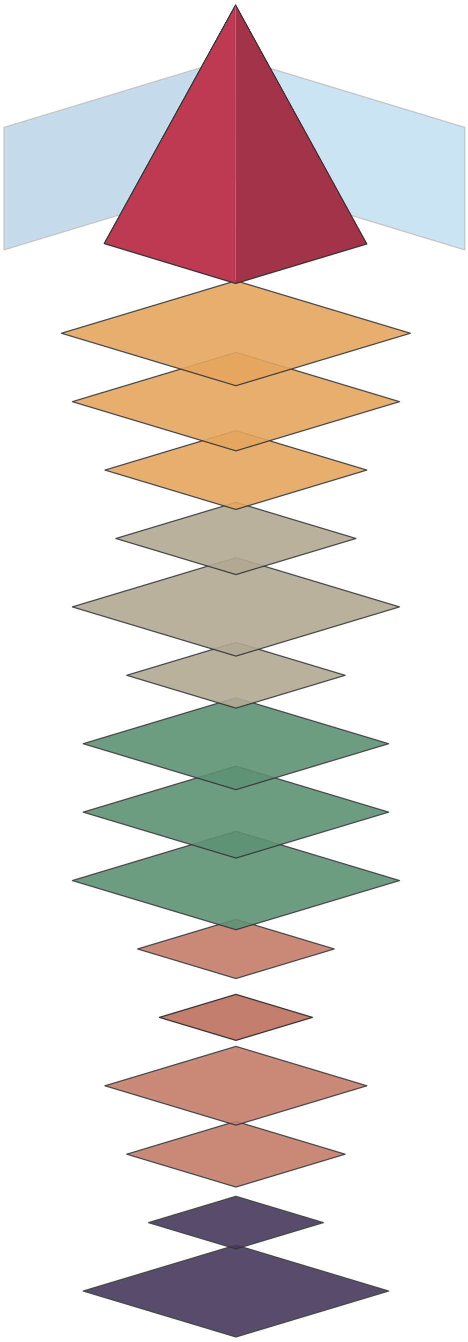
GLOBAL ORGANIZED CRIME INDEX

GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME

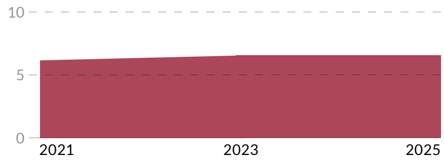
NEPAL



6.63 ↗0.07

CRIMINALITY SCORE

27th of 193 countries -
10th of 46 Asian countries ↗1
2nd of 8 Southern Asian countries -



CRIMINAL MARKETS	6.07	↗0.03
HUMAN TRAFFICKING	8.00	0.00
HUMAN SMUGGLING	7.50	0.00
EXTORTION & PROTECTION RACKETEERING	6.00	↘0.50
ARMS TRAFFICKING	5.50	↘0.50
TRADE IN COUNTERFEIT GOODS	7.50	0.00
ILLICIT TRADE IN EXCISABLE GOODS	5.00	↗0.50
FLORA CRIMES	7.00	0.00
FAUNA CRIMES	7.00	0.00
NON-RENEWABLE RESOURCE CRIMES	7.50	0.00
HEROIN TRADE	4.50	0.00
COCAINE TRADE	3.50	↘0.50
CANNABIS TRADE	6.00	0.00
SYNTHETIC DRUG TRADE	5.00	↗0.50
CYBER-DEPENDENT CRIMES	4.00	↗1.00
FINANCIAL CRIMES	7.00	0.00

CRIMINAL ACTORS	7.20	↗0.10
MAFIA-STYLE GROUPS	5.50	0.00
CRIMINAL NETWORKS	7.50	0.00
STATE-EMBEDDED ACTORS	8.00	↗0.50
FOREIGN ACTORS	7.50	0.00
PRIVATE SECTOR ACTORS	7.50	0.00

This project was funded in part by a grant from the United States Department of State.

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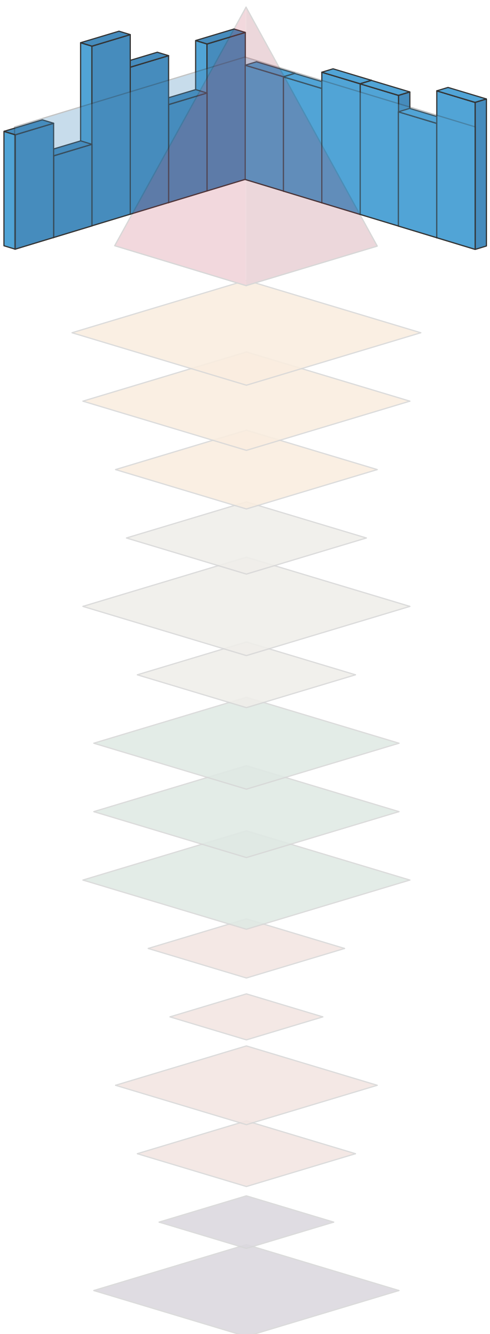
Funded by the European Union

ENACT is funded by the European Union and implemented by the Institute for Security Studies and INTERPOL, in affiliation with the Global Initiative Against Transnational Organized Crime.

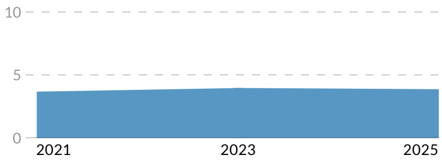
NEPAL



3.88 ↘0.13

RESILIENCE SCORE

137th of 193 countries ↘5
29th of 46 Asian countries ↘3
6th of 8 Southern Asian countries ↘1



POLITICAL LEADERSHIP AND GOVERNANCE	3.50	0.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	2.50	0.00
INTERNATIONAL COOPERATION	5.50	0.00
NATIONAL POLICIES AND LAWS	4.50	0.00
JUDICIAL SYSTEM AND DETENTION	3.00	0.00
LAW ENFORCEMENT	4.50	0.00
TERRITORIAL INTEGRITY	3.50	↘1.00
ANTI-MONEY LAUNDERING	3.50	0.00
ECONOMIC REGULATORY CAPACITY	4.00	0.00
VICTIM AND WITNESS SUPPORT	4.00	↘0.50
PREVENTION	3.50	↘0.50
NON-STATE ACTORS	4.50	↗0.50

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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Nepal is a significant source, transit and destination country for human trafficking. Victims are frequently trafficked to India, Western Asian countries, Malaysia and the US. Although migration is common in Nepal, restrictive immigration policies – such as age-based bans on women seeking foreign employment – push many into informal channels, increasing their risk of exploitation. The market is closely tied to the abuse of people from marginalized caste and gender groups, who are exploited for sexual labour, domestic work and manual or bonded labour, both within the country and abroad. Trafficking for illicit organ sales also occurs, particularly in India, where Nepalese victims are coerced into this trade. Children are trafficked through orphanages, fuelling cycles of exploitation that include sex tourism and forced labour in carpet factories. The movement of Rohingya refugees from Bangladesh into Nepal further reflects the growing trend of trafficking into the country. Government responses remain weak, undermined by corruption among officials who accept bribes from smugglers and fail to enforce laws.

Nepal is a major transit, source and destination country for human smuggling. Its open 1 800-kilometre border with India serves as a key corridor, but authorities are poorly resourced and often compromised by corruption. Smuggling networks operate transnationally, moving people from Nepal to the US, Europe, Australia and Africa via circuitous routes through Central America and the Gulf states. Nepalese men, in particular, are smuggled into Russia to fight alongside Russian forces in the war against Ukraine, lured by false promises of citizenship and high salaries. This criminal market in Nepal is intertwined with human trafficking networks and certain segments of the legal labour market across South Asia, particularly in India. The situation is further exacerbated by the involvement of corrupt state actors and the limited resources available to law enforcement agencies. Although it is not one of the most dominant criminal markets in the country, extortion and protection racketeering persist. Once linked to armed insurgencies, extortion has declined following government crackdowns. However, it continues within trade unions, business cartels and political institutions, particularly outside the Kathmandu Valley. Entrepreneurs and business owners report ongoing demands for illegal payments in order to continue operating.

TRADE

Despite reduced demand following the Maoist insurgency (1996–2006), Nepal remains a transit country for arms smuggling, primarily serving Pakistan-based syndicates transporting weapons into India. Most illicit arms are small weapons, such as locally crafted, unregistered country-made pistols, trafficked through the Terai region. Bribery and weak border control allow the trade to continue. Reports suggest that illegal arms rentals are increasing, with criminal groups preferring to lease rather than purchasing weapons. Despite the proliferation of mafia-type networks, the actual use and trafficking of arms within Nepal remains relatively insignificant, especially when compared to other countries. Nepal's porous borders also support a thriving counterfeit market, including medicine, alcohol, clothing and beauty products. Corruption among border and customs officials enables this trade, with India and China the primary source countries. Fake pharmaceuticals pose serious public health risks, while counterfeit food and beverages are widely accepted in local markets. Limited consumer awareness and lax regulation of intellectual property laws help entrench this market. The illicit trade in excise goods is well established in Nepal, with the smuggling of cigarettes and alcohol causing notable losses in tax revenue. The country's borders with India and China serve as key corridors for these goods. In addition to a domestic market for contraband cigarettes and alcoholic beverages, Nepal also functions as a transit hub, facilitating the movement of e-cigarettes from China into India following India's ban. The trade is enabled by corrupt customs practices, and the use of counterfeit excise stamps by manufacturers is a common tactic to evade taxation.

ENVIRONMENT

Despite strict protection laws, the illicit trade in orchids and medicinal herbs remains prevalent in Nepal, driven by high demand from India and China for traditional medicine. Smuggling persists largely undetected, particularly along routes to China, while overharvesting in regions like Salyan has made even common plants scarce. Additionally, cases such as the 2023 illegal logging incident in Rautahat highlight corruption at the local level, including the involvement of forest user committee members, further undermining conservation efforts. Deforestation caused by illegal logging has led to severe environmental degradation. Despite successful anti-poaching efforts, Nepal remains a transit country for wildlife trafficking, particularly rhino horns, tiger bones, and pangolin scales, which are smuggled into China and India. Wildlife crime is linked to drug trafficking, and marginalized communities often engage in poaching as a means of survival. Nepal's flagship species have increased in number, but wildlife smuggling networks remain active. The illicit trade in exotic animals has also emerged as a growing concern, with species smuggled into Nepal for private collectors. Illegal sand mining, stone extraction and gold smuggling are consolidated and politically protected. Environmental damage from sand mining has displaced communities and disrupted river ecosystems. The northern border with China is a major conduit for gold smuggling into India, with politicians directly implicated in the trade. Smuggling operations continue to expand, with reports of organized networks using fraudulent documents to bypass scrutiny. India's reduction of gold import duties in 2024 widened the price gap with Nepal, further fuelling cross-border smuggling. A major smuggling case uncovered at Tribhuvan International Airport led to a broader investigation linking Chinese nationals and digital payment platforms to the illegal trade.

DRUGS

Nepal functions primarily as a transit country for heroin, trafficked from Afghanistan through India en route to Hong Kong and other international destinations. Although some domestic use exists, the local heroin market is limited. Loose border controls facilitate the unimpeded flow of heroin, although the quantities seized remain low. In contrast, cocaine trafficking is less prominent, with Nepal occasionally used as a transit point for shipments to India and Hong Kong. Seizures are minimal, and domestic consumption is largely confined to select groups. Nepal has a longstanding cannabis culture, with resin exported to India, the US and Canada. Cultivation has shifted from the Terai region to the inner hill areas. Debates around legalization continue, but current regulations remain restrictive. Illegal cross-border trade with India continues to thrive. There are growing indications of synthetic drug use and trafficking, with Nepal acting as a transit point for precursors used in amphetamine production. Methamphetamine, MDMA and LSD are becoming more prevalent, and authorities are struggling to address the online drug trade. Digital marketplaces and social media platforms facilitate illegal sales, compounding the challenge.

CYBER-DEPENDENT CRIMES

Cybercrime in Nepal is on the rise, with hacking cases increasing sharply. While no organized cybercrime groups have been identified within the country, government websites have been targeted in recent years by Paradox Cyber Ghost and the Lazarus Group and others. Nepal remains a target for foreign cybercriminals, including Chinese nationals. Attacks on government institutions and other critical sectors continue to expose vulnerabilities in the country's cybersecurity infrastructure.

FINANCIAL CRIMES

Nepal experiences widespread embezzlement, tax evasion and financial fraud. These offences, carried out by private, state-affiliated and foreign actors, span a range of illicit activities, including banking fraud, lottery scams, and schemes involving public funds and foreign employment opportunities. Embezzlement is particularly pervasive, with repeated reports implicating government officials and associated networks in the misappropriation of funds. Gaps in financial regulation have enabled high-profile financial crime, and law enforcement is ill-equipped to respond effectively.

CRIMINAL ACTORS

Nepal does not have large, hierarchical mafia-style groups akin to those found in other countries. However, various occupational mafias, including the sand, crusher and bus mafias, operate in ways that resemble organized criminal enterprises. These groups exert significant control over their respective industries, often relying on intimidation and political connections to maintain their influence. While they lack formal hierarchies, they function through established networks that facilitate illicit activities such as resource exploitation and extortion. Some gang leaders have transitioned into politics, leveraging their influence for protection and power. Prominent figures have been elected or endorsed by political parties, illustrating the blurred lines between organized crime and governance. In the Terai region, small armed groups have consolidated into more powerful factions, often affiliated with political actors. However, violent activity linked to these groups has declined in recent years. Criminal networks in Nepal are diversified in their operations, engaging in a range of illicit activities including human trafficking, drug smuggling, wildlife trafficking and extortion. These groups are widespread, with notable activity in urban centres and along the porous border with India, where smuggling and illicit trade thrive. They maintain extensive transnational links, particularly in trafficking and smuggling operations. While some are colloquially referred to as mafias, they lack the rigid hierarchies typical of traditional organized crime syndicates. The nexus with political actors is well documented, and broader ties to state-embedded actors have enabled illegal activities, including gold smuggling and the extraction of non-renewable resources. State-embedded actors play a pivotal role in facilitating organized crime in Nepal. Their influence is particularly evident in sectors such as illegal mining, where illicit operations are managed with little scrutiny. Corruption within the state apparatus is deeply entrenched, with officials implicated in crimes ranging from embezzlement and money laundering to human trafficking and gold smuggling. Since the 1990 political transition, the systemic integration of criminal elements into political and bureaucratic structures has led to the widespread infiltration of public institutions. More recently, many senior government figures have been linked to organized crime, yet enforcement bodies appear reluctant to prosecute. This impunity has allowed state-embedded actors to expand their influence, further undermining Nepal's regulatory framework and deepening corruption at all levels of governance.

Foreign actors also play a significant role in Nepal's organized crime landscape. Indian nationals are the most frequently apprehended group, largely due to the open border with India, which facilitates transnational crime such as human trafficking, narcotics smuggling and wildlife poaching. Chinese actors are prominent in gold smuggling and the illicit wildlife trade. There has also been a marked increase in the arrest of Western nationals for crimes related to child exploitation, often targeting Nepal's most vulnerable communities. Historically dominated by Indian criminal networks, Nepal's illicit markets have become increasingly international since 2006, with actors from China, Europe, Bangladesh, Africa and Latin America now active. These foreign groups often collaborate with Nepalese criminal networks and state-embedded actors, leveraging political connections to shield their operations while exploiting citizens at the community level. The private sector is also deeply entangled with organized crime, particularly in industries such as mining and foreign employment. Human trafficking and smuggling are frequently linked to private enterprises, with many companies exploiting weak regulatory oversight to engage in illicit activity. Nepal's economic liberalization has provided openings for both legitimate investors and dubious financial actors, creating an environment in which private businesses often serve as fronts for criminal operations. Corruption in the private sector remains largely unchecked, as anti-corruption laws apply only to public institutions. This legal loophole has enabled private banks and companies to operate with impunity, facilitating money laundering and financial crime. The lines between business, politics and organized crime are increasingly blurred, with corporate figures involved in illegal trades, such as illegal mining, before transitioning into political roles. These dynamics have eroded governance structures and increased the country's vulnerability to organized crime.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Nepal's governance landscape is complex and frequently unstable, characterized by political fragmentation and regular changes in leadership. The current coalition government reflects ongoing struggles to maintain stability, with ten administrations formed in the past decade. Political leadership continues to be undermined by internal rivalries, identity-based politics and limited institutional capacity. While there have been modest improvements in democratic indicators, Nepal's governance structure remains fragile, with political parties maintaining close ties to illicit economies. Youth wings, notably the Young Communist League of the Communist Party of Nepal (Maoist Centre), have been implicated in extortion and influence-peddling, further eroding state resilience. Government efforts to combat organized crime are uneven: while there has been strong commitment to tackling wildlife trafficking, coherent national strategies to counter human smuggling, money laundering and drug trafficking are lacking.

Government transparency and accountability also face serious challenges. Systemic corruption persists, with political elites often implicated in illicit financial activity. Although the commission for the investigation of abuse of authority has made some progress, its efforts remain largely confined to lower-level bribery cases and rarely target high-profile political corruption. The pervasive presence of middlemen, known as bichaulia, in governance further undermines public trust, with elected officials frequently linked to organized crime networks, including allegations of involvement in gold smuggling and human trafficking. Weak enforcement of financial disclosure laws and poor oversight of campaign financing contribute to an opaque political environment.

Although Nepal has ratified several international conventions, enforcement is hampered by limited resources, corruption and bureaucratic inefficiencies. International cooperation is relatively robust in areas such as wildlife crime, but remains inadequate for addressing broader transnational organized crime. Nepal's membership in the South Asian Association for Regional Cooperation and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation offers avenues for regional engagement, though both institutions are generally considered weak. Mechanisms for mutual legal assistance and extradition are underdeveloped, with few joint investigations into human trafficking and smuggling cases. While Nepal collaborates effectively with INTERPOL and foreign agencies on wildlife crime, broader law enforcement cooperation is inconsistent.

Nepal's legal framework for addressing organized crime includes laws criminalizing human trafficking and smuggling, as well as provisions for preventive measures. However, these laws are fragmented and lack effective implementation mechanisms. Efforts to align national legislation with international standards, particularly the Palermo Protocol, have progressed slowly. Despite ongoing reforms, significant gaps persist in areas such as labour migration, cybercrime and arms trafficking.

CRIMINAL JUSTICE AND SECURITY

Nepal's judiciary is widely regarded as being highly politicized, with frequent allegations of corruption and undue political influence over judicial appointments. Supreme Court rulings, particularly those concerning human rights and corruption, are not consistently enforced, and political interference in judicial processes is common. The justice system suffers from severe backlogs, with thousands of unresolved cases and insufficient judicial staffing, further eroding public confidence. Pretrial detention is often excessively long due to procedural delays, in some cases exceeding the potential sentence for the alleged offence. Nepal's prisons are reportedly overcrowded and marred by serious human rights violations. Drug abuse, gambling and gang violence are widespread within the system, with powerful inmates exercising control over fellow detainees. Corruption among prison officials enables illegal activities, including forced labour and sexual exploitation. Although the government has introduced prison reform initiatives, implementation remains limited.

Law enforcement efforts in Nepal are hindered by corruption, underfunding and inadequate training. While the police operate several specialized bureaus – including units for cybercrime, narcotics and human trafficking – these divisions are understaffed and lack technical expertise. The anti-human trafficking and wildlife crime control bureaus have made notable progress, but other agencies continue to face capacity constraints.

Border security remains weak, particularly along the open border with India, which facilitates the trafficking of drugs, arms and people. Corruption among border officials further exacerbates challenges. Nepal's territorial integrity remains vulnerable due to unresolved border disputes with India and China. The Indo-Nepal border is particularly porous, enabling high levels of cross-border smuggling and illicit trade. The lack of modern equipment and the reliance on manual checks at security posts have contributed to security lapses. High-profile cases have highlighted inefficiencies in border control, prompting authorities to focus on improving security measures and enhancing surveillance and detection technology to address these vulnerabilities. Although measures to strengthen border controls have been discussed, implementation has been limited.

ECONOMIC AND FINANCIAL ENVIRONMENT

With weak regulatory oversight and a high volume of informal financial transactions, Nepal is at high-risk for money laundering. Its open border with India facilitates illicit financial flows, including hundi (an informal remittance transfer system) and unregulated debt markets. While the remittance economy is a crucial lifeline, informal channels continue to undermine regulatory oversight. Recent legislative amendments to address money laundering, along with proposed reforms to align with the Financial Action Task Force recommendations, reflect the government's effort to avoid grey-listing. However, enforcement is limited, and financial institutions continue to face challenges in monitoring and reporting suspicious transactions. Inconsistent policies, bureaucratic inefficiencies and widespread corruption are characteristic of Nepal's economic regulatory environment. Although the country has made some progress in improving its investment climate, political instability and regulatory unpredictability continue to deter foreign investment. Organized crime is not explicitly cited as a major economic threat by international financial institutions, though illicit markets such as human trafficking and contraband smuggling do affect Nepal's financial sector.

CIVIL SOCIETY AND SOCIAL PROTECTION

Victim and witness support mechanisms in Nepal remain inadequate, with major gaps in legal protection and service provision. While some frameworks have been established, such as the Crime Victims Protection Act, enforcement is weak, and many victims struggle to access support. Survivors of human trafficking encounter significant barriers in securing legal assistance, financial compensation and rehabilitation services. In terms of support for drug users, Nepal began implementing a new Narcotics Prevention and Control National Master Plan in 2023. The plan emphasizes coordinated action among stakeholders and aims to reduce drug-related infections and enhance treatment and rehabilitation services, among other goals. The witness protection system is virtually non-existent, leaving victims vulnerable to intimidation and retaliation. Prevention efforts against organized crime are similarly limited, with a focus on prosecution rather than proactive strategies. Although Nepal has implemented harm reduction programmes for drug users and awareness campaigns to combat human trafficking, these initiatives lack sustained government commitment. NGOs and civil society organizations play a critical role in prevention, but their reach is constrained by limited funding and political interference.

Nepal has a relatively strong civil society sector, with numerous NGOs engaged in tackling human trafficking, environmental crimes and corruption. However, government oversight and bureaucratic restrictions frequently hinder their operations. Journalists also contend with growing threats, self-censorship and state surveillance. Financial pressures and declining advertising revenue have further weakened the sustainability of independent media. Rural and marginalized communities remain underserved by traditional outlets, limiting their access to critical information on crime and governance. Social media has become a powerful tool for exposing corruption and organized crime, often filling gaps left by mainstream media.

This summary was funded in part by a grant from the United States Department of State. The opinions, findings and conclusions stated herein are those of the authors and do not necessarily reflect those of the United States Department of State.