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:

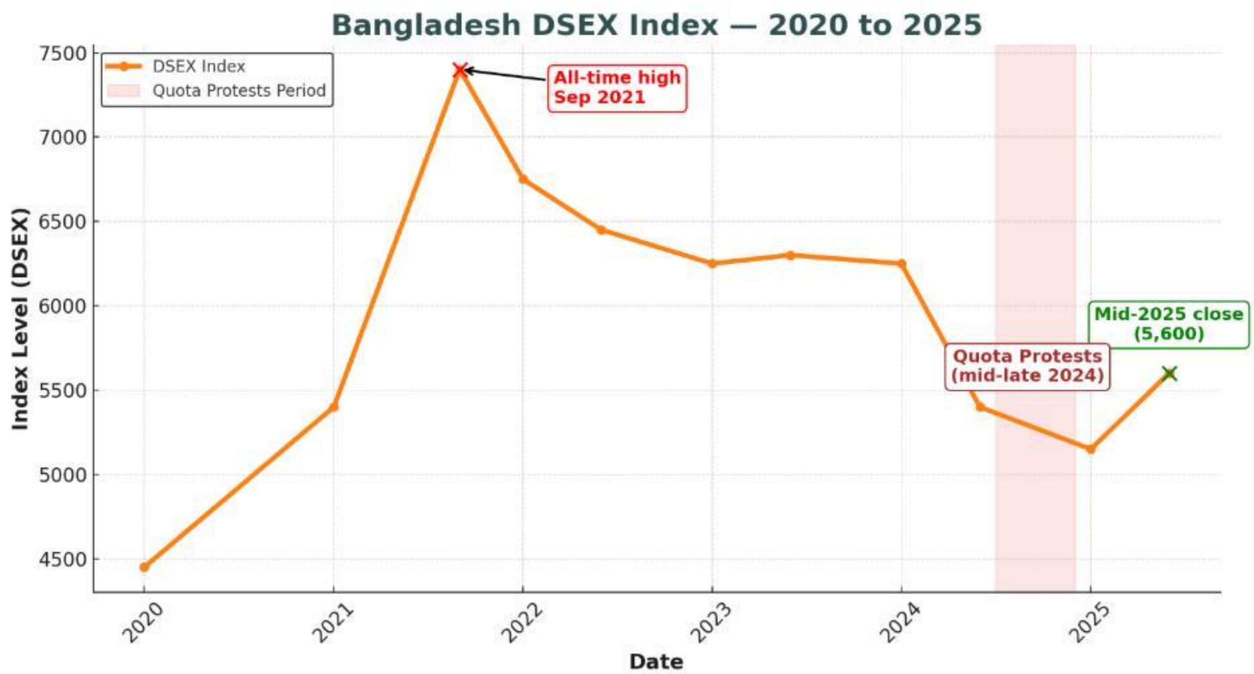
- Loan Restructuring and Rescheduling: Banks and financial institutions are permitted to restructure and/or reschedule loans for borrowers directly affected by the Gen Z movement, as well as those with proven forward or backward economic linkages to the affected entities. This provision must be completed 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.

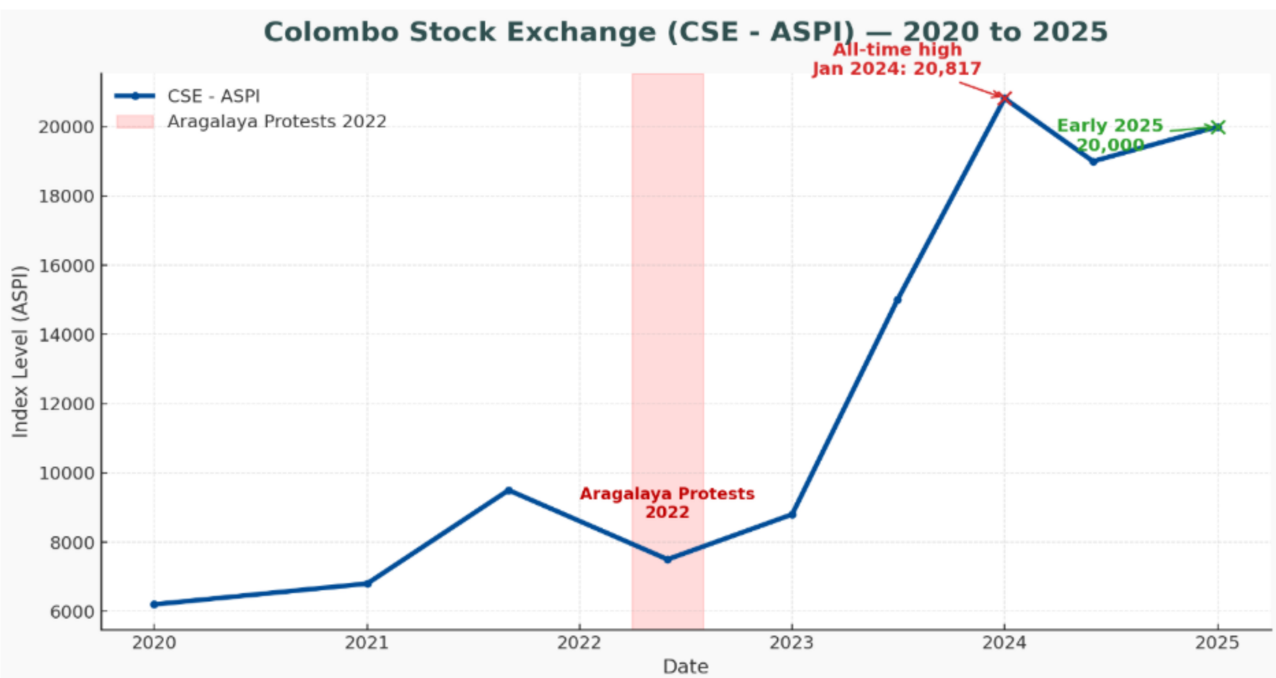
These measures collectively aim to inject necessary liquidity and financial flexibility into the system, stabilizing business balance sheets while the private sector focuses on reconstruction. Additionally, the BFIs will be able to maintain the asset quality of affected loan portfolios.

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.