of Nepal's urbanization are considerable because the areas designated "urban" have been defined and redefined over the years and there is evident lack of consistency in the definition. The 1952/54 census provides data on 10 "prominent" settlements with a population of over 5,000 but refrained from defining an urban area. The 1961 census for the first time defined an urban area or a 'sahar' as "an area with a population cluster of 5,000 and over and having an urban environment such as high school, college, judicial and administrative offices, bazaar, communication facilities, mills, factories etc." but also indicated that the definition was not strictly followed [Bastola in CBS, 1995]. The *Nagar Panchayat* Act of 1962 provided the nomenclature of Nagar as the local level urban administrative unit or a municipal area as distinct from a local level rural administrative unit. It stipulated the population size criteria of "not less than 10,000" as a generally necessary, but not a sufficient condition, for providing the municipal status to a locality.

Since 1962 an urban area has been interpreted in Nepal not as a settlement unit *per se* but as a unit of local self-government. Since 1971 the *Panchayat* (now Village Development Committee or VDC) has been taken as the basic unit of census enumeration. As a result the concept of settlement configuration as a unit of census enumeration has been lost as the areal extent of a VDC (*Panchayat* before 1990) includes many, often far flung, settlement units. Indeed the concept of localities included in censuses since 1971 are a misnomer because these in fact are not "localities" in the sense of settlement units but only *Panchayats* or VDCs. Further, the decision regarding the designation and determination of the areal extent of localities is not made by the Central Bureau of Statistics but by the Ministry of Local Development. Since 1971 areas with municipal status have been *ipso facto* considered urban.

The fact that the population size criteria was not consistently followed in the designation of *Nagar Panchayat* is revealed from the fact that at least four of the newly classified *Nagar Panchayats* in 1971 had a population of less than 10,000 while 12 other 'localities' in the country had a population of over 10,000 but were not classified as *Nagar Panchayats* [Sharma, 1989]. In 1976 the population size criteria to receive the municipal status was reduced to 9,000. In 1990 with the

reestablishment of the multi-party system the *Nagar Panchayats* were renamed *Nagarpalika*. The Municipality Act of 1992, and the Local Self Governance Act of 1999 redefine and classify municipal areas. This is the first time that municipal areas have been classified into categories in Nepal. But the universally accepted criteria of population size, density, contiguity and occupational structure of population are given scant attention. Political ad hocism in the designation of municipal urban areas is quite evident.

Municipalities according to the Local Self-Governance Act 1999 are classified into three categories: *Mahanagarpalika* (Metropolitan city), *Upa-Mahanagarpalika* (Sub-Metropolitan city), and *Nagarpalika* (Municipality). *Mahanagarpalika* is a municipality with a “minimum population size of 300,000, annual revenue of at least Rs. 400 million, facilities of electricity, drinking water, communication, paved main and subsidiary roads, provision of specialised health services, essential infrastructure for international sports events, adequate opportunities for higher education in different fields, at least one established university, adequate urban facilities, and an area that has already received the status of a *upamahanagarpalika*”. Similarly a *Upa-Mahanagarpalika* is a municipality with a “minimum population size of 100,000, annual revenue of at least Rs. 100 million, facilities of electricity, drinking water, communication, paved main roads, education and health services of a high standard, general infrastructure for national and international sports events, provision of public parks and a city hall and similar urban facilities, and an area that has already received the status of a *nagarpalika*”. The Act lays down (a) minimum population size of 20,000 in the Tarai and 10,000 in the hill/mountains, (b) annual revenue of 5 million in the Tarai and 500,000 in the hill/mountains and “minimum urban facilities such as electricity, road, drinking water, communication and other similar urban facilities” as necessary conditions for the designation of municipal status or a *Nagarpalika*. While the double standard in designating municipal area between the Tarai and the hills remains incomprehensible, Article 88 (2) C of the Act considers a *Nagarpalika* as only a “semi urban area”. When the Act was promulgated there were one *Mahanagarpalika* (Kathmandu), four *Upamahanagarpalikas* (Biratnagar, Lalitpur, Pokhara and Birganj) and 53 *Nagarpalikas*. According to the spirit of the Act the 53 *Nagarpalikas* are semi-urban areas !

Table 10.1 provides a list of urban areas by region included in censuses since 1952/54 and the year in which the municipal area was gazetted. It may be noted that Kirtipur, Thimi, Banepa, Matihani and Malangwa were declassified in 1971. However, Kirtipur, Thimi, Banepa and Malangwa were reclassified in 1991. Accordingly, the number of designated urban areas has gone up from 10 in 1952/54 to 58 in 2001.

Table 10.1 : Municipal areas in Nepal, year gazetted and census year included. 1952/54-2001

Regions / Municipalities (Districts)	Year Gazetted						
	(BS) AD	1952/54	1961	1971	1981	1991	2001
Hill/ Mountains							
Dasrathchand (Baitadi)	(2053) 1997						x
Amargadhi (Dadeldhura)	(2053) 1997						x
Dipayal (Doti)	(2038) 1982					x	x
Narayan (Dailekh)	(2053) 1997						x
Baglung (Baglung)	(2053) 1997						x
Waling (Syangja)	(2053) 1997						x
Putalibazar (Syangja)	(2053) 1997						x
Tansen (Palpa)	(2014) 1957		x	x	x	x	x
Pokhara (Kaski)	(2019) 1962		x	x	x	x	x
Lekhnath (Kaski)	(2053) 1997						x
Byas (Tanahu)	(2048) 1992						x
Prithvinarayan (Gorkha)	(2053) 1997						x
Bidur (Nuwakot)	(2043) 1986					x	x
Banepa (Kavre)	(2039) 1982		x			x	x
Dhulikhel (Kavre)	(2043) 1986					x	x
Panauti (Kavre)	(2053) 1997						x
Bhimeswar (Dolakha)	(2053) 1997						x
Khandbari (Sankhua)	(2053) 1997						x
Dhankuta (Dhankuta)	(2035) 1978				x	x	x
Ilam (Ilam)	(2019) 1962			x	x	x	x
Kathmandu Valley							
Kathmandu (Kathmandu)	(2009) 1953	x	x	x	x	x	x
Kirtipur (Kathmandu)	(2053) 1997	x	x				x
Lalitpur (Lalitpur)	(2009) 1953	x	x	x	x	x	x
Madhyapur Thimi (Bhaktapur)	(2053) 1997	x					x
Bhaktapur (Bhaktapur)	(2009) 1953	x				x	x
Inner Tarai							
Birendranagar (Surkhet)	(2033) 1976				x	x	x
Tribhuvannagar (Dang)	(2035) 1978				x	x	x
Tulsipur (Dang)	(2048) 1992						x
Bharatpur (Chitwan)	(2035) 1978				x	x	x
Ratnanagar (Chitwan)	(2053) 1997						x
Hetauda (Makwanpur)	(2026) 1969			x	x	x	x
Kamalamai (Sindhuli)	(2053) 1997						x
Trijuga (Udayapur)	(2053) 1997						x

Regions / Municipalities (Districts)	Year Gazetted						
	(BS) AD	1952/54	1961	1971	1981	1991	2001
Tarai							
Mahendranagar (Kanchanpur)	(2034) 1977				x	x	x
Dhangadhi (Kailali)	(2033) 1976				x	x	x
Tikapur (Kailali)	(2053) 1997						x
Gulariya (Bardia)	(2053) 1997						x
Nepalganj (Banke)	(2019) 1962	x	x	x	x	x	x
Kapilbastu (Kapilbastu)	(2039) 1982					x	x
Butwal (Rupandehi)	(2016) 1959			x	x	x	x
Siddharthanagar (Rupandehi)	(2024) 1967			x	x	x	x
Ramgram (Nawal Parasi)	(2053) 1997						x
Birganj (Parsa)	(2009) 1953	x	x	x	x	x	x
Kalaiya (Bara)	(2039) 1982					x	x
Gaur (Rautahat)	(2048) 1992						x
Malangwa (Sarlahi)	(2043) 1986	x	x			x	x
Jaleswar (Mahottari)	(2039) 1982					x	x
Matihani (Dhanusha)			x				
Janakpur (Dhanusha)	(2019) 1962	x	x	x	x	x	x
Siraha (Siraha)	(2053) 1997						x
Lahan (Siraha)	(2032) 1976				x	x	x
Rajbiraj (Saptari)	(2016) 1959		x	x	x	x	x
Dharan (Sunsari)	(2019) 1962		x	x	x	x	x
Inaruwa (Sunsari)	(2043) 1986					x	x
Itahari (Sunsari)	(2053) 1997						x
Biratnagar (Morang)	(2009) 1953	x	x	x	x	x	x
Damak (Jhapa)	(2039) 1982					x	x
Bhadrapur (Jhapa)	(2009) 1953			x	x	x	x
Mechinagar (Jhapa)	(2053) 1997						x
TOTAL		10	16	16	23	33	58

Source : Ministry of Local Development 2003.

Note : The gazetted dates of municipalities vary between Bastola (1995) and MLD (2003). Here the MLD dates have been used.

Inner Tarai includes the six districts of Udaypaur, Sindhuli, Makwanpur, Chitwan, Dang and Surkhet. Dang and Chitwan are normally included in the Tarai, and remaining four districts are normally included in the hills.

Population of areas designated urban in different censuses is presented in Table 10.2. It provides a comparative picture of the inclusion of new urban areas in different censuses and also the growth of urban population in municipal areas over time. It may be noted that the area of municipal areas have also been periodically revised although such data are neither available by census years nor are the criteria for the revision of urban boundaries made explicit.

The area figures for municipal areas are made available for the 2001 census only. For earlier censuses it is difficult to relate urban growth in particular municipalities with the expansion of urban areas because of the lack of such data.

Table 10.2 : Population in designated urban areas 1952/54 - 2001

Regions / Municipalities	Population					
	1952/54	1961	1971	1981	1991	2001
Hill/ Mountains	0	16237	34344	83376	192558	576024
Dasrathchand (Baitadi)						18345
Amargadhi (Dadeldhura)						18390
Dipayal (Doti)					12360	22061
Narayan (Dailekh)						19446
Kalika (Baglung)						20852
Waling (Syangja)						20414
Putalibazar (Syangja)						29667
Tansen (Palpa)		5136	6434	13125	13599	20431
Pokhara (Kaski)		5413	20611	46642	95286	156312
Lekhnath (Kaski)						41369
Byas (Tanahu)						28245
Prithvinarayan (Gorkha)						25783
Bidur (Nuwakot)					18694	21193
Banepa (Kavre)		5688			12537	15822
Dhulikhel (Kavre)					9812	11521
Panauti (Kavre)						25563
Bhimeswar (Dolakha)						21916
Khandbari (Sankhua)						21789
Dhankuta (Dhankuta)				13836	17073	20668
Ilam (Ilam)			7299	9773	13197	16237
Kathmandu Valley	196777	218092	249563	363507	598528	995966
Kathmandu (Kathmandu)	106579	121019	150402	235160	421258	671846
Kirtipur (Kathmandu)	7038	5764				40835
Lalitpur (Lalitpur)	42183	47713	59049	79875	115865	162991
Madhyapur Themi (Bhaktapur)	8657	9719				47751
Bhaktapur (Bhaktapur)	32320	33877	40112	48472	61405	72543
Inner Tarai	0	0	16194	96861	160529	392108
Birendranagar (Surkhet)				13859	22973	31381
Tribhuvannagar (Dang)				20608	29050	43126
Tulsipur (Dang)						33876
Bharatpur (Chitwan)				27602	54670	89323
Ratnanagar (Chitwan)						37791
Hetauda (Makwanpur)			16194	34792	53836	68482
Kalamamai (Sindhuli)						32838
Trijuga (Udayapur)						55291

Regions / Municipalities	Population					
	1952/54	1961	1971	1981	1991	2001
Tarai	41498	101893	161837	412977	744104	1263781
Mahendranagar (Kanchanpur)				43834	62050	80839
Dhangadhi (Kailali)				27274	44753	67447
Tikapur (Kailali)						38722
Gulariya (Bardia)						46011
Nepalganj (Banke)	10813	15817	23523	34015	47819	57535
Kapilbastu (Kapilbastu)					17126	27170
Butwal (Rupandehi)			12815	22583	44272	75384
Siddharthanagar (Rupandehi)			17272	31119	39473	52569
Ramgram (Nawal Parasi)						22630
Birganj (Parsa)	10037	10769	12999	43642	69005	112484
Kalaiya (Bara)					18498	32260
Gaur (Rautahat)						25383
Malangwa (Sarlahi)	5551	6721			14142	18484
Jaleswar (Mahottari)					18088	22046
Matihani (Dhanusha))		5073				
Janakpur (Dhanusha)	7037	8928	14294	34840	54710	74192
Siraha (Siraha)						23988
Lahan (Siraha)				13775	19018	27654
Rajbiraj (Saptari)		5232	7832	16444	24227	30353
Dharan (Sunsari)		13998	20503	42146	66457	95332
Inaruwa (Sunsari)					18547	23200
Itahari (Sunsari)						41210
Biratnagar (Morang)	8060	35355	45100	93544	129388	166674
Damak (Jhapa)					41321	35009
Bhadrapur (Jhapa)			7499	9761	15210	18145
Mechinagar (Jhapa)						49060
TOTAL	238275	336222	461938	956721	1695719	3227879

Source : CBS [1995]. CBS [2003]

Note : Kirtipur and Thimi in the Kathmandu valley and Malangwa in the Tarai were declassified from the urban category in 1971 but were reclassified again in 1991. Banepa in the hills was classified as urban in 1961, declassified in 1971 and again reclassified in 1991. Matihani in the Tarai was classified as urban in 1961 but was declassified in 1971.

10.3 Urbanization and Urban Growth in Nepal

Urbanization refers to the growth in population defined as urban, i.e., population residing in designated urban areas. Increase in the number of urban areas and expansion of existing urban areas are the two ways in which urbanization proceeds.

10.3.1 Growth in Urban Population

The pattern of the growth in total, urban and rural population of Nepal in censuses since 1952/54 is presented in Table 10.3. In the last five decades or so Nepal's population has increased from nearly 8.3 million to 23.1 million, that is an increase by a factor of 2.8 times. Urban population in the mean time has increased from about 238,000 to a little over 3.2 million, an increase by a factor of 16 times. Urban population as percent of rural population has been growing steadily in the last five decades. Between 1952/54 and 1971 urban population increased rather sluggishly from 3 percent of rural population to 4.2 percent. Since the eighties the growth has accelerated from 6.8 percent to 16.2 percent.

Table 10.3 : Total Population by urban-rural residence and urban population as a percent of rural population. Nepal, 1952/54 - 2001

	1952/54	1961	1971	1981	1991	2001
Urban Population	238,275	336,222	461,938	956,721	1,695,719	3,227,879
Rural Population	8,018,350	9,076,774	11,094,045	14,066,118	16,795,378	19,923,544
Total Population	8,256,625	9,412,996	11,555,983	15,022,839	18,491,097	23,151,423
Urban Population as Percent of Rural Population	3.0	3.7	4.2	6.8	10.1	16.2

Source: CBS [1995], CBS [2003]

The growth rates of urban and rural population presented in Table 10.4 shows that urban growth rate in Nepal has been quite erratic. There was a decline in urban growth rate compared to the preceding census in the sixties and then in the eighties. This process appears to have been influenced by (a) classification and declassification of urban places, and (b) revision or lack of it in urban boundaries. While urban centres like Kathmandu remain under bounded, almost all newly inducted urban areas in the seventies and eighties remain over bounded. However, for total, urban as well as rural population the decade of the seventies marks a watershed because it is in this decade that the growth rates were highest. Urban-rural growth differential was the highest in the 1970s and declined in the eighties. Since then the differential has been on the rise.

Table 10.4 : Growth rate of urban and rural population 1952/54 – 2001.

	1952/54 -1961	1961-1971	1971-1981	1981-1991	1991-2001
Urban Population	4.40	3.23	7.55	5.89	6.65
Rural Population	1.56	2.03	2.40	1.79	1.72
Total Population	1.65	2.07	2.66	2.10	2.27
Urban-Rural Growth Differential	2.84	1.20	5.15	4.10	4.93

Note: Growth rates are geometric rates.

The growth in urban population and places in Nepal is shown in Table 10.5. In the five decades since the 1950s urban population increased from 0.238 million to 3.23 million while the number of designated urban places increased from 10 to 58. The percent of urban population in the country has grown from 2.9 percent to 13.9 percent. Intercensal percentile increase in urban population over the preceding census year was highest during the decade of the seventies. It may be noted that average annual change in percent of urban population has been steadily increasing since the seventies. It was 0.07 in the fifties, 0.04 in the sixties, 0.24 in the seventies, 0.28 in the eighties, and 0.47 in the nineties.

Table 10.5 : Growth in urban population and urban places in Nepal ,1952/54 – 2001.

Census Year	Urban Population (in '000)	Number of Urban Places	Percent of Population Urban	Intercensal Increase in Urban Population (percent)
1952/54	238.3	10	2.9	
1961	336.2	16	3.6	41.1
1971	461.9	16	4.0	37.4
1981	956.7	23	6.4	107.1
1991	1,695.7	33	9.2	77.2
2001	3227.9	58	13.9	90.4

A more realistic picture of urban growth is presented in Table 10.6 which shows that the average annual growth rates dampen somewhat if we take into account the growth rates of urban places that are comparable between the two censuses. This shows that new addition of urban places has substantially influenced urban growth rates in Nepal.

Table 10.6 : Average annual growth rate of urban population common to intercensal periods 1952/54- 2001.

Urban places	Number of Places	Average Annual Growth Rates
Common to Censuses 1952/54-61	10	2.73
Common to Censuses 1961-71	11	2.83
Common to Censuses 1971-81	16	5.59
Common to Censuses 1981-91	23	4.70
Common to Censuses 1991-2001	33	3.71

Note: Growth rates are geometric growth rates.

10.3.2 Geographical Pattern of Urbanization

The geographical pattern of urbanization in Nepal can be traced in different ways. One can look at the pattern in terms of the three broad ecological regions, i.e., the mountains, the hills and the Tarai. This, however, hides the enormous differences that exist in the hill region in general, more particularly between Kathmandu valley, the traditional hub of Nepal's urbanization, and the rest of the hills. Similarly, there are substantial differences in the patterns of urbanization between the Tarai and the Inner Tarai, more commonly known as *Bhitri Madesh*, which remains unnoticed if Tarai is taken as one geographical region. A more meaningful way of looking at the pattern of urbanization would therefore be to trace it in terms of hill/mountains, Kathmandu valley, Inner Tarai and Tarai. Yet another way of analysing the pattern of urbanization would be in terms of the five development regions.

Here the pattern of urbanization is explored in terms of the three ecological regions, four geographical regions (Hill/mountains, Kathmandu Valley, Inner Tarai and Tarai), and five development regions.

Table 10.7 : Percent distribution of urban population (and places) by ecological regions, 1952/54 -2001.

Ecological regions	1952/54	1961	1971	1981	1991	2001
Mountains	..	..	..	..	..	1.4 (2)
Hills	82.4 (5)	69.7 (8)	65 (7)	51.8 (9)	51.2 (13)	53.2 (27)
Tarai	17.6 (5)	30.3 (8)	35 (9)	48.2 (14)	48.8 (20)	45.5 (29)
Total	100.0 (10)	100.0 (16)	100.0 (16)	100.0 (23)	100.0 (33)	100.0 (58)

Note: Figures in parenthesis are number of urban places

Table 10.7 shows that the hill ecological region has had a major share of Nepal's urban population through out the last five decades, although the share has declined from 82.4 percent in 1952/54 to 53.2 percent in 2001. The mountain ecological region only recently has acquired a meagre share of the urban population. However, in terms of the number of urban places the share of the Tarai has been steadily growing from 5 in 1952/54 to 29 in 2001.

In terms of development regions conceived after the Fourth Plan (1970-75) the Central development region (CDR) has consistently the largest share of urban population, as well as the largest number of urban places in the last five decades. In 2001 the CDR had almost half of Nepal's urban population, and 20 urban places. In spite of the fact that the share of urban

population in the CDR has been declining it still has the largest size of urban population in Nepal. The Eastern development region has consistently ranked second in both the share of urban population, and the number of urban places. The Mid western and the Far western development regions have acquired urban population only in the last two decades.

Table 10.8 : Percent distribution of urban population by development regions, 1952/54–2001.

Development regions	1952/54	1961	1971	1981	1991	2001
Eastern	3.4 (1)	16.2 (3)	19.1 (5)	24.5 (7)	20.3 (9)	19.4 (14)
Central	92.0 (8)	75.9 (10)	63.4 (6)	49.1 (7)	54.4 (13)	49.7 (20)
Western	..	3.2 (2)	12.4 (4)	11.9 (4)	12.4 (5)	16.1 (12)
Mid western	4.6 (1)	4.7 (1)	5.1 (1)	7.1 (3)	5.9 (3)	7.2 (6)
Far Western	..	..	..	7.4 (2)	7.0 (3)	7.6 (6)
Total	100.0 (10)	100.0 (16)	100.0 (16)	100.0 (23)	100.0 (33)	100.0 (58)

The pattern of urbanization would look different if we use the four geographical region framework. This pattern presented in Table 10.9 shows that if the Kathmandu valley is taken out of the hill/mountain region the share of urban population declines dramatically in the hill/mountains. Historically, Kathmandu valley by virtue of its location and both internal as well as external conditions for urban growth, has had the largest share of Nepal's urban population. In 1952/54 nearly 83 percent of Nepal's urban population was in the Kathmandu valley. Over the years the share of urban population in the valley has declined, but still in 2001 nearly 31 percent of Nepal's urban population was in the valley. It may be noted that the Kathmandu Valley has less than 0.5 percent of the total land area of Nepal. The share of Tarai proper in the urban population has increased substantially in the last five decades. The share of urban population in the hill region and the Inner Tarai has also increased.

Table 10.9 : Percent distribution of urban population (and places) by geographical region. 1952/54- 2001.

	1952/54	1961	1971	1981	1991	2001
Hill/Mountains*	..	4.8 (3)	7.4 (3)	8.7 (4)	11.4 (8)	17.8 (20)
Kathmandu Valley	82.6 (5)	64.9 (5)	54.0 (3)	38.0 (3)	35.3 (3)	30.9 (5)
Inner Tarai	..	..	3.5 (1)	10.1 (4)	9.5 (4)	12.1 (8)
Tarai	17.4 (5)	30.3 (8)	35.0 (9)	43.2 (12)	43.9 (18)	39.2 (25)

Note : The Mountain region had no urban population until 2001 by which time two places (Khandbari, and Bhimeswar) had received municipal status.

Inner Tarai includes the six districts of Sindhuli, Udaypur, Makwanpur, Chitwan, Dang and Surkhet. Sindhuli, Udaypur, Makwanpur and Surkhet are normally included in the broad hill ecological region, while Chitwan and Dang are included in the Tarai ecological region.

The share of urban population in different regions does not, however, tell the whole story. The level of urbanization, or the percent of population in designated urban areas as a proportion of the total population in the region, reveals a different picture. Table 10.10 and 10.11 show the level of urbanization by development region, ecological region and the geographical region since 1981. The level of urbanization is highest in the Central development region (20%). The Mid western region remains the least urbanized region in Nepal, while the level of urbanization in the Far western region has picked up due to the induction of new urban areas since the 1980s. In terms of ecological regions the hill region, with 16.7 percent, is the most urbanized region in Nepal. The mountains remain the least urbanized ecological region in the country. However, as seen earlier, the high level of urbanization in the Central development region is mainly by virtue of the Kathmandu valley.

Table 10.10 : Level of urbanization by development region and ecological region, 1981 – 2001.

Development Regions	1981	1991	2001
Eastern	6.3	7.8	11.7
Central	9.6	14.9	20.0
Western	3.6	5.6	11.4
Mid-western	3.5	4.1	7.7
Far –western	3.4	7.1	11.2
Ecological regions			
Mountain			2.6
Hill	6.9	10.3	16.7
Tarai	7.0	9.6	13.1
Nepal	6.4	9.2	13.9

Source: CBS [1995], CBS [2003]

Among geographical regions Kathmandu Valley has witnessed a relentless growth in the level of urbanization and remains the most urbanized region in Nepal.. In 1952/54 only 47.4 percent of the valley’s population was urban. This has risen to 60.5 percent in 2001. The Inner Tarai situated as the gateway to much of the hill region ranks second with 18% population urban. This is followed by the Tarai with 12.3 percent. The least urbanized geographical region in the country is the hill/mountain region. Inaccessibility and the lack of economic diversification contribute largely to this process.

Table 10.11 : Level of urbanization by geographical region, 1981 –2001.

REGION	1981	1991	2001
Hill / Mountains	1.2	2.5	6.4
Kathmandu Valley	47.4	54.1	60.5
Inner Tarai	7.6	9.5	18.0
Tarai	6.8	9.4	12.3
Nepal	6.4	9.2	13.9

The average annual growth rates of urban and rural population by geographical region is presented in Table 10.12. It shows that in recent decades urban growth rates have remained very high in the hill/mountain and the Inner Tarai region, while the growth rates are relatively subdued in the Kathmandu valley and the Tarai. It may be noted that rural growth rates in these two regions are among the highest in Nepal. Low base urban population is responsible for exceedingly high urban growth rates seen in the hill/mountain region. An interesting feature is that urban growth in the Kathmandu valley has accelerated only since the 1970s. In the fifties and the sixties rural growth rates in the Kathmandu valley exceeded urban growth rates.

Table 10.12 : Average annual growth rates of urban and rural population by geographical region, 1952/54 – 2001.

Geographical Region	1952/54		1961-1971		1971-1981		1981-1991		1991-2001	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Hill/Mountains	..	1.37	7.78	0.89	9.27	1.31	8.73	1.00	11.58	1.12
Kathmandu Valley	1.29	1.53	1.36	4.32	3.83	0.87	5.11	2.32	5.22	2.50
Inner Tarai	..	0.61	..	5.24	19.59	3.19	5.18	2.64	9.34	1.56
Tarai	11.88	2.14	4.74	3.19	9.82	3.90	6.06	2.48	5.44	2.31
Nepal	4.40	1.56	3.23	2.03	7.55	2.40	5.89	1.79	6.65	1.72

Note: The growth rates are geometric growth rates.

Only 43 among the 75 districts of the country had municipal areas in 2001. Many have only one municipal area in the district headquarter. Districts with more than one municipal area in 2001 include Syangja, Kaski and Kavre in the hills, Kathmandu and Bhaktapur in the Valley, Dang and Chitwan in the Inner Tarai, and Kailali, Rupandehi, Dhanusha, Siraha, Sunsari and Jhapa in the Tarai.

The district of Kathmandu which houses the capital of the country is the most urbanized district in the Nepal. In 2001 about 66 percent of the Kathmandu district population was urban. Outside the valley, the district of Kaski is highly urbanized with about 52 percent population living in urban areas. Chitwan (27%), Sunsari (25%), Morang (20%), Parsa (23%), Kanchanpur (21 %), Makwanpur, Kailali, and Dang (17% each) are among other districts which are relatively more urbanized. Among districts that have witnessed rapid rise in the level of urbanization in the last two decades are Kaski, Chitwan, Dang, Kailali, Sunsari and Jhapa. Some districts like Kanchanpur, Banke have seen declines in the level of urbanization. In the case of newly inducted urban areas in general, there has been substantial and in some cases unbelievable over bounding of urban areas and consequent spurious rise in urbanization levels. It may also be noted that in 2001 eighteen districts including Dandeldhura, Syangja and Kaski in the hills, all three districts of the Kathmandu Valley, Dang, Chitwan, Makwanpur and Udaypur in the Inner Tarai and Kanchanpur, Kailali, Banke, Rupandehi, Parsa, Sunsari, Morang and Jhapa in the Tarai had urbanization levels exceeding the national average.

Table 10.13 : Urbanization by districts 1981-2001.

Districts	1981 Percent Urban	1991 Percent Urban	2001 Percent Urban
Hill/ Mountain			
Baitadi	..	..	7.8
Dadeldhura	..	..	14.6
Doti	..	7.4	10.7
Dailekh	..	..	8.6
Baglung	..	..	7.8
Syangja	..	..	15.8
Palpa	6.1	5.8	7.6
Kaski	21.1	32.5	51.9
Tanahu	..	..	9.0
Gorkha	..	..	8.9
Nuwakot	..	7.6	7.3
Kavre	..	6.9	13.7
Dolakha	..	..	10.7
Sankhuasabha	..	..	13.7
Dhankuta	10.7	11.7	12.4
Ilam	5.5	5.8	5.7
Kathmandu Valley			
Kathmandu	55.7	62.4	65.9
Lalitpur	43.3	45.1	48.3
Bhaktapur	30.3	35.5	53.4

Districts	1981 Percent Urban	1991 Percent Urban	2001 Percent Urban
Inner Tarai			
Surkhet	8.3	10.2	10.9
Dang	7.7	8.2	16.7
Chitwan	10.6	15.4	26.9
Makwanpur	14.3	17.1	17.4
Sindhuli	..	..	11.7
Udayapur	..	..	19.2
Tarai			
Kanchanpur	25.9	24.1	21.4
Kailali	10.6	10.7	17.2
Bardia	..	..	12.0
Banke	16.6	16.7	14.9
Kapilbastu	..	4.6	5.6
Rupandehi	14.2	16.0	18.1
Nawal Parasi	..	..	4.0
Parsa	15.4	18.5	22.6
Bara	..	4.5	5.8
Rautahat	..	..	4.7
Sarlahi	..	2.9	2.9
Mahottari	..	4.1	4.0
Dhanusha	8.1	10.1	11.1
Siraha	3.7	4.1	9.0
Saptari	4.3	5.2	5.3
Sunsari	12.2	18.3	25.5
Morang	17.5	19.2	19.8
Jhapa	2.0	9.5	14.9

Source : CBS [1995], CBS [2003]

.. = not applicable

10.3.3 Urban Growth and Size of Urban Places

The nature and characteristics of urbanization is reflected in the size of urban places and has bearing both on the scale and nature of urban problems and planning. Table 10.14 reveals that over 39 percent of Nepal's urban population in 2001 resided in 5 municipalities with a population of over 100,000. These include Kathmandu and Lalitpur in the Kathmandu valley, Biratnagar and Birganj in the Tarai, and Pokhara in the hills. Among the 11 municipalities with a population between 50,000 to 100,000 population, one (Bhaktapur) is in the Kathmandu Valley, seven in the

Tarai (Dharan, Mahendranagar, Butwal, Janakpur, Dhangadhi, Nepalganj and Sidhharthanagar), and three (Bharatpur, Hetauda and Trijuga) in the Inner Tarai. Nearly a quarter of Nepal's urban population lives in municipalities in this size class. The hills have no municipality in this category. There were 34 municipalities in size-class III and only 8 municipalities in size-class IV. Since the 1980s the number of municipalities in size-class III has been increasing and those in size-class IV has been declining. Normally one would expect a larger number of urban places with smaller population size and gradually small number of urban places with larger population size. This process has been effectively reversed in Nepal in the lower rungs of the size-class hierarchy not because of any inherent uniqueness in the nature of urbanization but because of the truncated definition of urban places, which excludes places with 10,000 population, and considerable over bounding of urban places due to the inclusion of whole VDCs and not just settlement units in the induction of new municipalities for reasons of meeting the population size criteria. As a result, the number of urban places with population of above 20,000 and the percent of total urban population living in such places has been steadily increasing in each census. This is clearly an artefact of the definition of urban places and the manner in which urban status is conferred.

Table 10.14 : Urban growth by size class of urban places 1952/54-2001

Size Class	1952/54	1961	1971	1981	1991	2001
100,000 and over	106,579(1)	121,019(1)	150,402 (1)	235,160(1)	666,511(3)	1,270,037(5)
Percent	44.7	36.0	32.6	24.6	39.3	39.4
50,000 – 99,999	0	0	59,049 (1)	173,419(2)	517,419 (8)	788,937 (11)
Percent	0	0	12.8	18.1	30.5	24.4
20,000 – 49,999	74,503 (2)	116,945 (3)	149,849 (5)	457,569 (13)	293,888 (14)	1,032,245 (34)
Percent	31.3	34.8	32.4	47.8	17.3	32.0
Less than 20,000	57,193 (7)	98,258 (12)	102,638 (9)	90,573 (7)	217,901 (8)	136,390 (8)
Percent	24.0	29.2	22.2	9.5	12.9	4.2
Total	238,275 (10)	336,222 (16)	461,938 (16)	956,721 (23)	1,695,719 (33)	3,227,879 (58)
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Above 20000	181,082 (3)	237,964 (4)	359,300 (7)	866,148 (16)	1,477,818 (25)	3,091,489 (50)
Percent	76.0	70.8	77.8	90.5	87.1	95.8

Note : Figures in parenthesis are the number of urban places.

The exceedingly high average annual growth rates of size-class II urban places in the seventies and the eighties, the high growth rates for size-class III urban places in the nineties, and the negative growth rates for size-class IV urban places in the seventies, and again in the nineties reflects this process. The high growth rate for size-class I urban places in the last decade is a result of the graduation of two more towns to this class (Table 10.15).

Table 10.15: Average annual growth rate of urban population by size-class of urban places, 1952/54 - 2001

Size Class	Average Annual Growth Rates				
	1952/54-61	1961-71	1971-81	1981-91	1991-2001
100,000 and Over	1.60	2.20	4.57	10.98	6.66
50,000 – 99,999			11.38	11.55	4.31
20,000 – 49,999	5.80	2.51	11.81	...	13.39
Less than 20,000	7.00	0.44	...	9.18	...
Total	4.40	3.23	7.55	5.89	6.65

Source : CBS [1995], CBS [2003]

... = negative growth rate; Growth rates are geometric growth rates

Change in the rank hierarchy of urban places since 1952/54 is shown in Table 10.16. Since the 1980s the induction of new urban places has been in the middle and lower ranks of the hierarchy than exclusively in the lower ends. For example, Mahendranagar was inducted as the 6th ranking town in 1981, Damak as the 15th ranking town in 1991, and Trijuga and Mechinagar as the 15th and 17th ranking towns in 2001.

Table 10.16 : Changes in rank hierarchy of urban places , Nepal. 1952/54 – 2001

S.No.	1952/54	1961	1971	1981	1991	2001
1	Kathmandu	Kathmandu	Kathmandu	Kathmandu	Kathmandu	Kathmandu
2	Lalitpur	Lalitpur	Lalitpur	Biratnagar	Biratnagar	Biratnagar
3	Bhaktapur	Biratnagar	Biratnagar	Lalitpur	Lalitpur	Lalitpur
4	Nepalganj	Bhaktapur	Bhaktapur	Bhaktapur	Pokhara	Pokhara
5	Birganj	Nepalganj	Nepalganj	Pokhara	Birganj	Birganj
6	Thimi	Dharan	Pokhara	Mahendranagar	Dharan	Dharan
7	Biratnagar	Birganj	Dharan	Birganj	Mahendranagar	Bharatpur
8	Kirtipur	Thimi *	Siddharthanagar	Dharan	Bhaktapur	Mahendranagar
9	Janakpur	Janakpur	Hetauda	Janakpur	Janakpur	Butwal
10	Malangwa	Malangwa*	Janakpur	Hetauda	Bharatpur	Janakpur
11		Kirtipur *	Birganj	Nepalganj	Hetauda	Bhaktapur
12		Banepa *	Butwal	Siddharthanagar	Nepalganj	Hetauda
13		Pokhara	Rajbiraj	Bharatpur	Dhangadhi	Dhangadhi
14		Rajbiraj	Bhadrapur	Dhangadhi	Butwal	Nepalganj
15		Tansen	Ilam	Butwal	Damak	Trijuga
16		Matihani *	Tansen	Tribhuvannagar	Siddharthanagar	Siddharthanagar
17				Rajbiraj	Tribhuvannagar	Mechinagar
18				Birendranagar	Rajbiraj	Madhyapur Thimi
19				Dhankuta	Birendranagar	Gulariya
20				Lahan	Lahan	Tribhuvannagar

S.No.	1952/54	1961	1971	1981	1991	2001
21				Tansen	Bidur	Lekhnath
22				Ilam	Inaruwa	Itahari
23				Bhadrapur	Kalaiya	Kirtipur
24					Jaleswar	Tikapur
25					Kapilbastu	Ratnanagar
26					Dhankuta	Damak
27					Bhadrapur	Tulsipur
28					Malangwa	Kamalamai
29					Tansen	Kalaiya
30					Ilam	Birendranagar
31					Banepa	Rajbiraj
32					Dipayal	Putalibazar
33					Dhulikhel	Byas
34						Lahan
35						Kapilbastu
36						Prithvinarayan
37						Panauti
38						Gaur
39						Siraha
40						Inaruwa
41						Ramgram
42						Dipayal
43						Jaleswar
44						Bhimeswar
45						Khandbari
46						Bidur
47						Kalika
48						Dhankuta
49						Tansen
50						Waling
51						Narayan
52						Malangwa
53						Amargadhi
54						Dasrathchand
55						Bhadrapur
56						Ilam
57						Banepa
58						Dhulikhel

Note : Italicised names are new entrants in respective census years.

* Urban places declassified in 1971. Malangwa and Banepa were reclassified in 1991, and Kirtipur and Thimi in 2001.

** Matihani was declassified in 1971

Among the municipalities in Nepal that have consistently retained position or gone up the rank hierarchy are Biratnagar (from 7th in 1952/54 to 2nd in 2001), Pokhara (from 13th in 1961 when it was inducted to 4th in 2001), Bharatpur (from 13th in 1981 to 7th in 2001), and Dhangadhi 14th in 1981 to 13th in 2001). Likewise among the municipalities that have consistently gone down the rank hierarchy include Bhadrapur (14th in 1971 to 55th in 2001), Ilam (22nd in 1981 to 56th in 2001), Tansen (from 15th in 1961 to 49th in 2001), Nepalganj (from 4th in 1952/54 to 14th in 2001) and Bhaktapur (from 3rd in 1952/54 to 11th in 2001), among others.

The changes in rank hierarchy of urban places in the last five decades show that Kathmandu has retained its supremacy all throughout. Among the first three largest cities Lalitpur gave way to Biratnagar as the second city in 1981. Since then the three positions have remained stable. Bhaktapur, the third largest city in 1952/54 and the fourth largest city from 1961 to 1981 has gradually slipped in the hierarchy. It was the 8th largest city in 1991 and the 11th in 2001. Siddharthanagar and Hetauda ranked among the ten largest cities in 1971 but both lost their positions in 1981 and 1991 respectively. Mahendranagar entered as the 6th largest city in 1981 and has been among the top ten since. Birganj, Janakpur and Dharan are the two other towns that have remained within the top ten since 1952/54 and 1961 respectively. In 2001 among the ten largest cities were Kathmandu and Lalitpur in the valley, Pokhara in the hills, Bharatpur in the Inner Tarai and Biratnagar, Birganj, Dharan, Mahendranagar, Butwal and Janakpur in the Tarai. The population of Janakpur the 10th largest town is in excess of 74,000.

10.3.4 Urban Primacy and Related Measures

Urban primacy is generally taken as an indicator of the nature of urban development. A high or increasing level of urban primacy reflects a centralised pattern of urban development while a low or declining level of primacy reflects a decentralised pattern of urban development. The most common indices of primacy are the two city and four city indices.

Table 10.17 : Primacy indices 1952/54- 2001

Indices	1952/54	1961	1971	1981	1991	2001
Two City Index	2.53	2.54	2.55	2.51	3.26	4.03
Four City Index	1.25	1.03	1.04	1.06	1.24	1.38
Percent of Urban Population in Ten Largest Towns	100.0	90.4	88.1	73.5	66.6	52.2

Note : The two city index and four-city index has been computed by using P_1/P_2 and $P_1/(P_2+P_3+P_4)$ respectively where $p_1 \dots P_k$ are population of towns in respective ranks.

The two-city index for Nepal remained more or less stable from 1952/54 till 1981 but has been steadily rising since then. This indicates a significant concentration of urban population in Kathmandu. If the Kathmandu-Lalitpur urban complex were taken as one unit, which they are in a functional sense, then the two city index would rise to 5. Table 10.17 shows that the four city index has also been rising from 1.03 in 1961 to 1.38 in 2001. However, because of the increase in the number of urban places the proportion of urban population in the ten largest towns has rapidly fallen from 100 in 1952/54 to 88.1 in 1971, 66.6 in 1991 and 52.2 in 2001. Over half of Nepal's urban population is still concentrated in the ten largest towns.

10.3.5 Components of Urban Growth

Urban growth is generally contributed by natural increase of population, reclassification and addition of new urban areas due to emergence of new towns, expansion of existing urban areas or extension of urban boundaries, and migration (both internal, from rural areas, and external due to international migration).

It is difficult to evaluate these various components of urban growth in Nepal with any accuracy because of the lack of information. According to ESCAP report (quoted in CBS 1995) over 65 percent of urban growth in Nepal in the nineties can be attributable to migration and reclassification. A very preliminary exercise shows that the population of reclassified towns alone contributed 26, 18 and 44 percent respectively to the urban growth rate seen in the 1981, 1991 and 2001 censuses. This does not include urban population growth due to extension of urban boundaries which has taken place particularly between the 1981 and 1991 censuses.

Table 10.18 : Reclassification and urban growth 1971-2001.

	1971	1981	1991	2001
Total Urban Population	461,938	956,721	1,695,719	3,227,879
Population of Reclassified Towns in Each Census		160,788	166,983	787,165
Intercensal Growth Rate of Urban Population		7.55	5.89	6.65
Intercensal Growth Rate without Reclassified Towns		5.59	4.80	3.71
Population of Reclassified Towns as % of Census Population		16.8	9.8	24.4
Contribution of Reclassification to Urban Growth (3)-(4) as a % of (3)		25.9	18.5	44.2
National Intercensal Population Growth Rate		2.66	2.10	2.27
Contribution of Reclassification and Migration to Urban Growth in the Intercensal Period[(3)-(7) as a % of (3)]		64.8	64.3	65.9

Note: Growth rates are geometric growth rates.

If it were assumed that urban growth in excess of national population growth rates are attributable to reclassification and migration then Table 10.18 suggests that in the 1971-81, 1981-91 and 1991-2001 intercensal periods the contribution of reclassification and migration to urban growth comes to 64.8, 64.3 and 65.9 percent respectively, a figure similar to the one attributed by ESCAP.

Table 10.19 : Population by place of birth in urban Areas, 2001

Regions	Population 2001	Native Born as % of total	Same District Born as % of Total	Other District Born as % of Total	Foreign Born as % of Total
Hill/ Mountains	576024	98.2	83.1	15.1	1.8
Kathmandu Valley	995966	97.0	61.5	35.4	3.0
Inner Tarai	392108	97.2	69.9	27.3	2.8
Tarai	1263781	92.8	70.6	22.2	7.2
TOTAL	3227879	95.6	69.9	25.6	4.4

Source: Population Census 2001 (Development Regions) Selected Tables, Table 5., CBS 2002

The data on population by place of birth provided in the 2001 census gives some idea about the extent of inter district lifetime migration into urban areas. Table 10.19 shows that 25.6 percent of the total population of urban areas was born in districts other than the one in which the urban area was located, and another 4.4 percent were foreign born. If the life time migration to urban areas from rural areas of districts in which the urban area was located were taken into account the proportion of such migration to urban areas would be much higher. This shows that internal migration is a significant contributor to urban growth in Nepal. However, there are significant variations. In hill/mountain urban areas life time inter-district migration to urban areas is the least (15.1 percent), while it is the highest in Kathmandu valley towns (35.4 percent). Among the municipalities that have a higher proportion of life time migrants (internal as well as foreign born) are Kathmandu (44.1%), Pokhara (33.4%) in the hills, Bharatpur (45.2%), Hetauda (35.7%) in the Inner Tarai and Dharan (46.1%), Itahari (44.4%), Butwal (52.9%), Damak (39.4%) and Mahendranagar (38.4%) in the Tarai. The proportion of foreign born is highest in Birganj (12.9%), followed by Siddharthanagar (11.1%), Bhadrapur (11.6%), Gaur (10.5%) etc. This indicates that Kathmandu valley, and specific Inner Tarai and Tarai towns continue to be the recipients of rural migration.

10.4 Urban-Rural Differences: Characteristics of Urban Areas in Nepal

The nature of Nepal's urbanization can be better appreciated by looking at some of the spatial, economic and social characteristics of urban areas.

10.4.1 Urban Densities

In Nepal density and contiguity criteria are not taken into account in conferring municipal or urban status to localities. Table 10.20 shows that the overall population density in urban areas in Nepal is 985 per sq km compared to 136 for rural areas. But there are substantial differences in terms of geographical regions. Inner Tarai and hill/mountain regions in general have lower densities (402 and 550 respectively) compared to Kathmandu Valley (10265) and Tarai towns (1092). The nature of regional urbanization is revealed from the fact that the density of valley towns is over ten times than that of Nepal's urban areas in general and 18 and 25 times more than hill/mountain and Inner Tarai towns respectively. Urban densities in some of the newly inducted municipalities are only slightly higher than that of rural areas. Examples are Amargadhi (132), Kamalamai (158), Trijuga (173), Khandbari (239), Narayan (290), and Bhimeswar (239). The fact that many municipalities are significantly over bounded reveals a predominantly rural character of these municipalities. A study estimated that out of the 33 municipalities until early nineties 26 had less than 20 percent of their population that could be considered urban. No town except those of the Kathmandu Valley had population in excess of 50 percent that could be considered urban [Joshi quoted in ADB 2000].

Table 10.20 : Urban densities 2001.

Regions	Population 2001	Area (sq. km.)	Density (per sq km)
Hill/ Mountains	576,024	1047	550
Kathmandu Valley	995,966	97	10265
Inner Tarai	392,108	975	402
Tarai	1,263,781	1158	1092
Urban Total	3,227,879	3276	985
Rural Total	19,509,055	143905	136

Source: CBS [2003]

10.4.2 Age Composition

There are substantial differences in the age composition of population between urban and rural areas particularly in the below ten age groups and the 20-24 age groups (Table 10.21). Urban areas generally tend to have a lower proportion of child population and higher proportion of aged (above 60) population. In Nepal below 10 population comprised 21.2 percent of the total urban population in 2001 while it was 27.1 percent for rural areas. The 20-24 age population is also higher by 2.6 percentage points in urban areas. Contrary to expectations the proportion of aged (over 60) population in urban areas is only 5.7 percent compared to 6.6 percent in rural areas. The increased proportion of aged population in rural areas could well be a consequence of age-selective migration from rural areas.

Table 10.21: Percent distribution of population by five-year age groups in urban and rural areas, Nepal, 2001

Age Groups	Urban			Rural		
	Total	Male	Female	Total	Male	Female
0-4 Years	9.5	9.4	9.6	12.6	12.8	12.3
5-9 Years	11.6	11.6	11.5	14.5	14.9	14.2
10-14 Years	12.0	12.0	12.0	13.3	13.8	12.8
15-19 Years	11.4	11.6	11.3	10.4	10.2	10.5
20-24 Years	11.1	11.0	11.3	8.5	7.9	9.1
25-29 Years	9.4	9.1	9.6	7.3	6.9	7.7
30-34 Years	7.9	8.0	7.8	6.3	6.1	6.5
35-39 Years	6.6	6.6	6.5	5.6	5.6	5.7
40-44 Years	5.1	5.3	4.9	4.7	4.7	4.8
45-49 Years	4.1	4.2	3.9	4.1	4.1	4.0
50-54 Years	3.2	3.3	3.1	3.4	3.5	3.3
55-59 Years	2.4	2.6	2.3	2.7	2.8	2.5
60-64 Years	1.9	1.9	2.0	2.4	2.4	2.3
65-69 Years	1.5	1.4	1.6	1.7	1.8	1.7
70-74 Years	1.0	1.0	1.1	1.2	1.3	1.2
75 + Years	1.3	1.1	1.4	1.3	1.3	1.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
All Ages	3,227,879	1,664,362	1,563,517	19,509,055	9,695,016	9,814,039

Source : CBS [2003]

The trends in the percent distribution of urban and rural population by broad age group (Table 10.22) show that the proportion of aged population in rural areas has been increasing since 1960. The 2001 census shows that the proportion of active (15-59 age) population has increased relative to 1991. Also since 1981 the proportion of under 15 population in urban areas shows a consistent decline (from 39.1 percent in 1981 to 33.1 percent in 2001). These trends and patterns need to be interpreted carefully because it is a result of an interplay of a variety of demographic and socio-economic development processes.

Table 10.22 : Percent distribution of urban and rural population by broad age groups, 1961 - 2001 .

	1961	1971	1981	1991	2001
Urban					
Under 15 Years	35.5	37.3	39.1	37.3	33.1
15-59 Years	59.3	57.6	55.8	57.7	61.2
60 Years and Over	5.2	5.1	5.1	5.0	5.7
Rural					
Under 15 Years	40.2	40.6	41.5	42.9	40.4
15-59 Years	54.6	53.8	52.8	51.2	53.0
60 Years and Over	5.2	5.6	5.7	5.9	6.6

Source: CBS [1995], CBS [2003]

10.4.3 Sex Ratio

Urban-rural differences in sex ratio as seen in the 2001 census is shown in Table 10.23. It reveals a predominance of males over females in age groups between 0-59. It is only in the 60 years and over age group that the ratio of females is higher than that of males. This is also a pattern seen in the 1991 census. It may also be noted that the male dominance is particularly higher in urban areas in the age groups 40 to 59. In rural areas females predominate males in age groups 15-44, a reflection of the age and sex selective migration from rural areas.

Sex ratio for all ages for urban population shows a familiar pattern of the predominance of males over females in censuses since 1952/54. However, since the 1981 census there has been a conspicuous decline in male dominance in urban areas (Table 10.24).

Table 10.23 : Males per 100 females for total, urban and rural population by five year age groups, Nepal, 2001

Age groups	Nepal	Urban	Rural
0-4 Years	102.7	105.0	102.4
5-9 Years	103.5	107.0	103.0
10-14 Years	105.9	106.5	105.8
15-19 Years	98.6	109.0	96.8
20-24 Years	88.5	103.1	85.6
25-29 Years	90.8	101.2	88.7
30-34 Years	95.1	107.9	92.6
35-39 Years	98.8	107.7	97.2
40-44 Years	98.5	114.3	95.9
45-49 Years	103.5	115.6	101.7
50-54 Years	105.2	112.7	104.0
55-59 Years	112.4	119.0	111.4
60 Years and Over	101.7	93.9	102.8
All Ages	99.8	106.4	98.8

Source: CBS [2003]

Table 10.24 : Males per 100 females for urban, rural and total population, Nepal, 1952/54 – 2001.

	1952/54	1961	1971	1981	1991	2001
Urban Population	104.1	112.4	116.6	115.2	108.4	106.4
Rural Population	96.6	96.5	100.8	104.4	98.5	98.8
Total Population	96.8	97.1	101.4	105.0	99.5	99.8

Source: CBS [1995], CBS [2003]

10.4.4 Caste/Ethnicity

The 2001 census reports 105 caste/ethnic groups in the country's population. Only 60 caste/ethnic groups were reported by the 1991 census. In both the censuses 11 caste/ethnic groups (Chhetri, Hill Brahmin, Magar, Tharu, Tamang, Newar, Muslim, Kami, Yadav, Rai and Gurung) had over 2 percent of the national population. In the 2001 census 22 caste/ethnic groups had over 1 percent of the total population.

There are differences in caste/ethnicity by urban and rural residence (Table 10.25). In 2001 Hill Brahmin, Newar and Chhetri together make up 50.8 percent of the total urban population, while these three groups together make up only 31.2 percent of the rural population. Other caste/ethnic groups that constitute above 2 percent of the urban population include Magar, Muslim, Tharu, Tamang, Gurung, Rai and Kami. With the exception of Yadav these caste/ethnic groups also make up over 2 percent of the rural population.

Table 10.25 : Caste/ethnicity of urban and rural population, Nepal 2001

Urban Population			Rural Population		
S.No.	Caste/Ethnicity	Percent	S.No.	Caste/Ethnicity	Percent
1	Brahman – hill	18.2	1	Chhetri	16.0
2	Newar	17.9	2	Brahman - hill	11.8
3	Chhetri	14.7	3	Magar	7.6
4	Magar	4.2	4	Tharu	7.2
5	Muslim	4.1	5	Tamang	6.0
6	Tharu	3.8	6	Yadav	4.3
7	Tamang	3.4	7	Muslim	4.3
8	Gurung	3.1	8	Kami	4.3
9	Rai	2.2	9	Newar	3.4
10	Kami	2.0	10	Rai	2.9
11	Yadav	1.8	11	Gurung	2.3
12	Thakuri	1.3	12	Damai/dholi	1.8
13	Damai/dholi	1.3	13	Limbu	1.7
14	Baniya	1.2	14	Thakuri	1.5
15	Teli	1.1	15	Sarki	1.5
16	Brahman - tarai	1.0	16	Teli	1.4
17	Marwadi	1.0	17	Chamar/ harijan/ ram	1.3
18	Sarki	0.9	18	Koiri	1.2
19	Sherpa	0.9	19	Kurmi	1.0
20	Sonar	0.8	20	Sanyasi	0.9
21	Limbu	0.8	21	Dhanuk	0.9
22	Sanyasi	0.8	22	Musahar	0.8
23	Others/unidentified	13.4	23	Others/unidentified	15.9
Total		100.0	Total		100..0

Source: CBS [2003]

Jaine, Marwadi, Halkhor, Munda and Bangali are caste/ethnic groups that have over half of the respective total population in urban areas (Table 10.26). Nearly 73 percent of the total Marwadi population is in urban areas. Other ethnic groups are quite small in terms of total population size. There are a total of 18 caste/ethnic groups that have over 20 percent of their population in urban areas. Among hill caste/ethnic groups Newars (46.5%), Thakali (39.6%) and Hill Brahmins (20.2%) have significant presence in urban areas. Among Tarai caste/ethnic groups with notable proportion of population in urban areas include Kayastha (41%), Baniya (29.6%), Tarai Brahmin (24.4%).

Table 10.26 : Caste/ethnic groups with over 20 percent population residing in urban areas, Nepal 2001.

Caste/Ethnicity	Population		Percent Urban in Total Population
	Total	Urban	
Jaine	1015	895	88.2
Marwadi	43971	31862	72.5
Halkhor	3621	2498	69.0
Munda	660	373	56.5
Bangali	9860	5548	56.3
Newar	1245232	578545	46.5
Kayastha	46071	18885	41.0
Thakali	12973	5137	39.6
Chidimar	12296	4714	38.3
Nurang	17522	5665	32.3
Darai	14859	4635	31.2
Baniya	126971	37563	29.6
Kisan	2876	819	28.5
Brahman – tarai	134496	32860	24.4
Gaine	5887	1294	22.0
Haluwai	50583	10949	21.6
Meche	3763	789	21.0
Brahman – hill	2896477	586467	20.2

Caste/Ethnicity	Population		Percent Urban in Total Population
	Total	Urban	
Other major caste/ethnic groups			
Magar	1622421	134357	8.3
Tharu	1533879	123538	8.1
Tamang	1282304	110530	8.6
Muslim	971056	133333	13.7
Kami	895954	64136	7.2
Yadav	895423	56950	6.4
Rai	635151	71934	11.3
Gurung	543571	100367	18.5
Damai/dholi	390305	41031	10.5
Limbu	359379	25821	7.2
Thakuri	334120	42971	12.9
Sarki	318989	30131	9.4
Teli	304536	35498	11.7

Source: CBS [2003]

Among the major caste/ethnic groups in the country less than 10 percent of Magar, Tharu, Tamang, Kami, Yadav, Limbu, Sarki reside in urban areas. Comparatively, Gurung, Muslim, Rai, Thakuri and Teli have over 10 percent of their population in urban areas.

10.4.5 Literacy and Educational Attainment

In the 1991 census literacy rate for population 6 years of age and over for Nepal was 39.6 percent. Urban literacy rate was 66.9 percent compared to the rural literacy rate of 36.8 percent. The 2001 census shows that there has been a nearly 14 percent increase in literacy bringing the figure to about 54 percent of the total population ages 6 and above (Table 10.27). Urban literacy has increased to about 72 percent while rural literacy has reached to over 50 percent of the population ages 6 and above. However, the gulf between male and female literacy is still there although it has somewhat narrowed in the intercensal decade. The gap between male and female literacy stands at around 20 percent for total, urban as well as rural population. As would be expected female literacy in urban areas is much higher than in rural areas.

Table 10.27 : Population 6 years and over by literacy status and sex for urban and rural areas, 2001

Areas	Those Able to Read and Write		
	Total	Male	Female
Total	53.74	65.08	42.49
Urban	71.55	80.90	61.60
Rural	50.66	62.24	39.32

Source: CBS [2003]

A comparison of literacy rates over the last three decades shows a steady increase in literacy in each census year (Table 10.28).

Table 10.28 : Literacy rates for population 6 years of age and over, Nepal 1971 -2001

Areas	1971	1981	1991	2001
Urban Population	48.3	50.5	66.9	71.6
Rural Population	12.5	21.4	36.8	50.7
Total Population	13.9	23.3	39.6	53.7

Source: CBS [2003]

Educational attainment of literate population (Table 10.29) shows that there are significant differences between urban and rural areas. In urban areas 31 percent of the literate population has educational attainment of a school graduate (SLC) or over while this percent is a little over 14 percent in rural areas. Over 8 percent of literates in urban areas are college graduates (Bachelors and over). Two-thirds of the literates in rural areas have educational attainment of lower secondary or less.

Table 10.29: Education attainment of literate population 6 years and over (in percent), Nepal 2001

	Urban			Rural		
	Total	Male	Female	Total	Male	Female
Total	2029592	1183250	846342	8318837	5059710	3259127
No Schooling	7.7	7.2	8.5	9.0	8.8	9.3
Primary	29.7	27.6	32.6	44.9	42.0	49.3
Lower Secondary	10.6	10.0	11.5	21.3	21.0	21.7
Secondary	20.3	20.0	20.7	9.2	9.9	8.1
SLC & Equivalent	12.6	12.7	12.4	8.1	8.9	7.0
Cert. Level & Equivalent	9.6	10.7	8.2	4.0	5.0	2.6
Graduate & Equivalent	8.2	10.6	4.8	1.3	1.9	0.4
Post Graduate & Equivalent	0.1	0.1	0.0	0.9	1.2	0.4
Others	0.4	0.4	0.4	0.2	0.3	0.0
Level Not Stated	0.7	0.6	0.8	1.1	1.0	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: CBS [2003]

10.4.6 Economic Activity and Occupational Structure

Urban and rural economic activity rates show distinct differences. Activity rates in general are much lower in urban areas than rural areas. However, male activity rates are higher in both urban and rural areas than female activity rates. The total economic activity rate for urban areas is 52.2 percent compared to 65.4 percent for rural areas (Table 10.30). Male activity rates for urban areas are also lower than in rural areas perhaps because a large pool of otherwise economically active males is absorbed by the educational system. The most striking difference is with regard to female activity rates. Rural female activity rates are higher by almost 20 percentage points than rural activity rates. This indicates that females share more work in rural than in urban areas.

The pattern of economic activity rates seen in the 2001 census follows broadly the pattern seen in earlier censuses but the activity rates for females is higher than seen in the 1991 census (perhaps because of a more gender sensitive approach pursued in the 2001 census). The activity rates for urban and rural females in the 1991 census was 20.3 and 48.1 percent respectively compared to 38 and 58.3 percent in the 2001 census.

Table 10.30 : Population 10 years of age and over by usually economic activity,2001

	Total			Economically Active		
	Total	Male	Female	Total	Male	Female
Nepal	16770279	8330576	8439703	10637243	5971024	4666219
Percent				63.4	71.7	55.3
Urban	2544494	1311324	1233171	1326972	858750	468226
Percent				52.2	65.5	38.0
Rural	14225785	7019252	7206532	9310271	5112274	4197993
Percent				65.4	72.8	58.3

Source: CBS [2003]

Change in labour force (economically active population 10 years of age and over) in the 1991-2001 period shows that the growth rate of urban labour force has been phenomenal, nearly 158 percent, an addition of 812, 000 people (Table 10.31). Growth of female labour force was much higher (281 percent) compared to their male counterparts (119.2). Growth of female labour force has been higher relative to males in the rural as well as total labour force of the country. In the intercensal period nearly 3.3 million people have been added to the labour force.

Table 10.31 : Change in urban, rural and total labour force of Nepal 1991 -2001

	1991	2001	Absolute Change	Change (%)
Urban Labour Force	514.6	1327.0	812.4	157.9
Male	391.8	858.8	467.0	119.2
Female	122.8	468.2	345.4	281.3
Rural Labour Force	6825.0	9310.3	2485.3	36.4
Male	3983.8	5112.3	1128.5	28.3
Female	2841.2	4198.0	1356.8	47.8
Total Labour Force	7339.6	10637.2	3297.6	44.9
Male	4375.6	5971.0	1595.4	36.5
Female	2964.0	4666.2	1702.2	57.4

Source: CBS [1995], CBS [2003]

Rural urban differences are seen more clearly in the occupational structure of population. It is after all the economic activity that distinguishes an urban area from a rural area. There is a preponderance of service workers, workers in craft and related trade, and professional, technical, and clerical workers in urban areas (Table 10.32). Over 50 percent of the economically active population in urban areas are in these occupations. In rural areas, on the other hand, 64 percent of the economically active population are engaged in agriculture. There are also more males in non-agricultural occupations than females in both urban and rural areas. An interesting point to note is that as much as 40.6 percent of females in urban areas are engaged in agriculture and related occupations. The burden of agriculture seems to be pretty much on females in urban areas.

Table 10.32 : Percentage distribution of economically active population by occupation. Nepal 2001

S.No.	Occupational Group	Urban Total			Rural Total		
		Total	Male	Female	Total	Male	Female
1.	Legislators, Senior Officials and Managers	2.2	2.9	1.0	0.3	0.5	0.1
2.	Professionals	5.8	6.0	5.3	2.0	2.9	0.9
3.	Technicians and Associate Professionals	4.9	6.2	2.5	1.3	2.0	0.4
4.	Clerks or Office Assistants	5.1	6.4	2.5	1.6	2.6	0.4
5.	Service Workers and Shop and Market Sales Workers	18.8	21.7	13.2	6.4	8.6	3.6
6.	Skilled and semi-skilled Agricultural, Forestry and Fishery Workers	28.2	21.9	40.6	64.0	58.6	70.6
7.	Craft and Related Trade Workers	15.5	15.6	15.3	8.4	8.0	8.9
8.	Plant and Machine Operators and Assemblers	3.8	5.0	1.4	1.1	1.7	0.3
9.	Elementary Occupations	15.6	14.2	18.2	14.9	15.0	14.7
10.	Not Stated	0.1	0.1	0.2	0.1	0.1	0.1
	Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: CBS [2003]

Intra-urban differences in occupational structure are also notable (Table 10.33). For example, nearly 46 percent of the labour force in mountain and hill urban areas and 38 percent in inner Tarai have agriculture as their major occupation compared to less than 13 percent in the Kathmandu valley. However, sales and service and production related occupations constitute the major occupations in all urban areas, more so in the Kathmandu valley.

Table 10.33 : Economically active population (10 years and over) by major occupation groups by regions, Nepal 2001.

Regions	Professional and Technical	Admin. and Related	Clerical	Sales and Service	Agri-culture	Produc-tion	Others	Not Stated	Total
Mountain and Hills	7.9	1.0	3.2	15.3	45.8	14.8	11.8	0.1	100.0
Kathmandu Valley	15.8	4.3	7.6	23.3	12.8	24.9	11.1	0.2	100.0
Inner Tarai	8.0	1.3	3.8	14.6	37.8	16.7	17.7	0.1	100.0
Tarai	8.7	1.4	4.5	18.3	28.5	17.6	20.9	0.1	100.0
Total	10.7	2.2	5.1	18.8	28.2	19.2	15.6	0.1	100.0

Source: CBS [2003]

Table 10.34 : Population 10 years of age and over by marital status in urban and rural areas, Nepal 2001

Marital Status	Urban			Rural		
	Both Sexes	Male	Female	Both Sexes	Male	Female
Total						
Single	37.8	42.6	32.6	34.2	38.6	29.9
Married						
Single spouse	56.9	51.7	62.4	58.4	52.8	63.7
More than one spouse	1.3	2.5	0.0	1.7	3.5	0.0
Remarried	1.0	1.3	0.7	2.4	2.7	2.1
Widow/widower	2.1	0.8	3.5	2.6	1.4	3.7
Separated	0.2	0.1	0.2	0.1	0.1	0.1
Divorced	0.1	0.1	0.1	0.2	0.1	0.2
Not Reported	0.6	0.8	0.4	0.5	0.6	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: CBS [2003]

10.4.7 Marital Status

The marital status of urban and rural population is given in Table 10.34. It shows that the proportion of singles is higher in urban areas than in rural areas for both the sexes. A higher proportion of males and females (42.6 and 32.6 respectively) are single in urban areas compared to rural areas (38.6 and 29.9 respectively). The proportion of population with more than one spouse is slightly higher (3.5 percent) for male population in rural areas than urban areas (2.5 percent). Among the married population over 50 percent of males had single spouse, while this proportion was over 60 percent for females. Divorce and separation involve a very tiny fraction of the married population.

10.5 Urbanization and Development

Urbanization and development have been synonymous concepts to the extent that higher levels of urbanization lead to higher levels of development. The structural changes in the economy that accompany the process of urbanization, and the demand and sustainability of higher levels of services and facilities that is possible with higher levels of income contribute to make urban areas locations with better levels of living. All human development and economic development indicators tend to be higher in urban than in rural areas. Past decades have witnessed an increasing rural to urban migration. This will continue to be the case as the transport infrastructure continues to expand, as the pressure on limited land resources in the rural sector increases, as literacy rates rise in rural areas and as the search for gainful employment opportunities in the non-farm sector gathers increased momentum. Sustainable development in Nepal requires that the pressure on rural environmental resources be reduced, that minimum infrastructural and service facilities be provided to a rising population, and that opportunities for employment in the non-agricultural sector be enhanced so that an increasing population can be absorbed in this sector. Urban development is inescapable in this context. Also, urban areas provide employment, marketing opportunities, and inputs and services to the rural hinterland and provide the basis for diversifying agricultural production and increasing agricultural productivity.

Unregulated and unguided urbanization has its own problems as evidenced in the deteriorating environmental conditions of many large cities such as Kathmandu. In Nepal's context the question is not one of promoting urban development per se, but one of fostering a process of urbanization and urban development that is in tune with economic and environmental realities of Nepal. This means that *sustainable urban settlements have to be environmentally sound, economically efficient, and socially contributing to the sense of community.*

State policies with respect to industrialization, and other productive sectors and development of transport and communication among others determine and influence this nature of urbanization.

In the last few decades the structure of the Nepali economy has changed considerably in terms of the industrial origin of the Gross Domestic Product. In the 1960s over two-thirds of the GDP was contributed by the agricultural sector. In 1990/91, 55.5 percent of the GDP originated in agriculture. In 1999/2000 this had come down to 39.5 percent (Table 10.35). While this change in the structure of the GDP has still to be reflected in the change in the occupational structure of the labour force, the process of change in the economy has begun, and with it increases in the levels of urbanization

Table 10.35 : Industrial origin of GDP, Nepal 1990 – 2000.

	(in million Rs)					
	1990/91	Percent	1995/96	Percent	1999/2000	Percent
Agriculture, Forestry, Fishery	55368	55.5	85569	35.7	144644	39.5
Manufacturing	5956	6.0	22466	9.4	33550	9.2
Construction	11078	11.1	26093	10.9	37373	10.2
Trade/Restaurant/Hotel	12902	12.9	28317	11.8	42895	11.7
Other	14398	14.4	76943	32.1	107822	29.4
Total	99702	100.0	239388	100.0	366284	100.0

Source : MoF (2002). Economic Survey. Fiscal 2001/2002. Table 1..2

10.5.1 Urbanization and Selected Measures of Development

Selected measures of human development for urban and rural areas in Nepal show that the performance of urban areas is much better than those in rural areas. Urban GDP per capita (in PPP) is almost twice as that in rural areas. Human development index, education index, life expectancy index all show a similar picture. Gender related indices also are better in urban areas due perhaps to better education, better access to resources and better opportunities available in urban areas. Human poverty index for urban areas also shows a similar trend (Table 10.36).

A comparison of basic facilities in urban and rural areas presents stark differences in facilities between urban and rural areas in contemporary Nepal (Table 10.37). About 86 percent of urban households have electricity connection compared to less than 18 in rural areas. In the area of piped water supply the rural urban differences seem to be narrow. However, sanitation facilities are much better in urban than in rural areas. While only 20 percent of households in urban areas

had no toilet facilities, over three-fourths of the households in rural areas had no such facility. Also, there is an overwhelming dependence on wood as a source of fuel in rural areas (94 percent), compared to urban areas (39 percent). Exposure to the three mass media is also much higher in urban areas.

Table 10.36 : Selected measures of human development in urban and rural areas.

	Urban	Rural
GDP per capita (PPP) US \$ (2000)	2133	1094
Human Development Index (2000)	0.616	0.446
Education Index (2000)	0.568	0.376
Life Expectancy Index (2000)	0.769	0.562
Gender Related Development Index (2000)	0.605	0.426
Gender Empowerment Measure	0.443	0.333
Human Poverty Index (2000)	23.9	41.4
Chronic Malnourishment Among Children Under 5 Yrs. (%)	36.1	56.3

Source : UNDP/NPC (2001). Nepal Human Development Report, 2001. Poverty Reduction and Governance. Kathmandu: UNDP. Annex 1. Tables 1-4.

Table 10.37 : Basic facilities in urban and rural areas, Nepal 2001.

	Urban	Rural
Electricity Connection	85.7	17.4
Piped Drinking Water	55.2	33
Sanitation Facility		
Flush Toilet	58.3	6.1
Pit Toilet	14.6	17.1
No Facility	20.1	75.3
Other	7.0	1.5
Fuel Used		
Firewood	39.1	94.1
Kerosene	35.8	2.3
Other	25.1	96.4
Flooring Material		
Earth/Mud	34.4	91.7
Other	65.6	8.3
Exposure to Mass Media (Newspaper, Radio, TV. All three)	40.6	10.3

Source : Nepal Demographic and Health Survey 2001. Kathmandu: MoH/New Era/ORC Macro, 2002. Table 2.6 and 3.4.2

Fertility and health related indicators show a similar picture (Table 10.38). Total fertility rate in urban areas as half that of rural areas. Contraceptive prevalence in urban areas is 66 percent among women of reproductive age compared to 47 percent for rural areas. Childhood mortality rates in rural areas remain high (111.0 for under fives) relative to urban areas (65.9). These features go to indicate that urbanization as a process has complex but fundamental implications for development in general.

Table 10.38 : Fertility, family planning and health related indicators, 2001.

	Urban	Rural
Total Fertility Rate*	2.1	4.4
Current Use of Contraception (any method)	66.0	46.8
Childhood Mortality**		
Infant	50.1	79.3
Child	16.7	35.4
Under Five	65.9	111.9

Source : Nepal Demographic and Health Survey 2001. Kathmandu: MoH/New Era/ORC Macro, 2002. Table 4.2, 5.4.1 and 8.3.

* women age 15-49;

** per thousand live births

10.6 Future of Urbanization

The level of urbanization is still very low in Nepal. For the level of urbanization to increase there has to be an economic transformation in the productive sectors. Agriculture has to be commercialised, agro-based and other natural resource based industrialisation has to be encouraged. The space economy has to be further articulated through the development of transport and communication and a context has to be created for meaningful economic exchange between different ecological regions of the country. There are enormous differences in the regional levels of urbanization at the present. This can be addressed only through the realization of the productive potentials of different regions. At the same time the tendencies of a centralised urban process have to be countered not only to foster decentralised urban growth but also to avoid the problems that accompany primate and very large cities particularly in fragile mountain environments.

The capacity to manage even the low level of urbanization in Nepal is very limited. The absolute level and quality of urban infrastructure and services remains very low in Nepal. Drainage, sewerage, water supply and electricity are major problems in all urban areas. Urban congestion,

increase in industrial and vehicle emissions and consequent air and noise pollution is evident in all major cities. The gap in other utilities is also considerable. There are no minimum standards for infrastructure and services. Unplanned urban sprawl is characteristic of all urban areas, more so in rapidly growing cities like Kathmandu, Pokhara, Bharatpur among others. The institutional capacity of municipalities to manage urban infrastructure and urban growth remains severely constrained. The legal basis and institutional capacity to enforce land use and zoning laws as well as environmental standards has still to be created (ADB 2000). Indeed, in many cases the *ad hoc* nature of designating urban areas and the considerable over bounding to provide municipal status make it difficult to assess the true nature and character of Nepal's urbanization. The revenue potential of urban areas remains unexplored and unexploited to a large extent. Urban data base also remains poor particularly with respect to the structure of the urban economy.

These features notwithstanding urbanization is likely to remain the most significant aspect of the spatial distribution of Nepal's population in the coming decades. A projection of Nepal's urban population made by New Era for the Ministry of Population and Environment shows that by 2016 Nepal's urban population will nearly triple relative to 1991. The projected figures show a lower proportion of population in urban areas for 2001 than enumerated in the census. But the medium variant projection is based on the assumption that the average annual growth rate of urban population will gradually slow down from 5.3 percent in 1991- 96 to 3.6 percent between 2011-16 (Table 10.39). Urban population is expected to reach 15.4 percent of the total population in 2016, a scenario that is more subdued than the expectations of the 1980s. This is clearly a reflection of the sluggish growth and the lack of prospects for fundamental structural changes in the economy. Increased economic growth rates would speed up the process of urbanization.

Table 10.39 : Medium variant projection of Nepal's urban population 1996- 2016.

Year	Urban Population	Average Annual Growth Rate	Percent of Population Urban
1991	1695719	-	9.2
1996	2207967	5.3	10.6
2001	2789092	4.7	11.9
2006	3420849	4.1	13.0
2011	4146855	3.8	14.2
2016	4975268	3.6	15.4

Source : New Era (1998). A brief description of the population projection of Nepal 1996-2016. Kathmandu: New Era.

References

- ADB, (2000). *Nepal Urban Sector Strategy*. Report prepared for ADB/HMG Ministry of Physical Planning and Works. TA No. 3272. Kathmandu. Final Draft.
- Bastola, T. S. (1995). *Urbanization in CBS 1995. Population Monograph of Nepal*. Pp. 239-300.
- Central Bureau of Statistics (1995). *Population Monograph of Nepal*. National Planning Commission, Kathmandu, Nepal.
- Central Bureau of Statistics (2003). *Population Census 2001, Selected Table*. National Planning Commission, Kathmandu, Nepal.
- Ministry of Finance (2002). *Economic Survey*. Fiscal 2001/2002. Kathmandu, Nepal.
- Ministry of Local Development (2003). *Municipalities as formal institutions*. A mimeographed note. (personal communication).
- New Era (1998). *A brief description of the population projection of Nepal 1996-2016*. Kathmandu, Nepal.
- Ministry of Health/New Era/ORC Macro (2001). *Nepal Demographic and Health Survey*.
- Sharma, P. (1989). *Urbanization in Nepal*. Papers of the East West Population Institute. No. 110. Honolulu, East west centre.
- UNDP/NPC (2001). *Nepal Human Development Report, 2001*. Poverty Reduction and Governance. Kathmandu: UNDP.