High Peaks, Deep Divides: The Unequal Future of Nepal

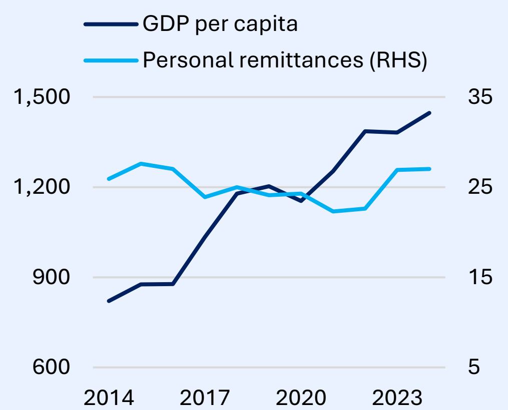
"Nepal's future will be defined not merely by the growth of its GDP, but by its ability to transform the mountains that divide its people into bridges of opportunity that unite them."

Nepal is a land of stunning contrasts. Its snow-capped peaks capture the world's imagination, yet for millions of Nepalis, those same mountains symbolize isolation and constraint. Behind the postcard beauty lies a country where geography, class, and history combine to shape enduring inequality.

An Economy Built on Mountains and Migration

Nepal's gross domestic product per capita, at around USD 1,447, reflects an economy that still struggles to create opportunity at home. Remittances from migrant workers account for between 25 and 30 percent of GDP, among the highest ratios in the world. For many households, money sent from abroad is not a supplement—it is a lifeline.

Remittances (% of GDP) and GDP per Capita (USD) in Nepal, 2014–2024



Source: World Bank.

The country's rugged terrain makes infrastructure costly and connectivity difficult. Roads, schools, and hospitals often remain inaccessible to those living beyond the valleys. Although GDP growth rebounded to 3.7 percent in 2024, the benefits were concentrated in urban centers such as Kathmandu and Pokhara. In much of rural Nepal, development remains distant and uneven.

Cities and Mountains: The Geography of Poverty

The divide between urban prosperity and rural hardship is one of Nepal's defining challenges. The Kathmandu Valley serves as the nation's economic and educational core, while the hill and mountain provinces continue to bear the weight of poverty. According to the latest Living Standards Survey, poverty rates reach 34 percent in Sudurpashchim and 27 percent in Karnali, far above the national average.

In many remote districts, reaching the nearest hospital or paved road can take several hours.

Education, too, is limited not only by resources but by the terrain itself. For these communities, development is often something heard about rather than experienced.

Caste, Ethnicity, and Gender: Inequality Beyond Income

Nepal's transition to a federal democratic republic in 2015 marked political progress, but centuries-old hierarchies remain. Caste and ethnicity still determine access to education, employment, and land ownership. Communities such as the Dalit, Tamang, Magar, and Tharu continue to face systemic exclusion. The country's Gini coefficient of 0.30 appears moderate, but it conceals vast disparities in wealth and opportunity.

Gender adds another fault line. Women's labor-force participation stands at just 28 percent, compared with more than 50 percent for men. Yet women remain the backbone of the rural economy, managing farms, caring for families, and overseeing remittance income. After the 2015 earthquake, many women emerged as local leaders, a reflection of resilience but also a reminder that their economic contributions remain undervalued.

Migration and the Two Economies of Nepal

More than two million Nepalis now work overseas, especially in the Gulf states and Malaysia. The remittances they send—equivalent to roughly 30 percent of national income—have lifted millions out of poverty, reducing the rate to about 20 percent.

But this reliance has created a dual economy. Families with relatives abroad enjoy better housing and education, while those without remain trapped in vulnerability.

Children often grow up without parents, and domestic industries lag as the most able workers depart. Nepal's growth today depends more on the earnings of its emigrants than on the productivity of those who stay.

Public Policy and Political Tension

Successive governments have introduced welfare and employment programs such as the Social Security Allowance and the Prime Minister's Employment Program, alongside rural infrastructure investments. Yet fiscal authority and administrative capacity remain centralized in Kathmandu, limiting local impact.

In September 2025, these frustrations erupted. The Gen Z Protest Movement began over the government's ban on several social-media platforms but quickly evolved into a broader uprising against unemployment, inequality, and corruption. The prime minister's resignation and the formation of an interim government revealed how economic discontent and political instability now reinforce one another.

A Path Toward Inclusive Growth

Nepal is expected to graduate from the United Nations list of least developed countries in 2026, a milestone in its development journey. Yet escaping poverty is not the same as escaping inequality. As Nobel laureate Amartya Sen observed, poverty is not merely the absence of income but the deprivation of capability—the freedom to live the life one values.

In Nepal, that insight remains painfully relevant. Incomes may be rising, but opportunity remains divided between valleys and mountains, men and women, those who migrate and those who remain. Inequality here is not only economic but geographic, a reflection of the very landscape that defines the nation.

For Nepal to fulfill its promise, it must transform the mountains that isolate its people into bridges of opportunity, ensuring that the next generation does not have to leave home to build a better life.

Thaksin Saeteaw
Thaksin.Saeteaw@bangkokbank.com

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Office of the President