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Research Article

Compulsory Land Acquisition in Nepal: A Governance and Institutional Reform Perspective

Subash Ghimire*

Department of Geomatics Engineering, Kathmandu University, Dhulikhel, Nepal

Abstract

The compulsory land acquisition for infrastructure development is necessary in Nepal, and rapid urbanization and large-scale government and public infrastructure projects increasingly demand private land. This research highlights the problems, practices, and legal and institutional frameworks governing compulsory land acquisition in Nepal. It addresses the central research question: To what extent does Nepal's current legal and institutional framework ensure fairness, transparency, and efficiency in compulsory land acquisition, and what reforms are necessary within the federal governance structure? The research adopts a doctrinal legal analysis combined with policy, institutional review, and selected infrastructure development experiences. It used a qualitative research approach based on legal analysis, such as the Constitution of Nepal, the 2019 National Land Policy of Nepal, the 1977 Land Acquisition Act (LAA), and institutional review. The study identifies two key original findings. First, the 1977 Land Acquisition Act is structurally outdated and primarily valuation-driven, offering limited procedural safeguards for participation, transparency, and grievance redress, thereby undermining perceptions of fairness. Second, Nepal's federal transition has created overlapping and ambiguously defined roles among federal, provincial, and local governments, generating coordination failures, compensation delays, and institutional fragmentation. The paper argues that these systemic weaknesses erode public trust, increase project costs, and slow infrastructure delivery. It contributes to policy debates by proposing a governance-oriented reform framework that emphasizes: (1) modernization of compulsory acquisition legislation; (2) clearer intergovernmental role delineation; (3) strengthened participatory and procedural safeguards; and (4) institutional mechanisms for transparent valuation and timely compensation. The study provides actionable recommendations to align compulsory land acquisition practices with constitutional guarantees, international standards, and sustainable infrastructure development objectives in Nepal.

Keywords

Land Acquisition, Compensation, Legal and Institutional Framework, Nepal

1. Introduction

The compulsory land acquisition is the legal process through which the Government of Nepal acquires land owned by individuals for public purposes, which indicates the eminent domain doctrine. Infrastructure development, such as bridges, roads, drinking water supply systems, hydropower, sewerage networks, and other physical structures are primarily land-based in nature and needs land as a fundamental input.

*Correspondence: Subash Ghimire (subash_ghimire@ku.edu.np)

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These infrastructures, and other physical structures, are constructed on land, above land, or beneath land, making land a fundamental resource for development [1]. This infrastructure is generally governmental or public in ownership, and the benefits achieved from this infrastructure development are meant to be shared among the stakeholders.

The infrastructure development and construction are undertaken for the broader public interest and human welfare; therefore, they often need to be implemented on land that is already inhabited or being used by individuals. Consequently, land required for infrastructure development is government/public land, Guthi land, or privately owned land based on the property right theory. According to [2], the use and provision of government land is relatively straightforward, but acquiring privately owned land involves social, complex legal, and administrative challenges.

Nepal has a long-term national vision of "Prosperous Nepal, Happy Nepalis" and has set ambitious development milestones, including achieving the Sustainable Development Goals (SDG) by 2031. These objectives are incorporated in successive national periodic plans and annual budgetary frameworks [3]. To achieve these objectives, Nepal has prioritized strategies to expand infrastructure sectors such as transportation, energy, and rural–urban connectivity, as well as to reduce poverty while ensuring social justice [1]. The realization of these strategies necessitates the implementation of numerous development initiatives, all of which fundamentally depend on access to land.

Despite its importance, compulsory land acquisition in Nepal faces persistent governance and institutional challenges. The continued reliance on the Land Acquisition Act, enacted under a centralized unitary governance structure, raises questions about its adequacy in Nepal's present federal context under the Constitution of Nepal. The existing framework has been criticized for outdated valuation approaches, delayed compensation payments, limited stakeholder participation, weak grievance redress mechanisms, and insufficient procedural safeguards. Furthermore, Nepal's federal restructuring has introduced overlapping and ambiguously defined responsibilities among federal, provincial, and local governments, complicating coordination and accountability in land acquisition processes. These systemic weaknesses contribute to project delays, cost overruns, public dissatisfaction, and erosion of trust in state institutions. Yet, scholarly discourse in Nepal has largely examined land acquisition from a narrow compensation or project-specific perspective, with limited attention to governance structures, intergovernmental coordination, and institutional reform. Moreover, integrated analysis linking constitutional guarantees, statutory provisions, policy frameworks such as the National Land Policy, and international obligations, including ILO Convention 169, remains scarce. As a result, the structural and institutional dimensions of compulsory land acquisition in Nepal's federal system remain underexplored. Against this background, this study addresses the central research question: To what extent does Nepal's current legal and institutional framework ensure fairness, transparency, and efficiency in compulsory land acquisition within a federal governance system? To answer this overarching question, the study examines: The adequacy of the existing legal framework in safeguarding property rights and ensuring just compensation, the institutional arrangements and coordination mechanisms governing land acquisition under federalism. Therefore, the main aim of this paper is to examine the problems, practices, and legal and institutional framework governing compulsory land acquisition in Nepal.

2. Materials and Methods

The study used a qualitative research approach based on doctrinal legal analysis, such as the Constitution of Nepal, the 2019 National Land Policy of Nepal, the 1977 Land Acquisition Act (LAA), and institutional review; the ILO Convention to investigate the practices and processes of compulsory land acquisition. Carrying out a qualitative review of existing laws, selected project experiences (Kulekhani III and Kabeli Corridor), and policy documents, this study finds the effectiveness of the 1977 Land Acquisition Act in addressing issues of dispute resolution and fairness. These documents were analyzed to assess normative principles, procedural safeguards, institutional mandates, and compensation mechanisms governing compulsory land acquisition in Nepal. Both projects required significant acquisition of private land and right-of-way clearance, triggering compensation disputes and stakeholder negotiations. The Kulekhani III project represents the hydropower generation sector, while the Kabeli Corridor project represents transmission infrastructure, allowing comparison across infrastructure sub-sectors. Both cases experienced compensation-related conflicts, procedural delays, or community resistance, making them analytically relevant for evaluating fairness and dispute resolution mechanisms. Implementation of these projects involved coordination among federal ministries, local governments, and administrative bodies, providing insight into institutional interaction under Nepal's federal system. The study applies a property right and state power theory, eminent domain theory, and governance and institutional analysis framework, structured around Legality and Constitutional Compliance and Institutional Coordination and Accountability. The study employed qualitative content analysis of legal texts, policy documents, and project records. The analysis is limited to two infrastructure projects and does not statistically represent all acquisition practices across Nepal. The study primarily uses legal texts, policy documents, and publicly available reports rather than primary field interviews, which may limit insight into stakeholder perceptions.

Scientific literature, such as policy documents, conference papers, and legal documents, including project reports, is also followed for the study and is given in the reference section of the paper.

3. Results and Analysis

The results and findings of the study are discussed in the following sections: problems and practices in compulsory land acquisition, legal and institutional framework, and measures to address the problems of compulsory land acquisition.

3.1. Problems and Practices of Compulsory Land Acquisition

The delays in compulsory land acquisition in Nepal have highly impacted infrastructure development in Nepal. The infrastructure development projects have been completed physically but have not been operated due to unresolved land ownership and compensation issues [4]. The delays in compulsory land acquisition often lead to time overruns and cost overruns, making infrastructure development projects financially unsustainable [5]. As project development costs increase, development partners and donors may withdraw funding, leaving development projects incomplete [4]. Similarly, International commitments such as ILO Convention No. 169, ratified by Nepal in 2007, recognize indigenous peoples' rights over land, water, and forests, adding legal and procedural complexity to compulsory land acquisition for infrastructure development projects [6, 7]. Additionally, inadequate civic education and weak law enforcement further exacerbate conflicts and resistance to development projects [8].

The high demands of compensation amount, undue pressure from land brokers and land Mafia, and speculation make it difficult to accurately estimate infrastructure development project costs at the planning and development stage [2]. The compulsory land acquisition obstacles enhance changes in project design during implementation, resulting in inefficiencies and reduced infrastructure development project effectiveness [8]. These uncertainties discourage private and public sector investment [5]. Furthermore, the growing influence of land mafias and brokers contributes to unfair bargaining, social disputes, and ultimately undermines public trust [9]. The major compulsory land acquisition issues include long delays between notification and compulsory land acquisition, lack of scientific valuation methods, influence of land brokers and mafias, weak stakeholder participation, poor stakeholder and inter-institutional collaboration, coordination, limited institutional capacity, and delayed compensation payments [2, 9]. The compulsory land acquisition projects in Nepal, the Kulekhani III Hydropower project and the Kabeli Corridor 132 KV Transmission Line Project (KCTLP), demonstrate specific examples of delays and challenges related to land acquisition and compensation. The projects held up because of the obstruction of locals with disagreement over compensation and right of way. It took more than a decade to complete due to public protests calling for full compensation for land located within the transmission line right-of-way.

3.2. Legal Framework: Constitutional, Legal, and Policy Provisions

Article 25 of the 2015 Constitution of Nepal guarantees the right to property while allowing the state to acquire land for public use through due legal procedures and compensation. The Constitution of Nepal guarantees individuals the right to acquire, own, sell, transfer, use, and utilize land as immovable property within the limits of law [10]. However, for public benefits, the state is constitutionally empowered to acquire privately owned land by following due legal process and providing compensation, thereby balancing private property rights with public interest [10]. National Land Policy also emphasizes scientific land valuation and protection of public land [11]. The 2019 NLP, Objective 5, stipulates creating an easy environment for land acquisition for development activities and ensuring that the cost of development projects does not increase due to land acquisition.

The fundamental legal framework governing compulsory land acquisition is the 1977 Land Acquisition Act, which authorizes the Government of Nepal to acquire land for public purposes [12]. The Land Acquisition Rules, 1978, further outline procedural details, including valuation and compensation mechanisms [13]. Land acquisition in Nepal typically follows several stages: identification of infrastructure development project needs based on government policy; publication of notice for compulsory land acquisition; survey and identification of land parcels; property valuation and determination of compensation; compensation distribution; and transfer of ownership to the concerned infrastructure development project through the Land Revenue Office [12, 13].

The 1977 Land Acquisition Act has become outdated and requires a comprehensive revision to align with the government's requirements for land acquisition while safeguarding private property rights. Under the existing 1977 legislation, a committee is responsible for determining the value of land and properties affected by acquisition for compensation purposes. However, this is done using a minimum valuation method and ad hoc price assessments, which generally result in compensation amounts that are substantially lower than prevailing market values [14]. Consequently, land acquisition projects frequently encounter conflicts and disputes related to land valuation, leading to project delays. In addition, there are also challenges related to insufficient engagement with affected communities and inconsistent and bureaucratic procedures. Through inclusive and participatory consultations, it is necessary to revise the 1977 LAA comprehensively to address the challenges related to valuation and compensation, to adopt a market-based land valuation approach in the determination of the appropriate and just compensation.

3.3. Institutional Framework

The various institutions are involved in compulsory land acquisition, including the Council of Ministers, District Administration Office, Land Revenue Office (LRO), Survey Office (SO), concerned infrastructure development projects, local governments, and the Ministry of Home Affairs for grievance redressal [2, 12]. But weak collaboration and coordination among these institutions often result in procedural delays and inefficiencies [2]. Under this LAA, the compensation fixation committee, chaired by the Chief District Officer (CDO), is mandated to decide the land values and other assets for compensation. The compensation fixing committee includes the Chief District Officer (Chair) and Members, which include the District Co-ordination Committee chair or representative, Chief Land Revenue Officer, and Project Officer. The Committee may also form a sub-committee consisting of experts to recommend rates and values based on field assessment, based on the 1977 LAA. While multiple institutions are formally mandated to participate in compulsory land acquisition, their institutional incentives are not aligned, contributing to coordination failures and procedural inefficiencies. Although federalism envisions stronger local governance, capacity limitations in local governments significantly affect land acquisition processes.

4. Discussion

The discussion section includes the measures to address the problems of compulsory Land acquisition. The Voluntary Guideline of Governance of Tenure (VGGT) and international best practices suggest that compulsory land acquisition should be scientific, transparent, and participatory. The clear and transparent valuation criteria, inclusion of valuation experts in the compensation fixing committee, and strong institutional collaboration and coordination are essential measures [11, 15]. Establishing dedicated land acquisition institutions with technical, legal, and financial expertise, as well as improving civic education for awareness, is also critical for promoting public ownership of infrastructure development initiatives [4, 8].

Through inclusive and participatory consultations, the 1977 LAA should be revised comprehensively to address the challenges related to valuation and compensation by adopting a market-based land valuation approach in the determination of the appropriate and just compensation. Compensation should not only be based on the market value of affected lands and properties, but should also consider compensation for the disturbance, loss of livelihoods or employment, cost of resettlement and rehabilitation, start-up costs for settling into a new location, and other related costs. Compulsory land acquisition projects should adopt and implement a ‘no worse off’ principle for the affected households. Compensation should be extended to all affected families and individuals, including those non- formal and landless eligible for Land Ownership Certificates (LOCs). There should be a strict schedule and deadlines for the payment of the agreed compensation, and delays should result in the solicitation of interests or additional compensation. Interest should become due from a specified date, such as the date the land is actually taken. Guidelines and standards should be developed, adopted, and implemented in accordance with international agreements and practices, including, but not limited to, VGGT, International Valuation Standard (IVS), human rights-based approach, and related international covenants, national laws, and agreed resettlement policies with development partners.

The broader and better engagement with affected households and communities, particularly women, landless and informal settlers, should be ensured. This includes allocating sufficient resources, manpower, and time for awareness campaigns and consultations, ensuring proper information dissemination, and involving local communities and other marginalized groups in the planning and decision-making processes, determination of compensation and entitlement packages, options for resettlement and rehabilitation, and dispute resolution and appeals mechanisms. This approach must be anchored in the principles of equality, non-discrimination, participation, transparency, accountability, and cultural sensitivity, all of which are cornerstones of international human rights law and standards such as ILO Convention No. 169. ILO 169 reinforces the need to consult indigenous peoples on compensation standards and benefit sharing, recognizing that economic value cannot be the sole criterion; cultural and spiritual connections to land and resources also have intrinsic value.

To enhance transparency and instill public confidence, the government could consider implementing an online platform dedicated to showcasing ongoing land acquisition projects. This platform would comprehensively present essential information, including project records, maps, stages and processes, details of compensation packages, the number of households affected, notification schedules, and the planned completion period [14].

5. Conclusion

The lack of collaboration, coordination, and communication between the stakeholders and institutions, and the lack of professional capacity in valuation in the compensation fixing committee, have impacted transparent and effective mandatory land acquisition and compensation during infrastructure development. An outdated legal framework, such as the 1977 LAA, has affected compulsory land acquisition, making the compulsory land acquisition process costly and slow, delaying the benefits of infrastructure development. Thus, revising the outdated 1977 Land Acquisition Act, establishing a land valuation authority, improving institutional collaborations, and enhancing capacity building in property valuation are the way forward for systematic, timely, and transparent compulsory land acquisition. These changes are critical and necessary for safeguarding public and private land, enhancing fair and transparent compensation during compulsory land acquisition, and promoting sustainable infrastructure development in Nepal. Future research should move beyond doctrinal and institutional analysis toward empirical and comparative investigations. Quantitative assessment of compensation adequacy relative to market value, longitudinal studies of project delays linked to acquisition disputes, and comparative analysis with other federal systems could deepen understanding of reform pathways. Further research is also needed on the socio-economic impacts of compulsory acquisition on vulnerable communities, the feasibility of independent valuation authorities, and the integration of digital land administration systems into transparent compensation mechanisms. Such research would support evidence-based policymaking and strengthen Nepal's transition toward a rights-based and institutionally coherent land governance system.

Abbreviations

CDO	Chief District Officer
ILO	International Labor Organisation
IVS	International Valuation Standard
LAA	Land Acquisition Act
NLP	National Land Policy
SDG	Sustainable Development Goal
VGGT	Voluntary Guideline of Governance of Tenure

Author Contributions

Subash Ghimire: Conceptualization, Data curation, Formal Analysis, Funding acquisition, Investigation, Methodology, Project administration, Resources, Writing – original draft, Writing – review & editing

Conflicts of Interest

The authors declare no conflicts of interest.

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Biography

Subash Ghimire is an Associate Professor and Head of Department in the Department of Geomatics Engineering at Kathmandu University in Nepal. He has been working in the field of Land Administration, surveying, and mapping since 2007. He has completed his PhD in Land Administration from Kathmandu University. His current role is to teach and conduct research in the land administration sector.