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A. International Relations and Foreign Affairs

News Brief

On June 6, the government [recalled 11 Nepali ambassadors](#) to 11 countries including the U.S., U.K., and India. The decision generated strong criticism for lacking diplomatic maturity, as the prime minister was scheduled to attend Modi's swearing-in ceremony in India, only days after this decision.

PM Pushpa Kamal Dahal attended Narendra [Modi's swearing-in ceremony](#) on June 9 as the Indian prime minister for a consecutive third time. The historic event saw the presence of top leaders from all the countries in South Asia, excluding Pakistan. During the post-ceremony meetings including one with his Indian counterpart, PM Dahal emphasized the [need to implement past agreements](#) and received Indian assurance to strengthen bilateral ties.

The Bangladesh government "[approved a proposal to import 40 megawatts of electricity from Nepal](#)" on June 11. Bangladesh's Cabinet Committee on Government Purchase approved the rate of [8.17 Taka \(NRs. 9 approx.\) per unit](#) of electricity, which will be transmitted from Nepal after a tripartite agreement with India.

President Ramchandra Paudel made a [week-long visit to Switzerland and Germany](#) from June 11 to 19. He participated in the 112th International Labor Organization (ILO) conference in Geneva, held talks with his counterparts in Switzerland and Germany, met other dignitaries, and interacted with the Nepali diaspora.

Nepal hosted the third IDA21 Replenishment Meeting on June 18-21, which saw the participation of top dignitaries from the World Bank Group along with [over 200 participants from some 61 countries](#). The four-day-long event featured in-depth discussions on different aspects of [South Asia's development and recovery](#).

Deputy PM and Foreign Minister Narayan Kaji Shrestha [attended the 19th Ministerial Meeting](#) of the Asia Cooperation Dialogue (ACD) held in Tehran, Iran, on June 24.

Through a circular on June 27, Nepal's central bank allowed [QR code payment in India and Bhutan](#), with a transaction limit of NRs. 15,000 per day and 100,000 per month.

News Analysis

Assessing Nepal-China Bilateral Ties

On June 25, 2025, Sun Weidong, Vice Minister of Foreign Affairs of China, led a delegation to Kathmandu to participate in the "[Sixteenth Meeting](#) of the Diplomatic Consultation Mechanism between the Ministries of Foreign Affairs of Nepal and the People's Republic of China." Although the foreign secretary-level talk intended to review and discuss "[regular issues](#)" between the two countries, particularly regarding the execution of past agreements and seeking new opportunities for further cooperation, the meeting yielded little tangible progress. The two sides reviewed "[the whole gamut of bilateral relations](#)" and committed to further promoting cooperation, for instance, celebrating 2025 as the 'Visit Nepal Year in China.'

Despite the high-level meetings and regular exchanges between the two countries, China seems to have failed to achieve its desired outcomes in Nepal. For example, the 16th [meeting of the Joint Expert Group](#) held in Beijing on June 19 and 20 ended inconclusively after the Chinese side dismissed Nepal's claims of possible border disputes and displayed a lack of preparedness to resume the Joint Boundary Inspection. Some argue that China wants to lump the issue up with signing the boundary management system, whose initial agreement was signed during Xi Jinping's visit to Nepal in 2019. This tendency of China—to use one issue as leverage to pressure another—appears consistent with its recent engagement in Nepal. For instance, China has almost completely stopped making any major investments or executing large projects in Nepal and is instead more focused on getting the Belt and Road Initiative (BRI) Implementation Framework signed.

Meanwhile, their more recent activities have been in the sectors that generate greater visibility with little investment, for instance [distributing school bags](#) to a few dozen students in community schools across Madhesh or [distributing storage boxes](#) to the victims of fire disasters in Madhesh.

Nepal's political climate has also gradually grown less favorable for China and, therefore for the BRI's progress in Nepal. The dramatic convergence of the communist UML and Nepali Congress to sideline Pushpa Kamal Dahal has stalled China's aspiration for a communist merger in Nepal for now. Similarly, NC's repeated insistence on [grants, not loans for funding BRI projects](#), against the backdrop of a prolonged disagreement over the interest rate, has made BRI's future in Nepal uncertain.

B. Domestic Politics and Governance

News Brief

The report of the High-Level National Education Commission was made public by the Ministry of Education, Science and Technology on June 8. The report was [made public five years after it was](#) submitted to then Prime Minister KP Sharma Oli. While then PM Oli was not interested in implementing the recommendations in the report, his successor Sher Bahadur Deuba also followed in his footsteps. Education Minister Sumana Shrestha submitted the report to current Prime Minister Dahal, stating that she is positive that the current government would implement the suggestions.

Upendra Yadav has been [re-elected as the chair](#) of Janata Samajbadi Party-Nepal. However, post the split from Ashok Rai, the party is still unable to elect any central committee members. Further, Yadav has filed a case against Election Commission recognizing the split faction, of which the court decision remains pending.

Staff protests have disrupted the smooth functioning of the parliament. The ministers were supposed to address the concerns of the lawmakers regarding the budget but were unable to do so. The parliament was [disrupted by the staff of the Parliament](#) secretariat for two days, demanding allowance for working overtime and odd hours. Speaker Devraj Ghimire along with Narayan Dahal, chairperson of the National Assembly, held discussions with Barsha Man Pun, the finance minister to resolve the issue. But, Pun didn't respond positively regarding the matter.

The Commission for the Investigation of Abuse of Authority (CIAA) has filed a corruption case against 12 individuals, including Chief Secretary Dr Baikuntha Aryal. Aryal was suspended after the case was filed. Further, the CIAA accused Aryal and the other individuals of [printing excise duty stickers](#), demanding a compensation of NPR 386.7 million. Further, Aryal has been transferred to the Nepal Planning Commission(NPC) by the [decision of the cabinet](#).

Former President Bidya Devi Bhandari is set to return to party politics with [her renewal of membership](#) of CPN(UML). Reportedly, she renewed the membership on the day of Nepali New Year. But, more recently during a parliament session, Nepali Congress lawmaker Ramhari Khatiwada raised a question on whether a former president can return to active politics or not. His question has sparked debates amongst lawmakers and raised concerns regarding the provisions of the Nepali constitution.

News Analysis

Corruption and Chaos

The Commission for Investigation of Abuse of Authority (CIAA) filed a case against Chief Secretary Baikuntha Aryal on June 23, for his alleged [involvement in corruption](#). Aryal was involved in printing excise duty stickers with 11 others. The commission has sought claims of NPR 386.72 million. Moreover, this is the first time a [sitting chief secretary](#) has been sought in a corruption case. Following the case the government is preparing to appoint Lila Devi Gadtaula as the chief secretary.

With the allegations, Aryal was immediately suspended. But, what followed the suspension was more interesting, Aryal was [transferred to the National Planning Commission \(NPC\)](#). Not only was he transferred, but a position was created for him to fit in the commission. Further, the position is said to be automatically dissolved after his exit. The instance of a person of position who is suspended from one institution being transferred to another institution after creating a position for the person sounds ridiculous. There was no need for Aryal to be transferred after being suspended. Instead, he should not hold any position until and unless his name is cleared from the case.

Cases of corruption seem scattered in Nepal, but few of them get resolved and only few of the culprits are punished. But it seems as if there's light at the end of the tunnel as more cases come to light every day, be it the Bhutanese Refugee Scam, Gold Smuggling Case from TIA or the current case of Chief Secretary Aryal. There seems to be hope as the CIAA is continuously taking action against the corrupt individuals and organizations; but their efforts will only come to fruition when the concerned institutions and government officials take strict actions and implement proper rule of law.

C. Federalism

News Brief

The lawmaker from Gandaki Province Phadindra Devkota was [charged](#) by Maoist Center for “crossing the floor” since he had voted in favor of Surendra Pandey from Nepali Congress. Devkota was asked to be removed from Gandaki Province Assembly for not adhering to the Party whip as fought the 2022 election under the Maoist Centre’s symbol. However, Supreme Court on 24th June [passed](#) the interim rule in favor of Devkota allowing him to work as Province lawmaker. Following this, he has been [re-appointed](#) as the Minister for Energy, Water Resources, and Drinking Water in Gandaki Province.

The Madhesh Province Government [unveiled](#) its program and policies for 2081/82 on 11th June, Tuesday. It includes an [exhaustive list](#) of Agriculture programs, the formation of Education parks, media and digitization, Employment Programs, and Foreign Investment, among others.

On June 7, Satish Kumar Singh from the Janamat Party was appointed the new Chief Minister of Madhesh Province in accordance to the article 168(2) of the constitution, as previous Chief Minister Saroj Kumar Yadav lost a trust vote. Singh from CK Raut led Janamat party has the backing of six coalition party securing 55 votes in the provincial assembly. The new Chief Minister needs to win a vote of confidence scheduled on 5th July.

The Supreme Court has [quashed](#) the writ petition filed by Kedar Karki. Kedar Karki had filed a writ petition at the Supreme Court claiming Hikmat Karki’s appointment as unconstitutional. One reason the Supreme Court ruled against Karki was his refusal to seek a vote of confidence after the coalition change Federal level.

News Analysis

Provincial Budget and their challenges

The Provincial budget for 2081/82 was unveiled on the month of June. Koshi province unveiled a Rs 35.28 billion budget with the theme of a "clean, happy and prosperous" future. Electricity, agriculture, infrastructure, water, and energy sector is prioritized in the budget. The Madhesh Province government unveiled a Rs 43.89 billion budget with a focus on development. Two campaigns have been mentioned in the budget "Green Province Campaign," and "Visit Madhesh, Understand Madhesh Campaign.” Bagmati Province unveiled a bigger budget (Rs 64.54 billion) compared to the last year. Education, healthcare, agriculture, and tourism, and skills development have been prioritized. The Gandaki province unveiled a Rs 32.97 billion budget prioritizing on infrastructure, production, employment, income, social justice, and good governance.

The Lumbini province government allocated a budget of Rs 38.96 billion. However, due to a decline in federal grants and provincial revenue, the budget is lower than last year's. The Karnali province government unveiled a Rs 31.41 billion budget for the coming year, prioritizing physical infrastructure development. However, the budget is facing disruption by the main opposition party, the Nepali Congress (NC). The Sudurpaschim Province Government likewise unveiled a new budget of Rs 31.62 billion.

While the provincial budgets highlight positive development goals, challenges remain in securing stable funding, optimizing resource allocation, and ensuring responsible spending. Overall, Nepal's federalism faces backlash due to the federal government's neglect of provinces. This is evident in reduced funding, lack of consultation, and a centralized mindset. Provincial budgets are strained by declining fiscal transfers, limiting their ability to implement programs. The federal government allocates minimal budget to provincial initiatives, despite their role in development. This situation weakens public trust in federalism and calls for a more collaborative approach with increased support and consultation for the provinces.

D. Economy and Development

News Brief

[Nepal's UN and WTO Permanent Representative Ram Prasad Subedi highlights the ITC's role in implementing Nepal's Trade Integration Strategy.](#) Subedi stresses the importance of partnering with the ITC to empower Nepali businesses in global markets. He underscores promoting sustainable trade practices as vital for job creation, economic growth, and poverty reduction in Nepal.

[Beijing is leveraging tourism as a soft power tool.](#) China reopened its borders in March last year after a three-year closure due to Covid-19, offering hope to Nepal's tourism sector. Despite a lower-than-expected return of Chinese tourists, Nepal saw 60,878 arrivals in 2023, recovering to a third of pre-pandemic levels. Meanwhile, Indian visitors surged to 319,936. Recent diplomatic talks suggest renewed efforts to boost Chinese tourism in Nepal, with plans to promote Nepali tourism in China by 2025. Visa fee waivers and new flight routes may revive Nepal's tourism, crucial for its economy generating Rs327.9 billion (\$2.5 billion) and supporting 1.19 million jobs in 2023.

[NRB has announced the approval for QR code payment systems to be used in India and Bhutan.](#) Nepali citizens can now make merchant payments up to Rs15,000 daily or Rs100,000 monthly using QR codes and other digital payment methods. This move follows a similar allowance for Indian citizens to use mobile payments in Nepal. Nepali payment operators are preparing to launch these services in India soon, pending necessary approvals from the central bank.

In Vienna, Austria, [President Chandra Prasad Dhakal of FNCCI urged the OPEC Fund to boost investments in Nepal](#), highlighting its potential as a strategic hub between China and India. He emphasized opportunities in tourism, energy, infrastructure, agriculture, and technology sectors, citing Nepal's favourable investment climate and recent legal reforms. Dhakal also noted FNCCI's efforts to improve Nepal's investment environment through global summits. OPEC Fund President Abdul Hamid Alkhalifa pledged to increase investments in renewable energy, hydropower, and small to medium enterprises, aligning with sustainable development goals in the region.

The [Mechi Customs Office in Kakadbhitta has collected over Rs 12.93 billion in revenue](#) during the 11 months of this fiscal year, achieving 77.57 percent of its target with one month remaining. Imports have decreased by 3.61 percent compared to the previous fiscal year, while exports increased by 10.76 percent. Goods worth Rs 40.79 billion were imported, and Rs 22.21 billion worth of goods were exported, including significant increases in chhurpi (65.29%), plywood (56.33%), ginger (35.45%), broom grass (31.34%), and venous seat (12.57%). However, cardamom exports declined by 2.61 percent and tea by 13.42 percent.

News Analysis

Beijing is leveraging tourism as a soft power tool.

China's decision to reopen its borders for travel in March last year marked a pivotal moment for Nepal's tourism industry, which had been anticipating a resurgence of Chinese tourists, historically a significant source market. However, the expected boom did not materialize as anticipated. Despite the reopening, Nepal received only 60,878 Chinese tourists in 2023, showing a recovery to just one-third of pre-pandemic levels when Chinese tourism in Nepal had been robust.

Contrary to the subdued growth from China, arrivals from India surged dramatically, reaching an all-time high of 319,936 individuals in the same year. This shift underscores a profound imbalance in Nepal's tourism demographics, with Indian visitors now dominating the market that was once more evenly split between India and China.

The announcement by Beijing during the recent Nepal-China diplomatic consultation regarding 'Visit Nepal Year in China' in 2025 represents a notable policy shift. This initiative aims to promote Nepali tourism within China, a move described by Nepali travel trade entrepreneurs as unprecedented and potentially transformative. It reflects China's strategic use of soft power diplomacy to bolster bilateral relations and stimulate outbound tourism to Nepal.

Looking forward, the question arises whether 2025 will mark a significant resurgence of Chinese tourists in Nepal. The optimism is tempered by current trends and challenges. Despite supportive policies such as visa fee waivers for Nepalis and plans for new flights connecting China to Nepal's international airports in Pokhara and Lumbini, operational issues and low consumer confidence have hindered optimal flight capacities and tourist inflows.

Moreover, the economic context in China, marked by recent holidays where increased travel was observed alongside cautious spending, indicates ongoing challenges despite growing outbound tourism numbers.

From an economic standpoint, tourism remains a vital pillar of Nepal's economy, contributing significantly to revenue generation and job creation. The sector generated Rs327.9 billion (\$2.5 billion) in revenue last year and supports approximately 1.19 million jobs directly and indirectly. With projections suggesting continued growth in job creation, effective policies and enhanced connectivity will be crucial in realizing Nepal's tourism potential, particularly in attracting a larger number of Chinese tourists.

In conclusion, while China's renewed focus on promoting Nepali tourism presents a promising opportunity, realizing substantial growth will require concerted efforts to address logistical challenges, enhance marketing strategies, and navigate the evolving consumer behaviors in China's tourism landscape. Economic resilience and strategic partnerships will be key in positioning Nepal as a preferred destination for Chinese travelers in the coming years.

E. National Security and Climate Change

News Brief

At least 35 Nepali soldiers have [officially been reported](#) dead while fighting for the Russian Army against Ukraine, although families claim the actual number is 39. Russian journalist Irina Kravtsova of Novaya Gazeta Europa estimates approximately [1,000 Nepalis are serving in the Russian military](#).

President Ramchandra Paudel [appealed to the global community](#) to secure the future of upcoming generations by mitigating the negative impacts of climate change during a program at the President's Office on World Environment Day. He highlighted the rapid changes in glaciers and glacial lakes due to global warming, which are causing flash floods and landslides, impacting lives and livelihoods downstream. Emphasizing the need for global unity, Paudel noted that Nepal, despite its negligible greenhouse gas emissions, is severely affected by climate change

In recent years, Manang and Mustang have been experiencing heavy rainfall, declining crop yields, and widespread home destruction. A report by the National Statistics Office reveals that [47.1 percent of families](#) in Gandaki Province's Himalayan region have felt the effects of climate change over the past 25 years, with 39.5 percent noting new crop diseases and insects, and 97.4 percent unaware of early climate disaster warnings. Mustang's chief district officer, Janakraj Panta, states that local governments' climate adaptation and risk reduction efforts are insufficient. He calls for provincial and federal government intervention to implement long-term mitigation measures.

Nepal has seen a significant rise in snakebite incidents, [even in mountainous regions](#) previously considered free from venomous snakes, such as Sindhupalchowk. Experts attribute this to rising temperatures, with cases of king cobra bites now reported in high-altitude districts. Last month, a Sindhupalchowk resident treated for a king cobra bite at Sukraraj Tropical and Infectious Disease Hospital highlighted this growing concern. Health officials note an increase in snakebite cases and are responding by planning additional treatment centers and urging public awareness, especially in vulnerable communities.

News Analysis

The plight of Nepali youths in the Russia-Ukraine War

Over the past year, reports have emerged about Nepali youths losing their lives while illegally joining the Russian army to fight in the Russia-Ukraine war. As of now, [35 Nepalis have been confirmed dead](#), and the numbers continue to rise. This tragic situation raises several critical questions and demands an urgent response from the Nepali government and the international community.

The phenomenon of Nepali youths joining the Russian military began in May last year, with the first confirmed deaths occurring on June 29. Since then, 35 Nepalis have died, six have been injured, and six are held captive by the Ukrainian army. Additionally, 128 have managed to return to Nepal. The process of Nepalis joining the Russian army has reportedly stopped due to increased government surveillance and awareness of the dangers. However, many of those who joined earlier remain in dire circumstances, unable to return home.

The Nepali government's response has been criticized as insufficient. Despite forming [a high-level task force](#) under the Ministry of Foreign Affairs to study and address this issue, no significant progress has been made. The task force has yet to produce a report, highlighting the lack of urgency and prioritization by the government.

Nepal has no official agreement with Russia allowing the recruitment of its citizens into the Russian military. Therefore, Russia's actions are illegal under international law. Despite this, the Nepali government has not exerted adequate diplomatic pressure to ensure the safe return of its citizens or to obtain clear information about their status.

The government's efforts have been limited to sending diplomatic notes and expressing concerns to Russian authorities. This passive approach contrasts sharply with the urgent need for a robust diplomatic initiative to protect Nepali nationals. The lack of clear data on how many Nepalis are involved and their current conditions further underscores the government's failure to address this crisis effectively.

The lure of attractive earnings and the promise of Russian citizenship for foreign nationals serving in the military for one year have enticed many Nepali youths. Initially in Russia for studies or employment, they were recruited through brokers and given minimal training before being deployed to the front lines. This lack of preparation has left them highly vulnerable in a war zone.

While it is undeniable that these individuals made a grave mistake in joining the Russian army, the responsibility also lies with the Nepali government to protect its citizens. The government's inaction and delayed responses have exacerbated the situation, leaving many families without relief and their loved ones in peril.

F. Gender, Social Inclusion & Human Rights

News Brief

On June 8th, sexual and gender minorities in Kathmandu participated in the ['Nepal Pride Parade'](#), starting at Shanti Batika and concluding at Narayan Chaur. This event, held during Pride Month, honours the Stonewall Rebellion of the 1960s. June is globally recognised as Pride Month, and various groups within the gender and sexual minority community celebrate it uniquely.

On June 24th, a district court in eastern Nepal convicted a [popular self-proclaimed spiritual leader of raping a minor disciple](#). Ram Bahadur Bomjan, 33, known as Little Buddha among his thousands of followers worldwide, was found guilty of sexually assaulting a minor girl in 2016. The girl had been living as a nun at one of Bomjan's hermitages in the forest of the eastern Bara district. Judge Jeevan Kumar Bhandari of the Sunsari District Court handed down the conviction, with the sentencing set for July 1st.

Stakeholders in the Nepali film industry are calling for greater social inclusion in the content and characters of Nepali films. [During MediaTalk Series-XXXIV](#), a bimonthly educational event organised by the Faculty of Journalism at St. Xavier's College, prominent actor and singer Prakash Saput, film director Manoj Pandit, and documentary director Ramyata Limbu stressed the need for social inclusion in the industry. Film director Manoj Pandit also underscored the importance of the director as a communicator and the audience as critical analysts.

The Commission for the Investigation of Abuse of Authority (CIAA) has filed a corruption case against Chief Secretary Dr. Baikuntha Aryal, leading to his automatic suspension. [Senior Secretary Liladevi Gadtoula from the Prime Minister's Office has been appointed Acting Chief Secretary](#) due to her seniority over Krishna Hari Pushkar and Narayan Dawadi. This action is by Section 17 of the CIAA Act 2048, which mandates the automatic suspension of any public official charged with a case until its resolution and allows the most senior secretary to assume the Acting Chief Secretary role.

News Analysis

Sexual and gender minorities in Kathmandu participated in the ['Nepal Pride Parade' on 8 June, Saturday](#), starting from Shanti Batika and ending at Narayan Chaur. The parade, held during Pride Month to commemorate the Stonewall Rebellion of the 1960s, celebrates June as Pride Month. Various identity groups within the gender and sexual minority community observe this month with special activities.

In addition, Peace Bhumi, a community focused on Conflict Sensitive media production, honoured [Pride Month by supporting the Queer community](#). This event took place at Coffee at Anu Books, a creative reading space, and was an act of solidarity with the LGBTQIA+ community, showcasing their struggles and achievements and highlighting Nepal's progress in LGBTQIA+ rights through legal avenues. This year marked the third annual program organised by Coffee at Anu Books, aiming to raise awareness and embrace the Queer community as part of the broader community-building process. The event seeks to establish Coffee at Anu Books as a global community hub fostering inclusivity and acceptance. [The vibrant participation of the LGBTQIA+ community](#), along with members from Peace Bhumi, educational institutions, and youth groups, enriched discussions on inclusivity in public, social, and political settings. Amir Thapa, a book curator at Coffee at Anu Books, facilitated an interactive session with representatives from LGBTQIA+ organisations, including Unity for Change and NAAMS.

The Supreme Court of Nepal has issued an interim order to the government, instructing it to temporarily allow the registration of same-sex marriage and other non-traditional heterosexual couples. It was a landmark decision for same-sex couples as well as individuals identifying themselves as part of the LGBTQIA+ community but still many people faces challenges while they work with government agencies.
