



CESIF
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A. International Relations and Foreign Affairs

News Brief

Preparations have begun to expand the Bijulpura (Mahottari, Nepal)-Jayanagar (India) railway service [to connect Janakpur and Ayodhya](#), taking the India-Nepal cultural and railway connectivity to a higher level.

Over 100 Nepali citizens en route to Mansarovar were reported to be [stranded in different places](#) of Burang County in Tibet, as the Chinese government declined to issue them entry permission. However, according to a new agreement, China has agreed to issue [five-year entry passes](#) to residents of 15 districts bordering China, resuming an old practice that allows the borderland Nepali citizens to travel inside Tibet for trade and daily needs.

The Bangladesh turmoil, which led to PM Sheikh Hasina's resignation and the formation of a new interim government, prompted tighter [security measures along Nepal's southern border](#) in the Koshi, Madhesh, and Lumbini Provinces—to prevent possible infiltration of Bangladeshi citizens. The central security committee [meeting instructed](#) these measures based on Nepal's prior experience with the Rohingya refugees.

India's Foreign Secretary Vikram Misri concluded his two-day (11-12 August) [introductory visit to Nepal](#), where he called on Nepal's top leadership, including the president, prime minister, deputy PMs, the foreign minister, and foreign secretary. The meetings revolved around assessing all aspects of Nepal-India bilateral ties and seeking ways to promote them further.

Nepal's foreign minister Arzu Deuba also [visited India on 18-21 August](#), where she met her Indian counterpart S. Jaishankar and PM Narendra Modi, along with some other officials. The high-level meetings, interpreted by many in Nepal as Deuba's massive success, also largely focused on different areas of bilateral relations, including trade and transit, power agreements, and aid and infrastructure connectivity.

Oman's foreign minister Sayyid Badr bin Hamad bin Hamood Albusaidi arrived in Nepal on August 26. He held courtesy meetings with President Ram Chandra Poudel and PM Oli and discussed bilateral issues with his Nepali counterpart Arzu Deuba. Nepal and Oman are set to sign some crucial [agreements on labor, tourism, health](#), and institutional cooperation this year.

On August 16, the US Deputy Secretary of State for Management and Resources arrived in Kathmandu for [a two-day visit](#)—on his way to India. His courtesy meetings with President Poudel, [PM Oli](#), and Foreign Minister Deuba revolved around matters of bilateral importance, which also highlight the U.S. continued engagement

and priority for Nepal. On August 21, MCA-Nepal released its annual progress report, reiterating its [commitment to complete the project](#) within the next four years.

On August 22, Nepal and China signed letters of exchange (LoEs) related to four China International Development Cooperation Agency (CIDCA)-funded projects, including Kathmandu Ringroad Expansion Phase II. On the occasion, Nepal also sent a letter requesting China to [convert the Pokhara airport loan to a grant](#) via CIDCA's vice-chairman Yang Weiqun.

News Analysis

At an event to launch his new book *Nakabandi and Bhurajneeti*, Blockade and Geopolitics, on August 27 in Kathmandu, former deputy PM and Foreign Minister [Kamal Thapa argued](#) that the true reason behind India's blockade in 2015 was geopolitics and ideological differences on security and strategic issues. Speaking at the same event, PM Oli, however, [downplayed the role of geopolitics](#), calling it obsolete and assured that Nepal does not play one neighbor against the other.

While Mr. Thapa's assertion may be a bit far-fetched and PM Oli's assessment too dismissive, the diplomatic exchanges in August highlight Nepal's centrality, or least relevance, in the larger geopolitics of the region. In less than a month since the government change, delegations from all three regional and global powers—India, China, and the U.S.—visited Nepal. India's foreign secretary, U.S. Deputy Secretary of State, and CIDCA's vice-chairman are all important high-level diplomats, whose visits, however routine, are meaningful. Although Foreign Minister Deuba's India visit and her high-level meetings were celebrated by party loyalists as her personal achievement, they rather suggest India's broader interest to continue engaging Nepal—its “priority” partner in the neighborhood. Similarly, Chinese Foreign Minister [Wang Yi assured the returning Nepali Ambassador](#) to China, Bishnupukar Shrestha, that Nepal's government change would not change the Nepal-China bilateral relations, which indicates China's continued willingness to engage Nepal.

Navigating the geopolitical uncertainties and maximizing benefits off the regional and global competitions, especially when Nepal holds important leverage points, has been a challenging task for its leadership, though. CESIF's discussions with senior leaders have uncovered that political parties largely agree on key national interest issues, but [“internal weaknesses derail their policy positions.”](#) Consequently, a weak diplomatic and negotiation capacity limits Nepal's gains, instead shifting the debates and discussions to either less important issues or highly controversial matters. For instance, Deuba's recent visit to India generated two key debates: one that revolved around who she managed to meet and the other that criticized her for failing to raise the controversial issues of border and EPG report.

Diplomatic capacity-building is the primary need for Nepal to effectively communicate its position, priorities, and national interests. Naturally, it involves depoliticizing the Ministry of Foreign Affairs (MoFA), refraining from the frequent bureaucratic reshuffles, and strengthening the institutional frameworks. As pointed out by media personnel at a CESIF discussion, MoFA could also benefit from a coherent media strategy that actively engages this important organ to not just communicate important decisions but also strategically create a conducive environment for negotiations and dealings with its foreign partners at home and abroad.

B. Domestic Politics and Governance

News Brief

HoR endorses transitional justice amendment bill

The bill to amend the Commission for Investigation on Enforced Disappeared Persons and Truth and Reconciliation (Third Amendment), 2081 BS, [has been passed](#) by the House of Representatives (HoR). Minister of Law, Justice, and Parliamentary Affairs Ajay Kumar Chaurasiya presented the bill in the parliament. While the bill was registered on March 9, it was passed on August 14. It marks a significant step in addressing the transitional justice issues that have been lingering on since the Comprehensive Peace Agreement in 2006. Furthermore, President Poudel has authenticated the bill to amend the Enforced Disappearances Enquiry, Truth and Reconciliation Commission Act.

Parties divided on time limit for corruption probe

As the bill of Corruption Prevention Act 2002 is being finalized by the State Affairs and Good Governance Committee of the House of Representatives, leading political parties remain divided on the time limit in such cases. The bill has a provision which provides a [limit of five years](#) for prosecution in such cases. The Nepali Congress and Rastriya Swatantra Party have asked for removal of the time limit, while other parties haven't clarified their stance on the same.

Case against Arzu Deuba

A case has been registered against Foreign Minister Arzu Rana Deuba at the Commission for the Investigation of Abuse of Authority (CIAA). An individual named Yubraj Safal lodged a complaint against the minister, alleging [her involvement](#) in the fake Bhutanese refugee scam and the Tikapur land irregularities.

Mukul Dhakal expelled from Rastriya Swatantra Party

General Secretary and central member Mukul Dhakal has [been expelled](#) from Rastriya Swatantra Party (RSP). The expulsion was announced on August 27 from the Central Committee meeting, expelling him from

ordinary membership as well. The expulsion is said to have taken place after Dhakal failed to provide explanations on inquiries made to him.

Yadav to back constitution amendment, given his demands are met

The amendment of the constitution is one idea put forward by the leading parties of the current government- CPN(UML) and the Nepali Congress. Upendra Uadav, chair of Janata Samajbadi Party-Nepal (JSP-Nepal) has stated that [his party will support](#) the stance, given his demands are fulfilled.

Their demands include a directly elected executive head, a fully proportional election system, a federal justice system with proportional and inclusive representation, and self-governance based on national and ethnic identity.

Disagreements within Nepali Congress on exit policy

There have been disagreements within the Nepali Congress regarding certain proposals presented by the general secretaries. Nepali Congress General Secretary Gagan Thapa presented a proposal that the party should not forge any alliance for the upcoming elections. Similarly, Bishwa Prakash Sharma, another general secretary, [proposed an exit policy](#) that recommended time limits for president, ministers and lawmakers. The party's central working committee meeting had the members of the party divided on the proposals, making decisions on the same inconclusive.

News Analysis

Bills and Amendments create position in domestic politics

The transitional justice amendment bill was passed by the House of Representatives(HoR) on August 14. It is a notable stride toward addressing the lingering issues from Nepal's decade-long civil conflict, which ended with the Comprehensive Peace Agreement in 2006. This amendment aims to empower the Commission for Investigation on Enforced Disappeared Persons and the Truth and Reconciliation Commission, providing them with a more robust framework to investigate cases of human rights violations and enforced disappearances. The bill's passage, presented by Minister of Law, Justice, and Parliamentary Affairs Ajay Kumar Chaurasiya, underscores the government's commitment to tackling transitional justice, a critical concern for the victims of the conflict and the Nepali society. However, the real test lies in its implementation. Effective enforcement will be key to restoring trust in the government's ability to address past injustices and fostering a sense of closure and healing among the victims and their families.

In addition, Upendra Yadav's conditional support for constitutional amendments proposed by CPN(UML) and Nepali Congress signals a crucial moment in Nepal's ongoing debate over federalism and inclusive governance. Yadav, the chair of Janata Samajbadi Party-Nepal (JSP-Nepal), has outlined specific demands,

including the introduction of a directly elected executive head, a fully proportional election system, a federal justice system with inclusive representation, and self-governance based on national and ethnic identity. These demands reflect grievances of marginalized communities in Nepal, particularly regarding representation and autonomy. Yadav's stance emphasizes the need for structural changes that not only decentralize power but also ensure that governance is more inclusive and reflective of Nepal's diverse populace. However, meeting these demands will require substantial political consensus and could face resistance from established political elites who may view such changes as threatening to their power base.

Overall, these developments reflect the dynamic and often contentious nature of Nepali politics, with key issues of justice, corruption, internal party management, and constitutional reform all at play. The outcomes of these legislative and political maneuvers will likely shape Nepal's political landscape in the times ahead.

C. Economy and Development

News Brief

As latest [NEPSE fell by 111.96 points \(3.86%\) to 2,782.60](#). In August, NEPSE exhibited significant volatility, declining from 2,796.38 points on as reported in [August 4](#) to 2,782.60 by [August 27](#). The market's bearish trend is marked by substantial losses in the banking sector, while tourism and manufacturing saw notable gains.

[Minister for Drinking Water Pradip Yadav has proposed that Nepal explore exporting Himalayan water](#). Speaking at the Ministry's annual review meeting, Yadav emphasised the need to consider this export opportunity seriously. He also instructed ministry officials and agencies to focus on efficient service delivery and performance evaluation.

[India has approved an additional 251 MW of electricity imports from Nepal](#), boosting total imports to nearly 1,000 MW and highlighting stronger bilateral ties. Last fiscal year, Nepal exported 1.94 billion units of electricity, worth Rs17.07 billion, while importing 1.91 billion units. Despite these external gains, Nepal's internal economic growth is modest, projected at 3.87% for 2023-24. As a net electricity exporter, Nepal aims to expand its capacity to 28,000 MW by 2035, using this export shift to address trade deficits and stimulate economic growth.

[Nepal's forthcoming transition from Least Developed Country \(LDC\) status in 2026](#) represents a pivotal juncture with both substantial challenges and significant opportunities. The transition from reliance on international aid to a self-sustaining economic framework requires a comprehensive and strategic approach to reform across multiple sectors.

[Nepal's annual average inflation was 5.44% last fiscal year](#), aligning with expectations. According to the Rastra Bank's report, imports fell by 1.2% and exports by 3%, following larger decreases the previous year. Remittance inflows grew by 16.5% to Rs 1,445.32 billion, though this was a deceleration from the 23.2% increase in the prior year. In USD terms, remittances rose by 14.5% to \$10.86 billion. The balance of payments surplus increased to Rs 502.49 billion, up from Rs 285.82 billion. Foreign exchange reserves reached \$15.27 billion, sufficient for 13 months of imports. Broad money (M2) and bank deposits both grew by 13%, while private sector credit rose by 5.8%, with total deposits at Rs 6,452 billion and private sector credit at Rs 5,074 billion.

News Analysis

[Bishnu Paudel](#) has once again taken on the roles of Finance Minister and Deputy Prime Minister, a move that has drawn attention given his previous tenures. With no strong alternative for the Finance Minister post within CPN-UML, and former finance ministers lacking current parliamentary positions, Paudel remained an uncontested candidate. Paudel, a three-time Finance Minister and UML Vice Chairman, however, faces a challenging path as he navigates a complex economic landscape.

Given Paudel's favorable image among the stock investors, speculation about Paudel's return as Finance Minister led to [a positive response from the stock market](#), reflecting heightened market confidence in the first week of July. This optimism was reminiscent of a similar pattern observed in 2020 and during Paudel's earlier tenure, when the stock market index surged from around 1,100 points in October 2015 to over 1,800 points by August 2016. In his current stint, the NEPSE index hit its highest in 29 months, the [NEPSE](#) closed at 3,000.81 points, with a record turnover of NRs 29.31 billion on 15 August.. Minister Poudel [said](#) investors are optimistic due to the government's promise to promote and address stock market issues effectively. Soon after assuming the office, Paudel outlined his plan to [conduct a comprehensive study](#) to identify priority areas for development expenditure. To address economic challenges, the new government has also called for a review of the budget. However, the details and timing of the review remains unclear.

Nepal's economic landscape is currently experiencing a fragile recovery, with modest GDP growth of 3.1% for the fiscal year 2023/24. This growth, driven by export-oriented sectors and improved agricultural output, is nonetheless vulnerable to both external and internal shocks. Persistent issues with capital spending and sluggish domestic demand underscore the challenges facing the economy.

Despite his return to office, Paudel will face scrutiny regarding his budgetary practices. His previous terms saw substantial budget increases—28% in 2015 and 12% in 2020—raising questions about fiscal management and sustainability amid ongoing spending challenges. Economists and experts have criticized Paudel for his

approach to public expenditure, which included substantial salary hikes and expanded social security allowances. The [Public Expenditure Review Commission](#), led by Dilli Raj Khanal, recommended reducing administrative costs, but Paudel's government has yet to act on these suggestions.

Overall, Paudel must address deficiencies in public expenditure and revenue collection, and resolve infrastructure development issues such as outstanding contractor payments. Effective management of these challenges, coupled with coordinating with the central bank to control inflation, will be crucial for achieving sustainable growth. Paudel is often described as a high spender, raising concerns about his fiscal management and the long-term sustainability of his economic policies. After decades in and out of government portfolios his experience and leadership are now being tested as he strives to overcome these hurdles and implement the necessary economic reforms to improve Nepal's economic outlook.

D. National Security and Climate Change

News Brief

Ashok Sigdel appointed the Chief of Army Staff of Nepal

Ashok Sigdel has been appointed as the Chief of Army Staff of Nepal, [effective from September 9](#), following a decision by President Ramchandra Paudel under Article 267 (5) of the constitution. Current Chief of Army Staff Prabhu Ram Sharma, on a month-long leave since August 8 due to mandatory retirement, will hand over responsibilities to Sigdel on September 9. Sigdel's tenure will last until August 9, 2027.

Suspicious object found in Kathmandu

Panic spread among locals in Ward 12 of Chandragiri Municipality, Kathmandu, on August 22, 2024, after [a suspicious object was found near Balambu Secondary School](#), raising fears of a bomb threat. The Nepal Army's bomb disposal team was called to the scene and safely disposed of the object, which was later identified as a pressure cooker. The situation was brought under control without any incident.

Flood caused by glacial outburst in Khumbu

The flood that struck Thame village in the Khumbu region on August 16, 2024, was caused by an [outburst from Thyanbo glacial lake](#), resulting in the destruction of 14 properties, including homes, a school, and a health post. ICIMOD scientists, investigating the incident, highlighted the increasing risks posed by climate change, with glacial lakes in the region showing signs of instability. Experts warn that the retreat of glaciers and the expansion of glacial lakes are leading to a rise in glacial lake outburst floods (GLOFs), with a three-fold increase in risk projected by the end of the century. The disaster underscores the urgent need for global

action on climate change, as mountain communities, despite contributing little to greenhouse gas emissions, face severe and escalating impacts.

Nepalese stranded in Brazil

Around 176 Nepalese were stranded in the transit area of São Paulo airport, Brazil, along with approximately 700 other foreign nationals. The Nepali Embassy in Brazil has [confirmed that all 176 Nepalis are safe](#) and assured that it is prepared to provide humanitarian assistance if needed. The embassy expressed concern over the increasing number of young Nepalis being lured by human traffickers into risky journeys through this region in an attempt to reach the United States illegally. It also outlined new regulations requiring Nepali travelers to obtain a visa in advance and to travel directly to their destination country via Brazil.

News Analysis

Lack of preparedness has left Nepal vulnerable to glacier outbursts.

The recent destruction in Thame village due to a Glacial Lake Outburst Flood (GLOF) serves as a stark reminder of Nepal's vulnerability to such disasters. Despite being acutely aware of the risks posed by its numerous glacial lakes, the country remains woefully unprepared to handle the consequences of these events. The lack of preparedness is evident in the absence of early warning systems, insufficient infrastructure to mitigate the impact, and inadequate coordination between Nepal and upstream countries like China.

The Thame disaster underscores the urgent need for robust early warning systems and effective disaster response mechanisms in Nepal. Currently, the country's reliance on outdated technologies and limited resources hampers its ability to predict and respond to such events in a timely manner.

Moreover, the situation is exacerbated by the [lack of cooperation from China](#), which withholds crucial information on glacial lakes within its territory that pose a direct threat to Nepal. This lack of transparency further compromises Nepal's ability to prepare for and mitigate the impacts of GLOFs. Without accurate data and timely communication, Nepal's disaster management efforts remain severely limited.

To address these challenges, Nepal must prioritize investment in modern early warning systems, strengthen infrastructure to withstand GLOFs, and enhance diplomatic efforts to secure necessary information from neighboring countries. Only through a comprehensive and coordinated approach can Nepal hope to reduce its vulnerability to glacial outbursts and protect its communities from future disasters.

E. Gender, Social Inclusion & Human Rights

News Brief

Krishna Man Pradhan Withdraws Election Commissioner Candidacy

Krishna Man Pradhan, the proposed election commissioner, [has withdrawn his candidacy amid serious sexual abuse allegations](#). He notified the parliamentary hearing committee of his decision just hours before a scheduled meeting to review his nomination, prompting the meeting's postponement. Following discussions between Prime Minister KP Sharma Oli and Nepali Congress President Sher Bahadur Deuba, it was decided that Pradhan's candidacy could not continue. [The controversy erupted after a woman lodged a complaint](#) accusing Pradhan of long-term abuse, which she detailed to the committee. Pradhan withdrew before facing likely disqualification. [His nomination had been unanimously approved by the Constitutional Council on 16 June](#).

House of Representatives Passes Transitional Justice Bill

On [August 14, the House of Representatives passed the Transitional Justice Bill](#), officially known as the Investigation, Truth and Reconciliation Commission (Third) Amendment Bill, 2024, by a majority vote. [Proposed by Minister of Law, Justice, and Parliamentary Affairs Ajay Kumar Chaurasia](#), the bill was supported by all lawmakers present except Prem Suwal of the Majdur Kishan Party. Significant progress was made after the leaders of the three major parties formed a joint mechanism on July 1 to resolve disputes over the bill's provisions, reaching a written agreement on August 7.

Controversy Over Social Inclusion in Nepal's Ambassadorial Nominations Amid Ongoing Concerns of Underrepresentation

Despite Prime Minister KP Sharma Oli's [earlier acknowledgment of the underrepresentation of women in public positions](#), the recent ambassadorial nominations have sparked further controversy [over social inclusion](#). Most nominees are from the Khas-Arya community, with no representation from the Madheshi, Dalit, Tharu, and Muslim communities, and minimal representation of the Janajati community. [Cross-party lawmakers have criticised the government for failing to uphold inclusiveness, urging adherence to constitutional mandates for proportional representation](#). Some nominees also face allegations of misconduct, further complicating the nomination process. Parliamentary hearings on these concerns are set for early September.

News Analysis

Prime Minister Oli Orders Fast-Track Citizenship for Prakash Tamang

Prakash Tamang, popularly known as Paka, has become a subject of widespread attention after his appearance on the well-known YouTube series "[Herne Katha](#)." His story, which highlights the struggles of Nepal's marginalized communities, has struck a chord with many. Years ago, Tamang moved to the remote hilly regions of Gorkha after being denied work in a garment factory due to his age. His life took a significant turn when the episode aired, bringing his plight to the forefront of national conversation.

In a notable response, [Prime Minister KP Sharma Oli instructed Home Secretary Ek Narayan Aryal to expedite Tamang's citizenship process](#). During a meeting at Baluwatar on Tuesday night, the Prime Minister emphasized the importance of swiftly addressing Tamang's case after personally speaking with him. Oli later shared this development on social media, explaining that after learning that citizenship was Tamang's top priority, he immediately initiated the process.

While social media often serves as a platform for connection and justice, in Tamang's case, it has played a crucial role in drawing attention to his decades-long struggle. After more than 30 years of living in the remote regions of Nepal, surviving on little more than basic sustenance, his situation has sparked a broader discussion about human rights in the country. [The 2015 Constitution of Nepal guarantees basic human rights](#) to all citizens, yet Tamang's story underscores the gap between these constitutional promises and the lived reality of many. The video highlighted that Tamang had not received any form of salary or incentive for his labor—a clear violation of the constitution's provisions for basic labor rights. Moreover, his inability to secure citizenship has rendered him stateless for years, despite being a native of Nepal.

Tamang's story is not just about one man's struggle for citizenship; it sheds light on the deeper issues within Nepal's governance and societal structures. It highlights the rigidity and discrimination faced by minority communities and the failures of the state to ensure the rights of its most vulnerable citizens. Despite Nepal's democratic framework and constitutional guarantees, the functioning of government, the responsibilities of various administrative levels, and the bureaucratic hurdles have often failed those like Tamang.

These systemic obstacles disproportionately affect individuals from remote areas and marginalized communities, denying them access to fundamental rights and services such as education, healthcare, property ownership, and the ability to vote. The uncertainty surrounding their legal status often leads to social exclusion and economic hardships, perpetuating cycles of poverty and inequality. Tamang's story is a stark reminder of the work that remains to be done to ensure that the promises of the Constitution are fulfilled for all citizens, not just a privileged few.
