



ALPHA CAPITAL
Fund for Contrarian Investors

NEWSLETTER

First Quarter 2082/83



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*These topics are discussed in the This Quarter Focus section and are therefore not repeated separately to avoid redundancy.



NEPAL
THIS
QUARTER

Nepal This Quarter | Politics

Authorities shut down 26 social media platforms in Nepal for not registering under new rules.

Mass Gen Z protests erupted across Nepal against corruption and the social media ban; security forces opened fire, killing at least 19 on the first day, with more deaths in the following days.

Thousands of protesters breach security perimeters in Kathmandu, storm the Parliament building, Singhadarbar, Supreme Court, and others setting parts of them on fire symbolizing public fury against the political elite.

Facing nationwide demonstrations over corruption, censorship, and police brutality, Prime Minister K.P. Sharma Oli tendered his resignation.

Authorities imposed curfews across major cities and deployed the army as violence and arson spread nationwide.

Former Chief Justice Sushila Karki is sworn in as interim Prime Minister and the parliament is dissolved.

The interim cabinet appointed new ministers (Finance, Energy, Home) to steer toward elections in March 2026.

The Election Commission finalized the March 5, 2026 election calendar, setting party registration for November 17–26 and campaign dates from February 15 to March 2. New political parties must obtain government registration by November 16 to be eligible.

The Nepali Congress and the CPN UML say they are “keeping legal options open” to challenge the dissolution of the House of Representatives, citing growing uncertainty, and fears that the interim government cannot ensure fair elections.

Dharan Sub-Metropolitan City Mayor Harka Raj Rai has applied to register a new political party named Shram Sanskriti Party at the Election Commission (EC).

At its 58th Secretariat meeting chaired by KP Sharma Oli, CPN-UML resolved to handle leadership transition through a general convention rather than ad hoc changes.

A clear division has emerged within the Nepali Congress as allies close to Sher Bahadur Deuba, rally behind his continued presidency—seeing it as a way to keep options open for either Parliament reinstatement or early elections—while others push for a special convention to elect new leadership and rejuvenate the party.

Maoist Center chairman Pushpa Kamal Dahal dissolves the existing Central Committee, turning it into a General Convention Organizing Committee under his direct leadership, consolidating his control despite dissent from senior figures calling for leadership change.

Police are facing political pressure over whether to arrest former Prime Minister KP Oli and former Home Minister Ramesh Lekhak after a Gen Z protest victim’s family and activist Sudan Gurung filed a complaint accusing them of suppressing the September 8 protests.



Nepal This Quarter | Economy and Business

Insurance claims for property and other damage from the Gen Z protests have reached NPR 23.22 billion across 3,099 filings as of October 8, 2025. Companies have already made advance payments of about NPR 1.29 billion.

The government estimates that rebuilding roads, bridges, and related infrastructure damaged by recent floods and landslides will cost over NPR 12 billion, with repairs required on highways, alternative routes, Bailey bridges, and permanent bridges.

Floods and landslides triggered by heavy rainfall disrupted 32 hydropower projects across ten districts, with 15 operational projects in Ilam alone heavily affected. Among them, 17 operational plants generating 180 MW and 15 under-construction projects totaling 338 MW suffered damage.

The Nepal Tourism Board reports that 78,711 foreign tourists visited Nepal in September, marking an 18.3 %

decline compared to the same month last year.

The World Bank has projected Nepal's growth to slow down to 2.1% in FY 2025/26, citing political unrest from the Gen Z protests, weak investor confidence, infrastructure disruption, and climate shocks. Reconstruction efforts are likely to drive a modest recovery from FY 2026/27 onward.

Finance Minister Rameshore Khanal launches a stringent austerity campaign under the interim government, scrapping perks like meeting and housing allowances, freezing low-priority projects, and directing government agencies to reuse existing resources and avoid new consultancies.

Nepal Rastra Bank (NRB) issues a unified directive granting special incentives for export-based industries that employ at least 100 women — such industries will get loans with just a 1 % premium above the base rate if they export 25%

of production and have value addition of at least 25%.

The government has established a “Physical Infrastructure Reconstruction Fund” via a new ministerial order to rebuild public and government structures damaged during the Gen Z protests, and is calling on all sectors—federal, provincial, local, private, and diaspora—to contribute.

Nepal Rastra Bank has initiated a loan portfolio review of the country's 10 largest commercial banks, partnering with Bangladeshi audit firm Howladar Yunus & Co.

Nepal's public debt has surged, with NPR 362.59 billion spent in FY 2024/25 on loan repayments—surpassing the national development budget of NPR 352.35 billion. The World Bank's 0.75% rate hike to 1.5% will further increase project costs and intensify fiscal strain.



Nepal This Quarter | Capital Market

SEBON has announced in its policy and program for the current fiscal year that non-resident Nepalis (NRNs) will be allowed to trade shares in the secondary market. The policy states that arrangements will be made to enable easy securities trading based on NRN citizenship.

SEBON is preparing new measures to help productive private sector companies raise funds from the capital market. The regulator aims to reduce costs and simplify procedures for issuing shares and bonds, making it easier for such companies to mobilize capital and expand through market-based financing.

Nepal Rastra Bank has introduced a new provision allowing microfinance institutions to distribute dividends of up to 25%, depending on their financial soundness. Institutions with a post-dividend capital adequacy ratio above 12% and non-performing loans (NPL) below 5% can distribute up to 25% dividends. Those with 10–12% capital adequacy can distribute up to 20%, while those between

8–10% are allowed up to 15% contingent upon their NPL levels.

A government task force has recommended introducing legal regulations on pre-IPO fundraising practices, warning that unchecked pre-IPO promotions, often conducted via social media, are harming investor confidence and destabilizing Nepal's capital market.

SEBON has decided to scrap the 15-minute average pricing rule following widespread investor protests and criticism. It has restored the earlier practice of using the last traded price as the official closing price.

Nepal Rastra Bank has removed the NPR 25 crore Single Obligor Limit on share-backed loans, which previously restricted the total amount any individual or entity could borrow from one or more BFIs against shares.

Nepal Rastra Bank has removed the restriction that allowed BFIs to sell only up to 20% of their primary capital worth of share investments held for more than one year. With this removal, BFIs now have greater flexibility

to divest their long-held equity investments without being bound by this percentage cap.

Nepal Rastra Bank has amended its rules to allow banks and financial institutions to sell shares and debentures after holding them for just six months, down from the previous one-year requirement. The move aims to boost liquidity and provide greater flexibility in institutional portfolio management.

After a sharp plunge triggered panic in the stock market, the government decided to implement recommendations from a task force on capital market reforms. SEBON's board approved adopting the task force's short, medium, and long-term measures. These include stricter standards for IPO and rights-share issuances, regulatory oversight of pre-IPO fundraising, tighter listing criteria (only financially strong firms allowed IPO), restructuring the stock exchange within a year, and various norms to protect investors and stabilize the market.



After months of intense debate, the parliament's Agriculture, Cooperatives & Natural Resources committee officially endorsed the revised Land Bill, incorporating amendments to prevent misuse of land, enforce environmental approvals for housing developments, protect land in protected areas (unless occupied before 2013), and prioritize marginalized squatters in land ownership.

During mid-July to mid-August 2025, land transactions in Nepal fell by about 20% compared to the same period a year earlier, marking one of the sharpest drops in recent years. The decline reflected growing economic uncertainty, tighter liquidity in the banking sector, and public hesitation toward large property investments. Real estate offices across major cities, including Kathmandu, Lalitpur, and Pokhara, noted a sharp slowdown in deal registrations between mid-July and mid-August, signaling weakening demand.

The Gen Z protests caused extensive damage to Nepal's land administration infrastructure, with 22 land revenue offices and 14 survey

offices affected nationwide. Among them, five revenue offices and eight survey offices were completely destroyed, while several others sustained partial damage. Although some have since resumed limited operations, the widespread destruction and administrative disruption have severely slowed land-related services and further weakened confidence in the real estate sector.

The government has extended the deadline for upgrading the 41.5 km Muglin–Pokhara eastern road section (from Jamune to Ambukhaireni in Tanahu) until October 11, 2025, marking the fourth extension. The project began in April 2021 under a contract valued at about NPR 6.21 billion (for eastern section), executed by China Communication Construction Company with loan support from the Asian Development Bank.

The government has set the toll rates for the upcoming Nagdhunga–Sisnekhola tunnel, expected to open in 2026. Cars, jeeps, and vans entering Kathmandu will pay NPR 65 while outbound trips

are set at NPR 60. Mini-buses and mini-trucks will be tolled NPR 115 inbound and NPR 80 outbound. Buses/trucks will pay NPR 260 inbound and NPR 200 outbound. Heavy equipment vehicles will incur NPR 600 inbound and NPR 250 outbound, relative to earlier proposed lower amounts.

The Nepalese government has decided that any real estate transaction exceeding NPR 30 million conducted through companies must receive prior approval, especially in 17 major cities including Kathmandu, Pokhara, Biratnagar, and Bharatpur. The policy aims to strengthen tax compliance and clamp down on illicit land deals as Nepal faces pressure from the FATF (Financial Action Task Force) to improve anti-money laundering controls.

In Baireni (Vyas Municipality, Tanahu district), the local government is executing an integrated land-pooling and town planning project over 1,537 ropani of land. In the first phase, infrastructure development is underway on 262 ropani, with about 50 % of the works completed.



**HOW WE
VIEW**

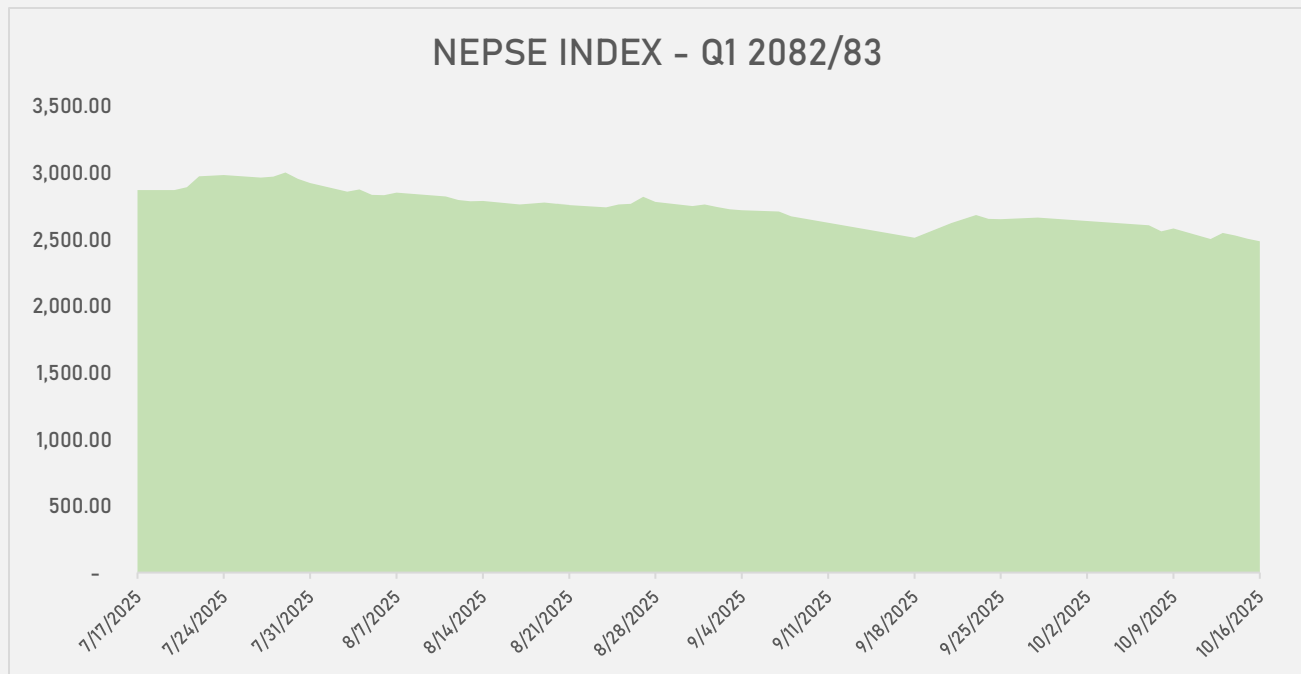
How We View | Capital Market

At the start of the first quarter, the NEPSE index was on fire, climbing past the 3,000 mark and hitting a high of 3,028.79 on July 29, 2025. The momentum looked solid. Turnover even reached as high as NPR 26 billion, and the daily average stayed around NPR 19 billion for the first 10 days. However, the momentum didn't last long. From its highest closing of 3,002.07, the market started to slide, losing 17.15% to close the quarter at 2,487.17. On a quarter-to-quarter basis, NEPSE was down 11.01% from the previous quarter's closing of 2,794.78. Turnover also dried up significantly, averaging just NPR 4 billion in the final ten trading days.

Once NEPSE crossed the 3,000 level, profit-takers became active, and the index lost about 143 points in just three days, closing at 2,858.90. Sentiment quickly turned cautious. Even when the Nepal Rastra Bank eased dividend distribution for microfinance companies, the market which usually reacts strongly to such news barely moved. This showed how weak investor confidence had become. Soon after, the Gen-Z protests erupted, shutting down the market for nearly 10 days. When trading resumed, NEPSE plunged by 160.33 points in a single day, triggering the first circuit breaker of the year. Although the next two days saw partial recovery, the overall tone stayed subdued. Later, when NRB removed the NPR 25 billion cap on margin loans, the market once again remained largely unmoved — a sign that investors were acting with more restraint. The festival season also fell within this quarter, a period that typically sees lower trading volumes and mild volatility.

NEPSE has slipped below 2,500 points, its lowest level in nearly a year, reflecting a mix of policy fatigue, shaken confidence, and macro uncertainty. Historically, during similar downcycles, periods of uncertainty often led to liquidity flowing into the stock market as investors sought alternative avenues amid stalled business activity. However, this time, the response has been muted. For long-term investors, this quarter highlighted an important reality: while rate cuts and liquidity easing can help, trust and political stability are what truly drive market recovery. Until those stabilize, NEPSE is likely to remain quiet but selectively attractive — offering opportunities for investors who think long-term and stay patient.





Source: NEPSE official website

Sector-Wise Sub-Indices	This Quarter Close	Previous Quarter Close	Change (%)
Mutual Fund	20.25	20.25	0.00%
Manufacturing And Processing	7,057.22	7,355.74	-4.06%
Others	2,231.59	2,352.82	-5.15%
Life Insurance	12,066.30	13,276.35	-9.11%
Microfinance	4,685.17	5,210.29	-10.08%
Trading	3,692.66	4,148.25	-10.98%
Development Bank	5,270.31	5,941.99	-11.30%
Investment	100.44	113.42	-11.44%
Banking	1,337.71	1,516.60	-11.80%
Hydropower	3,147.74	3,646.78	-13.68%
Hotels And Tourism	5,930.17	6,947.71	-14.65%
Finance	2,161.70	2,571.12	-15.92%
Non-Life Insurance	10,484.79	12,736.14	-17.68%
NEPSE Index	2,487.17	2,794.78	-11.01%

Source: NEPSE official website



Sectoral Dissection

Banking

The banking sector this quarter continued to face a liquidity surplus amid weak credit demand and rising non-performing loans (NPLs) mirroring sluggish business activity and fragile investor confidence. As of October 15, 2025, total deposits across A, B, and C class banks reached NPR 7,455 billion, while total loans stood at NPR 5,633 billion, marking 12.53% growth in deposits and 6.97% growth in loans year-on-year. The credit-to-deposit ratio declined to 74.66%, far below the 90% threshold, showing how banks are struggling to deploy funds. With limited lending opportunities, interest rates have continued to fall. In Kartik, individual Fixed Deposit (FD) rates ranged from 4.95% to 6%, and institutional FDs from 2.75% to 4.50%.

At the same time, loan recovery has become tougher. By the end of the second month of FY 2081/82, overall NPLs rose to 4.62%, up from 3.86% a year earlier. Finance companies recorded the highest NPLs at 11.05%, followed by development banks (5.03%) and commercial banks (4.44%). Non-banking assets also crossed NPR 50 billion, reflecting growing stress in asset quality. However, since long the IMF and other observers have questioned Nepal's unusually low NPL ratios, noting that peer Asian economies report far higher levels. This led the Nepal Rastra Bank to launch a third-party audit of 10 banks' asset quality.

To address these challenges, Nepal Rastra Bank (NRB) rolled out a series of relief and support measures, particularly for businesses affected by the Gen Z protests. These include payroll protection and revival loans, temporary relaxation in debt-equity ratios and LTV limits, and loan restructuring options without changing classification until Poush 2082. For banks, NRB also removed the NPR 25 crore single obligor limit on margin loans, reduced mandatory holding period of listed securities from one year to six months, and required reserves for unlisted holdings that remain unlisted beyond three years.

Overall, the quarter highlighted a sector flush with liquidity but constrained by weak credit appetite and rising defaults. Banks are now shifting focus toward risk management, recovery, and compliance, awaiting stronger business confidence before credit growth can meaningfully revive.

Hydropower

The hydropower sector this quarter showed a mixed performance, maintaining its strong long-term promise while facing notable short-term setbacks. Electricity exports to India and Bangladesh continued to strengthen Nepal's position as an emerging regional power supplier, with India approving an additional 200 MW import, setting a new record in power trade between the two countries. At the same time, declining interest rates helped reduce financing costs for debt-heavy developers, offering some relief on the balance sheet. However, this benefit was partly offset by severe monsoon floods that damaged several hydropower plants, disrupted generation, and delayed construction in key corridors across central and eastern Nepal.



Despite these challenges, the sector's strategic relevance remained strong. Cross-border transmission projects advanced, and policy attention toward clean energy integration expanded including the government's new master plan to install 424 EV charging stations across 80 highways, signaling a growing commitment to electrification and domestic energy use. Nevertheless, the near-term picture remains constrained by project delays, infrastructure damage, and weak generation revenues. For investors, the sector continues to represent long-term value with cyclical risks — stable for established producers with operational plants but volatile for developers still navigating construction and environmental uncertainties.

Tourism

The tourism sector this quarter faced one of its toughest phases in recent years, as positive policy steps were overshadowed by the fallout from political unrest. On the policy side, the government made aggressive moves to revive confidence, for example, it waived climbing-permit fees for 97 Himalayan peaks in remote Karnali and Far West regions to open new adventure tourism frontiers. Furthermore, hotel bookings in August had shown promise, with arrivals reportedly up by 22% year-on-year, indicating a positive tourism outlook.

That optimism quickly faded after the Gen Z protests erupted in early September. Hotels and travel businesses were hit hard. According to the Hotel Association Nepal, more than 20 establishments including high-profile names like the Hilton Kathmandu—were looted, set ablaze or vandalized, leading to estimated damages of around NPR 25 billion. Peak-season hotel occupancy plunged to 30-40%, when it would normally hover closer to 70%.

Yet, by mid-October, cautious optimism has started to return. New bookings from Indian, Chinese, and Western trekkers have begun to pick up, particularly for the autumn trekking and festival season. Travel agencies report improving inquiries, and the government's outreach campaigns are starting to rebuild trust. While the sector remains fragile, it is slowly regaining traction, showing that Nepal's tourism resilience built on its natural beauty and global reputation still runs deep.

Insurance

The insurance sector this quarter faced a challenging environment shaped by back-to-back natural and social crises, exposing gaps in capital adequacy and underwriting resilience. The Rasuwagadhi floods in July alone resulted in insurance claims of around NPR 840 million, while the Gen Z protests in September triggered a surge of over NPR 23 billion in claims related to property damage, business interruption, and vehicle losses. Despite the large claim volume, industry experts noted that the majority of payouts will be absorbed by reinsurers, easing the direct financial strain on local insurers. Based on past experiences such as the 2015 earthquake and 2023 monsoon disasters actual settlements often come in 30–40% lower than initial filings after technical assessments and claim validation.



However, the quarter also exposed structural weaknesses in the sector. Several insurers have missed multiple deadlines to raise their paid-up capital in line with Nepal Insurance Authority (NIA) requirements, raising concerns about capital adequacy and solvency buffers. The recent floods and unrest have also been a wake-up call for public institutions and businesses that were previously uninsured, signaling a likely rise in demand for property and business interruption coverage in the coming months. This, coupled with rising risk awareness, may lead to higher premium rates as insurers reprice exposure and strengthen reinsurance arrangements.

Microfinance

The microfinance sector this quarter showed measured improvement in regulatory flexibility, while underlying credit risks remain. The Nepal Rastra Bank (NRB) revised its dividend guidelines, now allowing microfinance institutions (MFIs) with strong financials, notably post-dividend capital adequacy above 12% and non-performing loans (NPL) below 5% to distribute up to 25% dividend. At the same time, MFIs with NPLs exceeding 15% are barred from any dividend payout under the new rules.

This policy shift signals NRB's desire to reward well-managed MFIs and encourage stronger capitalization, but it also underscores the pressure on the sector to improve asset quality and discipline lending practices. While some top-tier MFIs are now eligible for higher dividends, many institutions still lack the retained earnings or meet both criteria to benefit fully. The sector remains exposed to challenges such as rural credit risk and borrower repayment capacity in a slowing economy.



How We View | Real Estate

Although bank interest rates have fallen sharply and home loan rates are at one of their lowest points in recent years, the real estate sector's outlook remains uncertain. Lower borrowing costs have encouraged some recovery in property demand and construction activity, but recent Gen Z protests which damaged several land registration (malpot) offices have disrupted transactions and created administrative delays. Along with rising political uncertainty and growing doubts about whether the upcoming election will be held on time, these factors are likely to dampen investor confidence and slow down real estate activity in the coming months. If instability continues, the sector's early signs of recovery could lose momentum, leading to weaker transaction volumes and slower credit growth ahead. Unless political stability is restored soon, uncertainty in the real estate market is likely to persist.

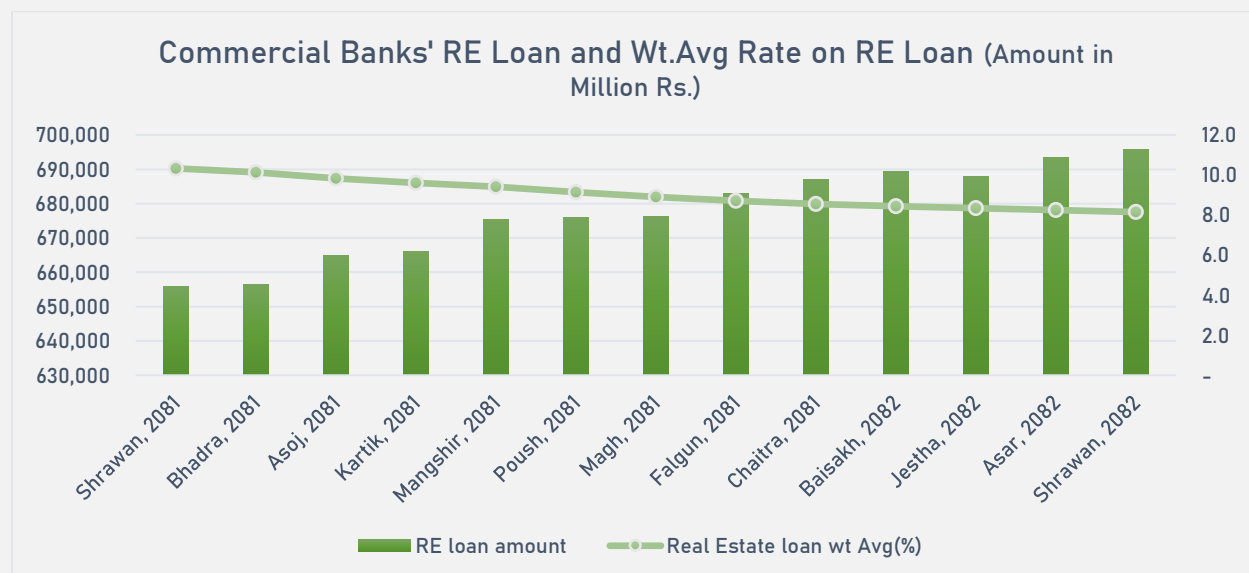
Infrastructure Development

To reduce traffic in Koteshwor, the government will build two flyovers and a tunnel with a NPR 30.8 billion JICA loan. A 600 m flyover, 700 m tunnel, and 238 m flyover will link Tinkune to Manohara using the cut-and-cover method. The project is expected to start in December 2025 and end by August 2033, under the Alignment 2K2R model approved by CAAN.

Nepal's first highway tunnel, Nagdhunga–Sisnekhola, is nearing completion, with opening expected in January 2026. Also, the Butwal–Narayanghat road upgrade (expanding lanes) is progressing well about 72 % done though the work required clearing nearly 49,830 trees, relocating utilities, and accommodating night work to speed up progress.

Nepal's road network has been under severe stress lately due to heavy monsoon rains, floods, and landslides, which have blocked or damaged key highways, disrupted connectivity, and delayed construction works.





Source: NRB

The real estate market continues to face sluggish recovery despite a decline in interest rates. As per the two-month macroeconomic report for FY 2082/83, the weighted average lending rate of commercial banks has fallen to 7.66%, marking one of the lowest points in recent years. Yet, this monetary easing has not translated into a proportional rise in credit flow — private sector credit from BFIs increased by only NPR 49.24 billion, or just 0.9%, during the review period.

Within this limited expansion, the construction and real estate segments show mixed performance. Lending to the overall construction sector grew by 2.6%, driven largely by non-residential construction (up 4.03%) and heavy construction projects such as highways and bridges (up 4.54%), reflecting ongoing public infrastructure spending and delayed project financing now coming through. However, residential construction loans fell by -1.34%, signaling continued weakness in housing demand and private development activity.

Similarly, product-wise lending data reinforces this cautious sentiment in the real estate market. While Residential Personal Home Loans (up to NPR 20 million) increased modestly by 2.35%, Real Estate Loans — which typically cover land purchases and speculative investments — declined by -1.62%. This shift suggests that buyers remain hesitant to invest in new property or land acquisitions, prioritizing smaller, need-based home financing over large-scale real estate investments.

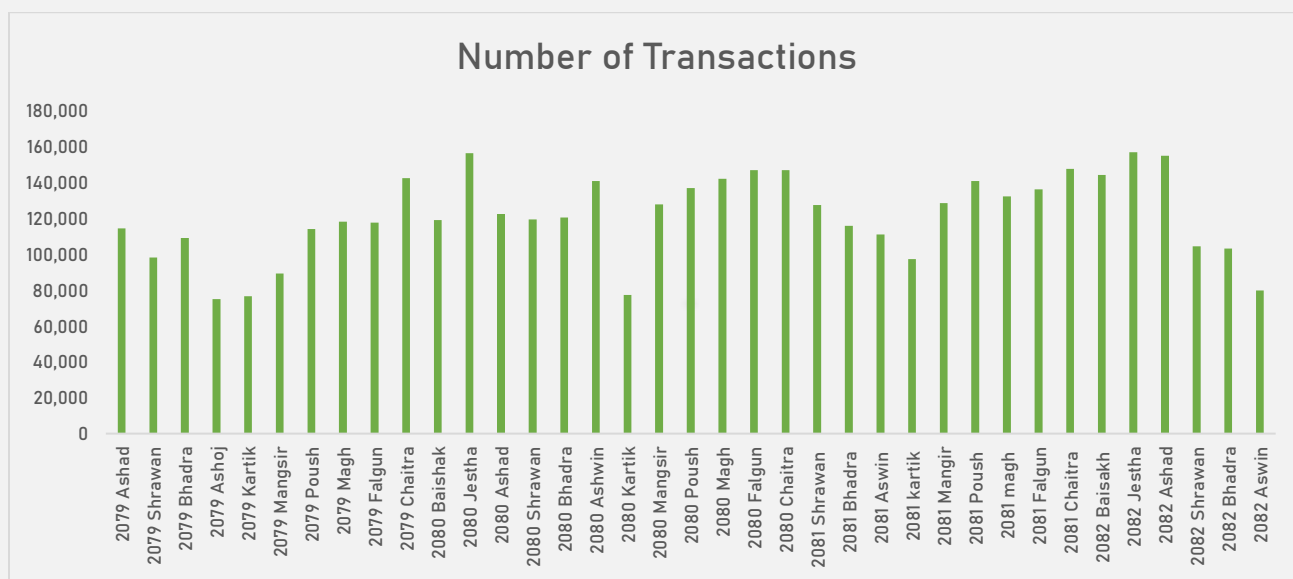


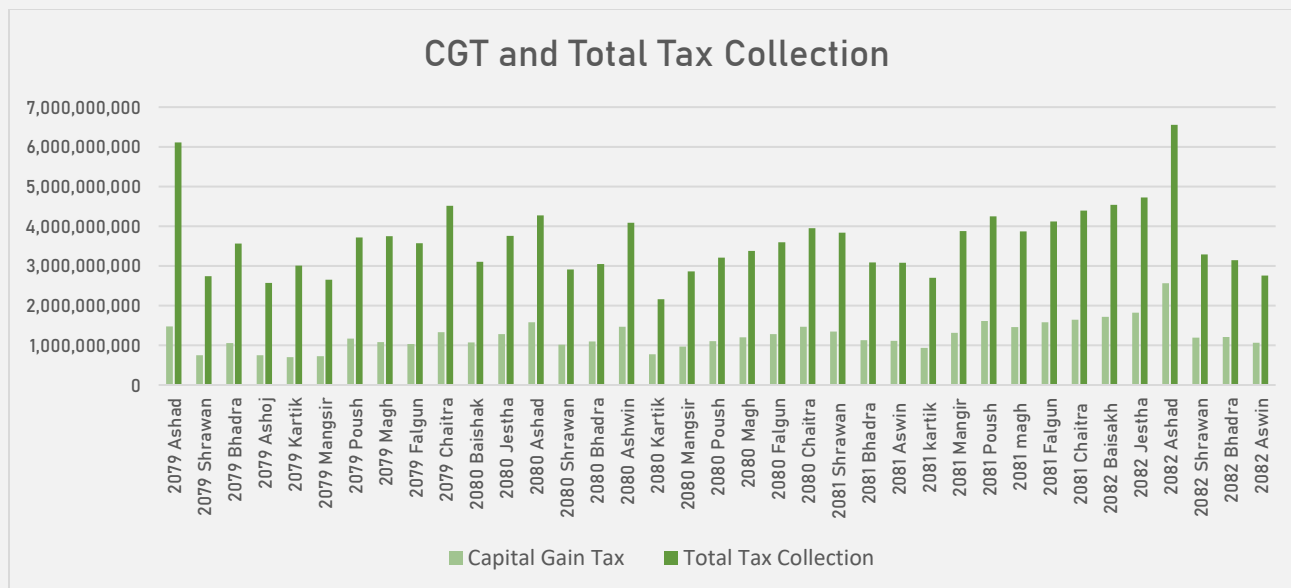
Transaction Records

Time	Number of Transactions	CGT	Total Tax collection
2082 Shrawan	104,218	1,191,199,738	3,289,138,242
2082 Bhadra	102,971	1,209,229,955	3,140,716,335
2082 Aswin	79,736	1,061,935,537	2,758,557,927

Time	Number of Transactions	CGT	Total Tax collection
2081 Shrawan	127,206	1,346,948,866	3,835,082,885
2081 Bhadra	115,642	1,131,565,113	3,090,259,152
2081 Aswin	110,848	1,116,271,769	3,081,241,481

Source: DOLMA





Source: DOLMA

The data indicates a sharp downturn in Nepal’s real estate transaction activity during FY 2082/83 compared to the same period in FY 2081/82. In 2081, monthly transactions ranged from about 110,000 to 127,000, with total tax collections consistently above NPR 3 billion. However, in the same months of 2082/83, the market experienced a clear slowdown with total transactions falling by nearly 19%. While total tax collections peaked around Ashad 2081, reflecting a typical fiscal-year-end surge, subsequent months show a clear downward trend, indicating weaker property transactions and slowing market momentum in the current fiscal year.

This decline coincides with the aftermath of the Gen Z protests, which severely disrupted land revenue and survey offices across the country, slowing administrative processes and delaying property registrations. Despite fewer sales, the average capital gain tax per transaction remained relatively stable, indicating that property prices have not fallen significantly, but liquidity and confidence in the market have weakened due to operational disruptions rather than fundamental price correction.



THIS QUARTER FOCUS

This Quarter Focus | The Gen Z Wave: Action and Aftermath

The Context: What you need to know

Building the Momentum

The ban on 26 social media platforms in Nepal on September 4 sparked a major conflict, fundamentally challenging the civil right to freedom of speech. The government had issued an ultimatum to these platforms to register in Nepal. While some companies, like TikTok registered, many others, including giants like Facebook and YouTube, refused to comply with the government's demand to control content deemed "negative" or "controversial." This move was widely seen as a blatant attempt to censor dissent and suppress critical information.

This social media ban served as a catalyst for a much larger movement, especially among Gen Z. It came on the heels of major corruption scandals, including those involving former Home Minister Ramesh Lekhak, which had already fueled public anger. Social media was flooded with videos exposing the lavish lifestyles of the children of powerful ministers and top leaders under the hashtag “#Nepobaby”. The stark contrast between the government's efforts to control information and the blatant display of wealth, widely believed to be a result of corruption, fueled public outrage.

Gen Z and other citizens began to connect the dots: the government was not only living off public money through corrupt practices but was also trying to silence those who spoke out against them. The ban, therefore, wasn't just about social media; it was the spark that ignited a deep-seated frustration over corruption and a demand for better governance and anti-corruption reforms. The protests were a clear signal that the public would not be dominated by a corrupt elite who sought to strip them of both their freedom of speech and their economic opportunities.

- **Influencers:** Multiple influencers across social media platforms played a key role in raising public awareness. They consistently spoke out against the social media ban, framing it as a direct attack on freedom of speech. Several influencers—including In-depth Story (IDS), The Nepali Comment, Why So Offended, Tanka Dahal, Sajan Shrestha, and Random Nepali persistently highlighted issues of censorship and corruption, sparking widespread discussion.
- **Prithivi Subba Gurung:** The then minister of communication and information technology was adamant no matter the public voice on ban. This aggression and ego showed the clear disregard of the minister toward the cry out of the public.



The Heart of the Movement

On September 8, thousands of youths took to the streets across Nepal. What began as a peaceful demonstration against censorship, corruption, and political privilege quickly transformed into a powerful nationwide movement. Gen Z youths — some in school and college uniforms — marched with slogans and placards demanding justice, accountability, and a better future. In the early hours, the mood was spirited but nonviolent, with crowds swelling in Kathmandu and other cities.

But as some protesters moved closer to the gates of Parliament, the security forces responded with tear gas, water cannons, rubber bullets and then live ammunition. Chaos erupted. By nightfall, at least 19 youths had been killed. Graphic footage of the violence and deaths flooded social media, sparking widespread outrage. Home Minister Ramesh Lekhak resigned. The streets, once filled with hopeful chants, turned into scenes of tragedy.

The second day of the protest, the country erupted in rage over the killings of young unarmed youths. Fueled by grief and fury, crowds turned violent in multiple cities. Government buildings, municipal offices, ruling party headquarters, and even the political leaders' residences were attacked. Several properties were set on fire, and clashes intensified and amid the chaos about 13,000 prisoners escaped nationwide — including former Home Minister and RSP leader Rabi Lamichhane, whose release later became the subject of dispute. While the core protest remained youth-led and largely peaceful in intent, it is believed that opportunistic groups may have infiltrated the movement and fueled the violence.

With the police overwhelmed, the government ordered the Nepal Army to step in and restore order. Curfews were imposed in major cities. The Army was mobilized only after 10 PM hence the damage had already been done — not just to buildings, but to the state's legitimacy. Prime Minister KP Oli had resigned earlier in the day. His exit left a political vacuum. A constitutional dilemma followed: who could lead the country when Parliament itself had lost credibility in the eyes of the youth?

- Protestors: The protests were initiated by Gen Z youths who organized through platforms such as Discord. What began online rapidly escalated into large-scale street demonstrations involving thousands of participants.
- Rakshya Bam & Miraz Dhungana: Though leaderless overall, they acted as informal coordinators. Both were early members of the Discord group and engaged with police prior to protests. Rakshya Bam engaged directly through public messaging and media advocacy, defending free-speech and coordinating youth sentiment. Miraz Dhungana amplified mobilization online, helping articulate the movement's core anti-corruption demands.
- Hami Nepal (led by Sudan Gurung): Originally a disaster relief group, Hami Nepal became the main organizing force. Leaders like Sudan Gurung, Ojaswi Raj Thapa and Rehan Raj Dangal, combined digital strategy with strong visual tactics such as school-uniform marches. They negotiated directly with the President and Army Chief, playing a decisive role in appointing Sushila Karki as interim PM,



though they refused cabinet roles to remain as watchdogs. The group is widely seen as a symbol of generational change, though critics question Gurung's political inexperience and possible external influences.

- **Nepal Army (Gen. Ashok Raj Sigdel):** Appointed Chief of Army Staff on September 9, 2025, Gen. Sigdel is credited with preventing further bloodshed. He engaged in negotiations between protest leaders, the President, and outgoing officials, facilitating the peaceful transition to the interim government. His role is widely praised for stabilizing the crisis at a crucial moment.

Post Protest Power Dynamics

The Army played the role of a mediator and facilitated high-level talks between Gen Z protest coordinators and President Ram Chandra Poudel. The youth refused to accept any party-affiliated MPs as interim Prime Minister. On Discord, names of possible candidates circulated rapidly — including Kathmandu Mayor Balen Shah, Dharan Mayor Harka Sampang, and activist Sagar Dhakal. But the consensus soon formed around Sushila Karki, Nepal's first and only female Chief Justice, known for her integrity and past legal battles against corruption.

On September 12, President Ram Chandra Poudel appointed former Chief Justice Sushila Karki as interim Prime Minister and dissolved the House of Representatives on her recommendation. The move sparked debate: Was this legally justified? Or a dangerous precedent? Either way, elections were formally scheduled for March 2026.

In the days that followed, Karki formed a technocratic cabinet:

Name	Ministry	Profile
Om Prakash Aryal	Minister for Home Affairs	Best known for his work in public interest litigation (PIL), anti-corruption activism, and human rights advocacy.
Kulman Ghising	Minister of Urban Development; Minister of Energy, Water Resources & Irrigation; and Minister of Physical Infrastructure & Transport	Best known for ending the decades-long electricity load-shedding crisis in Nepal
Rameshore Prasad Khanal	Minister of Finance; and Minister of Federal Affairs & General Administration	Best known as a respected economist and former Finance Secretary of Nepal, recognized for his integrity, fiscal discipline, and pivotal role in shaping Nepal's macroeconomic policies
Anil Kumar Sinha	Minister of Industry, Commerce & Supplies; Minister of Law, Justice & Parliamentary Affairs; and Minister	A former Supreme Court Justice, is known for his expertise in constitutional law, tax policy, and landmark judicial rulings in Nepal



	of Land Management, Cooperatives & Poverty Alleviation	
Mahabir Pun	Minister of Education, Science, and Technology	Best known for pioneering rural internet access in Nepal and founding the National Innovation Center to promote homegrown research and technology.
Madan Prasad Pariyar	Minister of Agriculture and Livestock Development	Best known for championing land rights and inclusive agricultural development for marginalized communities in Nepal
Jagdish Kharel	Minister for Communications & Information Technology	Best known as a former investigative journalist and host of Hot Seat, where he gained prominence for his sharp interviews with politicians
Dr. Sudha Gautam	Minister of Health & Population	A senior obstetrician-gynecologist and former Health Secretary (2008–2011), known for leading major medical institutions and professional bodies in Nepal and South Asia.
Bablu Gupta	Minister of Youth & Sports	A social activist and leading member of the Hundred Group, known for his grassroots volunteering and long-standing community engagement

As of October 27, 2025

The formation of a technocratic cabinet under Sushila Karki marked a rare moment of unity and resolve in Nepal's recent history. Led by figures known for integrity, innovation, and public service, the interim government stands in sharp contrast to the political status quo. But its time is limited — just six months to stabilize the country, rebuild public trust, and prepare for a pivotal election in March 2026. Whether this becomes a turning point depends on what follows. The same youth who brought down a government will soon choose the next one — and that choice could shape Nepal's future for decades.

Economic Aftershocks

Rameshore Prasad Khanal: Leading Nepal's Economic Recovery

Rameshore Prasad Khanal is a respected economist and former top government official, now serving as Nepal's interim Finance Minister. He studied commerce and business administration at Tribhuvan University and is a certified cost and management accountant from India.

Khanal has spent most of his career in Nepal's finance and public administration system. He worked in key areas like revenue policy, budgeting, public spending, and procurement. He also served on the boards of Nepal



Rastra Bank, Agricultural Development Bank, Nepal Electricity Authority, Nepal Airlines, Nepal Telecom and others. For over 16 years, he also taught finance and accounting in colleges.

He is best known for his time as Secretary at the Ministry of Finance, where he focused on raising government revenue and improving transparency in public accounts. More recently, he led a high-level reform team that developed a detailed plan to improve Nepal's economy — a plan that earned him national respect.

Khanal brings two rare strengths to this critical moment. First, he knows how the finance ministry really works — from the systems and rules to the people and problems inside it. Second, he already has a clear reform plan that's ready to put into action. With only six months to make an impact, his experience allows him to act immediately without a learning curve — a crucial advantage for Nepal's economic recovery. But the scale of the crisis he inherits is unprecedented. The protests left behind widespread destruction — of infrastructure, institutions, and public trust. Rebuilding won't just be about fixing what was broken; it will require smart spending, strong coordination, and careful prioritization in the face of limited time and resources.

Reconstruction Needs After the Gen-Z Protests: An Emerging National Challenge

The Gen-Z movement, while politically transformative, has left Nepal confronting one of the gravest episodes of physical and economic destruction in its modern history. In the span of just a few days in September 2025, protests and arson spread nationwide, engulfing government ministries, private businesses, critical infrastructure, hotels, banks, and even schools and courts. Ministries and municipalities are still compiling official assessments, yet early evidence from industry associations, insurers, and business groups already underscores the magnitude of the reconstruction challenge that lies ahead.

Government and Administrative Offices

The most visible casualties were government institutions. Within Singha Durbar, the Prime Minister's Office, Home Ministry, and Education Ministry were majorly affected, while the Health Ministry at Ramshah Path was completely gutted. Provincial assemblies and hundreds of municipal and ward offices across the nation, including in cities like Pokhara, Biratnagar, Dhangadhi and Bharatpur sustained heavy damage. Reconstruction in this category is not just about bricks and mortar but about restoring public service delivery, record-keeping, and the credibility of state capacity itself. Equally urgent is the restoration of judicial and administrative functions, without which law and order remain precarious.

Security and Public Order Facilities

Security installations also came under targeted attack: police offices and units were among those hardest hits, with over 110 buildings fully destroyed and nearly 100 more partially damaged in the Kathmandu Valley alone. In addition, 117 four-wheeled police vehicles were completely destroyed, four sustained partial damage, and 158 two-wheelers were damaged, significantly undermining mobility. Rebuilding these is central to re-establishing rule of law and renewing citizen trust in the state's capacity to provide safety.



Hotels and Tourism Infrastructure

Tourism, Nepal's lifeline for foreign exchange and employment, was severely affected. The Hotel Association Nepal (HAN) confirmed that around two dozen hotels—including five-star brands such as Hilton and Hyatt—suffered damage, with sectoral losses estimated at over NPR 25 billion. Hilton Kathmandu alone has been cited with losses exceeding NPR 8 billion. These figures are not just private balance-sheet concerns but represent setbacks to Nepal's tourism earnings, employment generation, and global competitiveness.

Commercial Businesses and Retail

The country's retail and corporate backbone was systematically targeted. Bhatbhateni supermarkets lost 12 outlets completely, with another nine vandalized and looted. Chaudhary Group's Satungal Digital Park, multiple car showrooms in Thapathali, Ncell's headquarters, the Kantipur Media Complex, Annapurna Post's corporate tower, Chandragiri and Maula Kalika cable cars, and numerous auto showrooms were either vandalized or destroyed. The Federation of Nepalese Chambers of Commerce and Industry (FNCCI) has already warned of "losses worth billions" and anticipates a direct hit to government revenue and employment if these enterprises remain shuttered.

Financial Institutions and Insurance

The financial sector has not been spared. At least 68 bank branches and 69 ATMs were destroyed, with reports of stolen cash and gold. Non-life insurance companies are already grappling with nearly NPR 23 billion in claims—the largest since the 2015 earthquake—placing enormous stress on insurers and reinsurers alike. The fiscal burden will ripple across balance sheets, as payouts exceed even those triggered during the COVID-19 disruption.

Private Residences and Political Homes

The homes of prominent political leaders—including Prachanda, KP Sharma Oli, Sher Bahadur Deuba, Narayan Kaji Shrestha etc. —were burned or looted, alongside dozens of private residences in several districts. Accumulating multiple sources report that 100~ homes were destroyed. The reconstruction of private housing alone could run into tens of billions of rupees, further straining household wealth and the banking system.

Education and Cultural Assets

The education sector also bore heavy losses. Ullens School in Lalitpur and Global College were burned to the ground, while Xavier International and Nightingale School saw their ICT labs and classrooms vandalized. QFX Cinemas has reported losses of NPR 170 million across multiple outlets. Cultural heritage sites, including Babar Mahal Durbar—recently rebuilt at a cost of NPR 860 million after the 2015 earthquake—suffered damage again. These losses disrupt both the education system and the cultural continuity that supports social resilience.



Vehicles and Equipment

The destruction of vehicles was extensive. Kathmandu Valley alone lost 1,042 government vehicles, with hundreds more reported destroyed in districts such as Kailali, Dang, and Birgunj. Factoring in fire trucks, graders, compactors, and other municipal equipment, replacement costs could easily exceed NPR 4 billion. The loss of specialized service vehicles worsens the disruption to utilities, waste management, and emergency response.

Infrastructure and Utilities

Core infrastructure also came under siege. The Kakarbhitta dry port was gutted, while Biratnagar and Bhairahawa customs facilities reported significant damage. Customs offices in Mechi, Bhadrapur, Kailali, and Janakpur were described as total losses. Traffic signals, telecom towers, and electricity supply systems were vandalized, while the Department of Transport reported losses of over NPR 3 billion. These impacts cut to the heart of trade facilitation, logistics, and public services.

Comparative Perspective

The scale of the destruction invites comparison with Nepal's last major disaster, the 2015 Gorkha earthquake. The Post-Disaster Needs Assessment (PDNA) then estimated reconstruction costs at NPR 669 billion, later revised down to NPR 425 billion. By contrast, early tallies of the Gen-Z protests—spanning government ministries, municipal offices, hotels, supermarkets, banks, and utilities—economists suggest a reconstruction bill around NPR 3 trillion. That is nearly equivalent to one and a half years of Nepal's total national budget, or roughly half of the country's GDP. Unlike the earthquake, however, this is a man-made crisis, and international donor support is likely to be more limited, leaving a disproportionate share of costs to be shouldered by government budgets, insurers, and the private sector.

The Insurance Shockwave: Assessing the Financial Toll of Insured Losses

The Gen Z protests have triggered a financial shockwave across Nepal's insurance sector, with gross insured losses reaching a magnitude comparable to the 2015 earthquake. This unprecedented volume of claims related to social and political unrest is placing significant capital strain on domestic insurers and reinsurers. The widespread arson, vandalism, and looting during the September protests led to the realization of Riot, Strike, Malicious Damage, Sabotage, and Terrorism (RSMDST) policy extensions, which typically cover private commercial and industrial properties.

Based on preliminary reporting, the gross insured losses from the protests across various companies total approximately NPR 23.22 billion. Given the relatively small size of Nepal's non-life insurance market, this outsized proportion of losses ensures a direct and material impact on the market's profitability, resulting in expected erosion of earnings and capital buffers. The five largest claims alone account for over NPR 16.9 billion.



Role and Coverage of the Catastrophe Reserve

Insurance companies in Nepal are legally required to maintain a dedicated Catastrophic Fund, designed to absorb extraordinary losses from large-scale, low-frequency events. However, the claims generated by the unrest have severely dwarfed this accumulated domestic buffer.

The current total Catastrophe Reserve held by the listed companies amounts to approximately NPR 2.14 billion. In relation to the gross insured losses of NPR 23.22 billion, the reserves cover roughly 9.2% of the total claims. This significant shortfall underscores the primary function of these reserves—to handle initial claims and retention limits—while highlighting the necessity of transferring the vast majority of the risk to the reinsurance market. Non-life insurers, for example, are mandated to manage catastrophe reinsurance for retained and excess liabilities, with retention limits capped at 10% of their net worth.

Risk Mitigation through Reinsurance

The insurance industry relies on reinsurance to manage risks that exceed the capacity of individual insurers, a practice mandated by the Insurance Act, 2079. Since the total claims far outweigh the domestic reserves, the overwhelming bulk of the liability will be transferred to the global reinsurance market.

Nepali insurers are required to have adequate reinsurance arrangements in place before issuing policies that cover risks exceeding their own retention capacity. As the RSMDST losses become concrete, the financial burden is passed up the risk chain, allowing primary insurers to remain solvent and continue operations by recovering losses from their international reinsurance partners. This reliance on global reinsurance is the core mechanism that prevents the domestic catastrophe from leading to systemic failure within the primary insurance market.

Mitigating Risk for Domestic Reinsurance Companies

While primary insurers transfer their liabilities, the domestic reinsurance companies will inevitably absorb a substantial portion of the losses, leading to short-term capital pressure. Domestic reinsurers must manage this exposure, particularly the retention of RSMDST risks that were activated by the protests.

To mitigate their risk, domestic reinsurers utilize retrocession—reinsurance purchased by a reinsurance company. By placing their own retained risks (the portion of the claims they cannot absorb) with global retrocessionaires, the domestic company alleviates financial strain and protects its capital buffer. Without these retrocession arrangements, the domestic reinsurer's ability to withstand subsequent major shocks would be severely reduced.

The silver lining in this catastrophe is the potential for long-term growth in the insurance market. The widespread activation of RSMDST clauses has served as a powerful, albeit costly, lesson in risk management. This sudden, high-profile demonstration of the value of business and property insurance is expected to significantly increase risk awareness among the private sector, potentially driving higher future insurance penetration and premium growth across the country.



Debt Management amidst the Chaos

This catastrophe has fundamentally altered Nepal's sovereign debt trajectory, pushing its already stressed balance sheet toward a critical inflection point. Prior to the September crisis, the nation's total public debt stood at NPR 2.68 trillion, representing 43.86% of the FY 2081/82 GDP of NPR 6.11 trillion. The government had planned a borrowing program of NPR 595 billion for FY 2082/83. This pre-crisis debt plan is now entirely obsolete. The sheer scale of destruction guarantees that Nepal must dramatically increase its borrowing simply to reconstruct essential government infrastructure and stabilize the shattered private sector. A stagnant or near-zero growth rate means that the Debt-to-GDP ratio will rise not only because the government must borrow more (the numerator effect) but also because the nation's economic output is barely expanding (the denominator effect).

Double Whammy: LDC Graduation After the Uprising

Nepal is set to graduate from Least Developed Country (LDC) status in November 2026. Even in normal times, Nepal's exit from LDC status would have posed major economic risks. But after the Gen Z protests, losing LDC privileges could be economically devastating. It would mean reduced trade benefits and fewer grants forcing Nepal to rely more on debt it can't afford. Ironically, not graduating from LDC status now makes financial sense. The country needs large-scale grants to rebuild public infrastructure without worsening its NPR 2.68 trillion debt burden. Grants are the only way to inject capital fast without adding pressure on debt servicing. By retaining its LDC classification, Nepal can secure continued economic aid and concessional support from global partners turning the crisis into a case for financial assistance. In effect, maintaining LDC status becomes a strategic tool for managing sovereign risk during a fragile recovery.

Austerity Measures for Fiscal Discipline

In response to mounting fiscal pressure, the government has introduced targeted austerity measures aimed at cutting unnecessary expenses and enforcing discipline in public spending. These include a hiring freeze (with exceptions for essential technical roles), termination of temporary staff, a ban on non-critical vehicle purchases, and withdrawal of housing allowances for employees who already own homes. Additionally, small-scale provincial and local projects have been paused, and contingency allocations for large capital projects have been reduced to just 2–3%. These steps are designed to free up resources for priority areas like reconstruction and electoral preparation while signaling a commitment to responsible governance.

Nepal Rastra Bank Offers Financial Relief to Stabilize Private Sector

As the Finance Ministry enforces spending discipline, Nepal Rastra Bank has stepped in with targeted monetary support to help businesses recover from recent unrest. A new circular outlines measures to ease financial strain, support operations, and protect jobs in the most affected sectors:

- **Loan Restructuring and Rescheduling:** Banks and financial institutions are permitted to restructure and/or reschedule loans for borrowers directly affected by the Gen Z movement, as well as those with



proven forward or backward economic linkages to the affected entities. This provision must be completed by mid-January 2026 (Poush end, 2082). Crucially, these restructured loans will retain their asset classification status as of mid-July 2025 (Asar end, 2082), temporarily shielding them from automatic default classification due to the crisis.

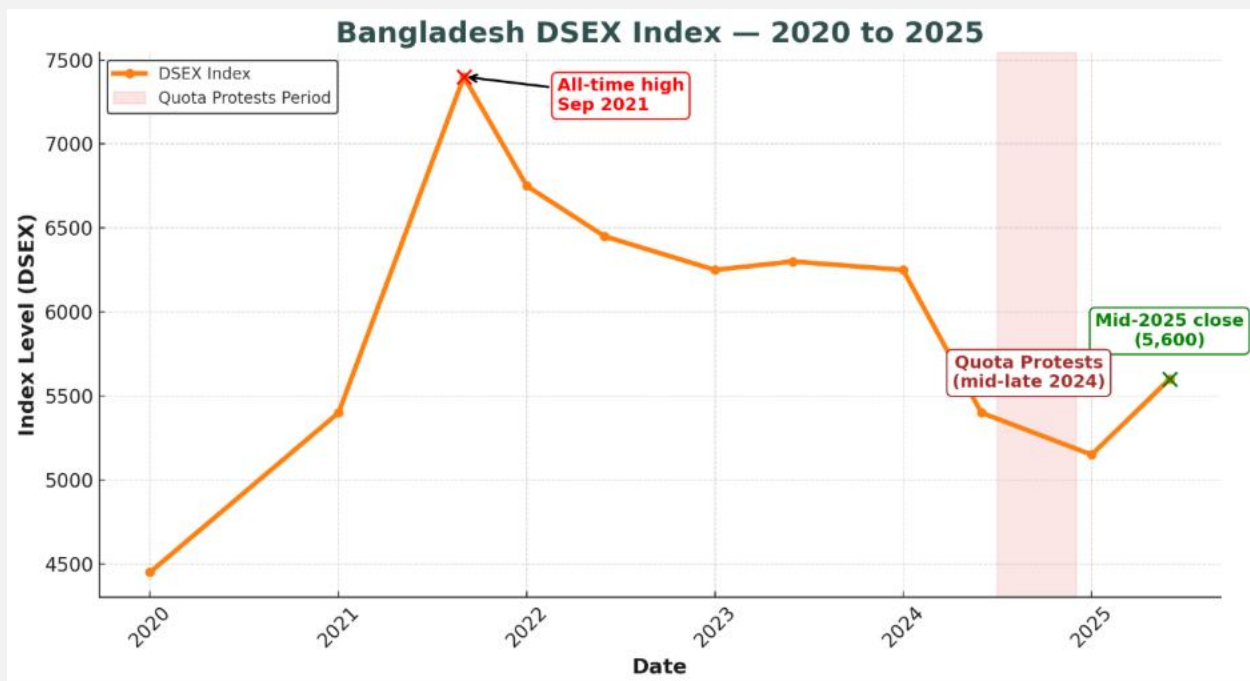
- **Concessional Rehabilitation Financing:** For businesses seeking capital to rebuild and resume operations, the NRB has capped the lending rate for rehabilitation loans. Financial institutions may only apply a maximum premium of 0.5 percentage point above their base rate for these loans.
- **Payroll Protection Scheme (PPS):** To prevent widespread job losses, the government has introduced the Payroll Protection Scheme. Under this scheme, employers can secure loans at a concessional interest rate (maximum premium of 0.50% over the base rate) to ensure employees continue receiving remuneration. The government will further provide a 2% interest subsidy on the rate of these loans for up to six months. Applications for this scheme must also be submitted by mid-January 2026 (Poush end, 2082).
- **Vehicle Replacement Financing:** Recognizing the extensive damage to commercial assets, the central bank has relaxed the Loan-to-Value (LTV) ratio for commercial vehicle replacement. Affected businesses can now secure up to 80% financing (an increase from the standard 60%) for replacing damaged commercial transport vehicles.

These measures collectively aim to inject necessary liquidity and financial flexibility into the system, stabilizing business balance sheets while the private sector focuses on reconstruction. Additionally, the BFIs will be able to maintain the asset quality of affected loan portfolios.

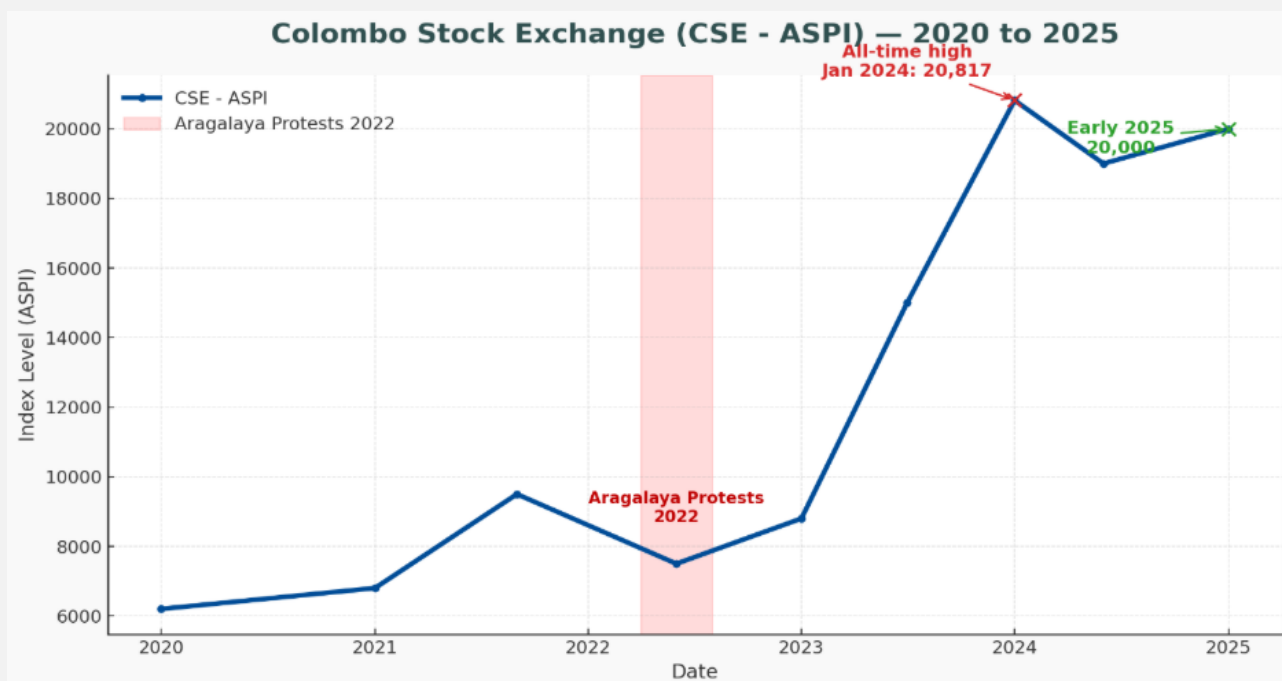
Stock Market

Protests and political unrest often leave deep marks on stock markets. In some cases, they trigger sharp declines, drying up liquidity, shaking investor confidence, and leaving entire sectors vulnerable to prolonged stress. In other cases, the same unrest becomes a turning point—forcing leadership change, unlocking reforms, and laying the foundation for a historic market rebound. Whether protests damage markets for years or spark dramatic recoveries depends less on the unrest itself and more on the reforms, stability, and confidence that follow.





Bangladesh’s stock market story after the 2024 protests is a cautionary tale of how political unrest, without a stabilizing reform path, can cause long-lasting economic scars. The Dhaka Stock Exchange (DSEX) fell sharply to around 5,022 by April 2025, one of its lowest points in recent times. Trading volumes also slumped, reflecting shaken investor confidence. With factory closures, disrupted supply chains, and nervous foreign investors, recovery has been slow and fragile. Even deep into 2025, many listed companies continue to be viewed as risky or unstable, and overall market sentiment remains stuck in uncertainty.



Sri Lanka, by contrast, shows how protests can serve as a painful reset that unlocks reforms and market revival. After the dramatic July 2022 storming of government buildings and the president's resignation, the Colombo Stock Exchange (CSE) initially dipped but then rebounded strongly. With an IMF \$3B bailout, debt restructuring, and fiscal reforms, the CSE surged nearly 165% from its 2023 lows and reaching a record 21,778 on September 30, 2025, an increase of around 83% year-on-year and still climbing.

The lesson for Nepal is clear: after the Gen Z protests, the short-term reality should resemble Bangladesh—economic disruption, damaged infrastructure, shaken investor confidence—but the long-term path can be Sri Lanka's if political stability, credible elections, and bold reforms follow. If the protests become a catalyst for transparency, accountability, and economic restructuring, Nepal too could turn crisis into an opportunity for a historic market and economic rebound.

The New Political Order

The Gen Z protest has reshaped Nepal's political landscape. For decades, power was concentrated in three major parties led by aging leaders. Now, that era has been disrupted. On September 12, 2025, President Ram Chandra Poudel appointed former Chief Justice Sushila Karki as interim Prime Minister — the first woman ever to lead Nepal's government. Acting on her recommendation, the President dissolved the House of Representatives and announced early federal elections for March 5, 2026. Whether this momentum leads to lasting change or fades into politics as usual will depend on what unfolds in the months ahead.

The interim government's arrival has energized youth, independents, and smaller parties. We could see the rise of new political forces, much like in Sri Lanka, where protests catapulted a third party into relevance. In Nepal, popular figures may form new parties, but many of these groups will likely be small in size and influence. On their own, they may struggle to win significant seats making unity and coalition-building essential if they are to challenge the established parties.

But while new and smaller parties may rise, the established forces are far from finished. They still command entrenched patronage networks, nationwide organizations, and deep ties to state institutions. Sensing the pressure, old parties are starting to adapt. Maoist leader Pushpa Kamal Dahal has called for major restructuring of his party, aiming to bring in younger and more diverse voices. Within the Nepali Congress, senior members are demanding leadership change through a special convention. These moves show that even the established parties realize they need to reinvent themselves to survive.

Still, being new doesn't guarantee success. The Rastriya Swatantra Party's missteps during the protests showed how quickly credibility can collapse. The resignation of Sumana Shrestha further exposed internal cracks. Whether more departures will follow — in RSP or other parties — remains to be seen. Right now, everything is in flux, and the real test is whether any party can genuinely break from old habits.

Nepal's transition, however, may not be determined by domestic politics alone. External powers like China, India, and the U.S. are closely watching and could attempt to shape outcomes — by brokering alliances,



exerting pressure, or backing certain actors behind the scenes. Their involvement could complicate Nepal's already fragile path, blurring the line between internal reform and outside influence.

But one thing seems certain: the upcoming election will see record youth turnout. Gen Z and Millennials together now make up more than half of Nepal's population, and most will be eligible to vote. According to the 2021 Census, Gen Z alone (born between 1997 and 2012) accounted for 31% of the population and by 2026, nearly all will be of voting age. Political parties can no longer afford to ignore this rising demographic. To stay relevant, they'll need to engage younger voters, offer fresh leadership, and speak about real issues, not just make promises.

Yet, even as this new generation prepares to shape Nepal's future, the path to the election remains uncertain. The decision to dissolve Parliament and call early elections, though aligned with protesters' demands, has created constitutional confusion. Critics argue the interim government should have focused on restoring order, not cutting Parliament's term short. Nepal's Constitution offers little guidance in situations where governments collapse under public uprisings, and this grey area has already sparked legal and political debate. Some even warn the Supreme Court could reinstate the dissolved House, as it did in 2021, which would postpone elections and restore continuity for established parties but risk being seen as a betrayal of the protest movement. This uncertainty underscores the need for constitutional reform to avoid such ambiguity. Either way, the struggle between legality and legitimacy will define Nepal's path forward.

Meanwhile, the Election Commission of Nepal (ECN) is under immense pressure. With barely six months on the clock, it faces the enormous task of delivering a free and fair election in a country still reeling from unrest and damaged infrastructure. Voter lists must be updated, campaigns regulated, and polling security ensured, all within a compressed timeline and under the sharp eyes of a skeptical, energized public. Every delay or mistake could trigger new protests.

On top of this, resources are tight. In 2022, Nepal spent around NPR 7 billion on Lower House and provincial assemblies' elections, and this time the bill is expected to climb even higher. The interim government must not only find the funds but also manage them transparently to avoid controversy. Yet money is only one part of the problem. Weak enforcement of campaign spending limits means wealthier candidates can outspend rivals, and the persistent threat of vote-buying raises doubts about whether the election will truly be fair. Time is short, money is tight, and the margin for error is vanishingly small.

If the elections fail to take place on schedule, Nepal could enter a serious constitutional crisis. The interim government's legitimacy is tied to the March deadline, and delays could deepen instability, fuel new waves of protest, and erode trust in democratic institutions. The repercussions would extend beyond politics: donor trust and international credibility would erode, threatening the country's fragile path to economic recovery. In essence, March 2026 stands as a defining crossroads — either a moment of national renewal or the beginning of prolonged paralysis. Amid this uncertainty, some voices are even advocating a return of the monarchy to restore order. Whether Nepal's next chapter will be shaped by old parties, emerging leaders, or royal revival remains to be seen.



