



Analysis of the changes in Nepali society and their potential impact on building the foundation of socialism

Prof. Dr. Binod Pokhrel
Dr. Dambar Chemjong
Sushma Rai

Executive
Summary

September 28, 2026

Institute for Policy Studies & Research

This article analyses Nepal's socioeconomic transformation in relation to caste, class, production systems, neoliberalism, globalization, foreign employment, and changes in education, health, and family life. It examines the nature of social and economic changes in Nepal, their major causes, and their potential implications for the country's social structure and the development of a foundation for socialism. Drawing on a review and analysis of historical and contemporary literature, the article focuses on the interrelationships among caste, ethnicity, class, and production systems.

Nepal's social structure has historically been shaped by caste divisions, the division of labour, unequal access to land and state power, and feudal relations of production. The article shows that democratic political changes, inclusive policies, education, urbanization, globalization, foreign employment, and inter-caste marriage have recently reduced social distance between castes and certain forms of social discrimination. However, caste-based discrimination and inequality persist in areas including Madhesh, Karnali, and Sudurpashchim.

In the economic sphere, agriculture-based production has weakened, while non-agricultural sectors, services, foreign employment, remittances, and the market economy have expanded. This process has transformed the composition of traditional farming and working classes while also contributing to the expansion of a new middle class, an intermediary class, and classes associated with financial capital. The article concludes that globalization and neoliberal economic policies have connected Nepal's economy to global markets and expanded consumer culture, while also placing pressure on domestic production, small farmers, and cottage industries. Although foreign employment and remittances have improved the incomes and social standing of rural households, they have also created new challenges for local production systems, family relationships, and community life.

The article points out that although Nepal's Constitution envisions a socialism-oriented state, the existing economic system remains largely market-oriented. It therefore concludes that building socialism in Nepal requires restructuring agriculture and production systems towards self-reliance, strengthening public education and health services, developing a production-oriented cooperative system, ensuring social justice, and promoting the equitable distribution of resources. Overall, the article shows that although socioeconomic changes are transforming traditional social relations in Nepal, persistent inequality and the continuation of a market-oriented economic structure pose significant challenges to building a foundation for socialism.



inspire
नीति अध्ययन तथा अनुसन्धान प्रतिष्ठान

 *Institute for Policy Studies & Research*

+977 98056 90491, Chyasal, Lalitpur, Nepal

 inspire@cpnumil.org, www.inspire2082.org