

A New Nepal: Immediate Challenges and a Foreign Policy Reset

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Six months after the 'Gen-Z revolution', on 5 March Nepal conducted its first general elections since Parliament was dissolved and former PM Oli's government was overthrown in protests that morphed into violent riots. In the first round of results, the Rastriya Swatantra Party (RSP)—a relatively new and 'anti-corruption' political party formed in 2022—[has won](#) 125 of the 165 directly elected seats.

This feat has been widely credited to the 35-year-old former Kathmandu mayor and rapper-turned-politician Balendra (Balen) Shah, who joined the RSP in January this year and was quickly declared the party's prime ministerial candidate. Balen also made a point of contesting from Oli's home constituency, where he [defeated](#) the former PM by nearly 50,000 votes.

In the count for proportional-representation seats, which make up the rest of the 275-seat chamber, the RSP appears to hold a

wide advantage and may be on track to win a two-thirds supermajority. Such a feat has been achieved only once before in Nepali politics, when the Nepali Congress won a comparable mandate in 1959 after leading an insurrection that toppled the Nepali monarchy, albeit temporarily.

The election results decisively confirm that Gen-Z's open revolt against the old guard of Nepali politics was not merely a spontaneous reaction to the violence of 8 September, but rather the product of irreparable and widespread public frustration with endemic corruption and persistent governance failures, held across age and social groups. The scale of RSP's victory—and inversely, the dramatic collapse of the three traditional parties—is a clear manifestation of this sea-change and carries substantial implications for Nepal's domestic and foreign policy trajectory.

To begin with, Nepal's near-permanent political instability may have ended—at least for the next five years. In the past 17 years, 15 coalition governments have taken office in Kathmandu, and not one completed a five-year term. With its sweeping mandate, Balen's administration now has the political space to pursue key electoral, political, and even constitutional reforms proposed in the [agreement](#) between the interim government and Gen-Z representatives, which the RSP supported and campaigned on. Indeed, the scale of the RSP's victory comes with high expectations for swift delivery.

At the same time, however, constitutional reforms in particular remain contested within Nepali politics, and the new government will first need to gauge and build consensus. This is significant because the RSP does not yet control the Upper House of Parliament and may take some time to do so. The chamber could theoretically block reform efforts, especially if it senses considerable public disagreement. Meanwhile, a system of political patronage has been historically and deeply embedded within the Nepali bureaucracy, and the extent to which existing alliances will shift remains somewhat of an

open question. If Balen's administration fails to overcome these hurdles, public disenchantment could emerge as rapidly as the party's rise.

An even more immediate task for the new government will be navigating the crisis in West Asia, with its energy-price implications for Nepal's dormant economy and, perhaps more importantly, the safety of nearly 1.7 million Nepalis who live and work in Gulf countries. At least one Nepali has already [died](#) in Abu Dhabi, and the interim government has begun coordinating rescue efforts. If the war escalates and evacuation efforts expand, Kathmandu may have to seek help from India and/or China.

Meanwhile, the foreign policy template in Kathmandu has been completely reset. Balen, or indeed anyone from the RSP, has no diplomatic experience whatsoever. Both China's longstanding bet on Nepal's communist parties and India's historic influence over the Nepali Congress have unraveled.

The Indian strategic community has highlighted the absence of anti-India sentiment in Nepal's electoral campaigns and appears [cautiously optimistic](#) about a younger generation of leadership. The assumption is that this leadership may be more progressive in its economic views and therefore pragmatic about cooperation with New Delhi. While the RSP's manifesto has [emphasized](#) 'balanced foreign relations', it is noteworthy that Balen's own election manifesto for the Jhapa-5 constituency [removed](#) a key BRI project, the Damak Industrial Project, located in former PM Oli's stronghold.

On the other hand, the Indian media has resurfaced Balen's [numerous controversial remarks](#) from 2023 onwards, such as a proposed ban on Indian movies after a controversy over the birthplace of a Hindu goddess, and the display of a "Greater Nepal" map (which included Indian territories) in his mayoral office. Balen later refused to apologize for the map but clarified it as a "historical map", framing it as a

symbolic response to the “cultural” map of *Akhand Bharat* displayed in the Indian Parliament.

In a viral Facebook post last year, Balen [wrote](#): “F**k America, F**k India, F**k China, F**k UML, F**k Congress, F**k RSP, F**k RPP, F**k Maobaadi...” Notably, he deleted the post within 30 minutes and has since joined the RSP.

Balen’s numerous controversies are indicators of an erstwhile populist strategy in place that emphasized anti-establishment sentiment with a boisterous tone. This posture extended to hostility towards both New Delhi and Beijing’s influence over Kathmandu. For instance, in 2023, Balen [described](#) the Nepali government and courts as ‘Indian slaves’. That same year, as Kathmandu’s mayor, he [cancelled](#) a trip to China to protest Beijing’s non-recognition of Nepal’s new map.

Much like Bangladesh, the Nepali polity under Balen will now seek greater emphasis on terms such as ‘respect’, ‘dignity’, and ‘equity’. In the short run, the PM will likely have greater leverage than previous governments in dealing with both India and China. Balen conceives of Nepal as an economic bridge rather than a buffer, an idea that could align more closely with Chinese interests and may therefore generate caution in New Delhi, given India’s longstanding strategic stakes in Nepal.

At the same time, New Delhi’s calibrated response—one of acceptance—to the Gen-Z protests in Nepal, and its subsequent support of Karki’s interim government, stood in stark contrast to its reaction and approach to similar events in Bangladesh and the Yunus-led interim government. Therefore, India is much better placed to forge a fresh relationship with Nepal.

In this context, and to gain a head start over Beijing in the contest for influence, New Delhi will likely be enthusiastic in its engagement with Kathmandu’s new political leadership. It may also attempt to avoid the perception of external

preference, which in the past has imposed high political costs on the India-Nepal relationship. Whether Kathmandu will reciprocate remains an open question.