

# Nepal GOVERNANCE

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## Inside the Scandal: Nepal's Corporate Elite Linked to Investment Fraud

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A major financial fraud investigation involving an estimated NRs 3.73 billion has rocked Nepal's corporate sector, implicating prominent business figures and financial intermediaries in complex stock market-linked transactions.

Preliminary findings from the Department of Money Laundering Investigation indicate that several prominent business leaders from the Golchha Group, Ramesh Corp, and the Jawalakhel Group of Industries were linked to an informal syndicated investment arrangement in July 2025 that allegedly triggered the scandal. Investigators allege that funds were diverted through shell transactions, forged arrangements, and misuse of brokerage systems, with key suspicion centered on Deepak Bhatta.

The case traces back to Deepak Bhatta's association with Sulav Agrawal, an heir of the Shankar Group. After Agrawal's arrest in 2020 over allegations of illegal gun consignment, Bhatta allegedly facilitated his release through political connections, strengthening an informal alliance with the Shankar Group. Their partnership later expanded into insurance and reinsurance ventures, including the establishment of Himalayan Reinsurance in 2021, where both parties became major shareholders.

The Department of Money Laundering Investigation alleges that Deepak Bhatta illegally diverted around NRs 3.73 billion from five listed companies, including Himalayan Reinsurance. The alleged funds were reportedly used to acquire shares in a competing company under his and Suvi Agrawal's names, wife of Sulav Agrawal, placing the Shankar group, a 91-year-old business group, at the center of a major financial controversy and one of its most damaging internal disputes.

In his defense, Deepak Bhatta has claimed he is a victim of fraud, alleging that Bhrikuti Stock Broking Company and his partners misused his trading credentials without his knowledge. However, regulatory bodies have expressed skepticism. In Nepal, stock transactions trigger automated mobile alerts, making it highly unlikely that billions could be traded unnoticed. Furthermore, Bhatta's claim of a "margin trading" arrangement was flagged as a major contradiction, as the trading was not legally authorized in Nepal at the time the transactions occurred.

The scandal has reached a boiling point due to heightened public scrutiny, largely fueled by Gen Z-led protests demanding transparency from the country's "untouchable" business elite. This social pressure has forced a rapid response from authorities, leading to the freezing of bank accounts and the suspension of brokerage licenses. Beyond the immediate fraud, the Nepal Rastra Bank's Financial Intelligence Unit is also investigating allegations that the group used their political connections to influence national fiscal policies and tax provisions to favor their own business interests. [Read more](#)

### Governance Issues of the Week

- Water Crisis Deepens Hardship for Jajarkot Quake Survivors:** Two years after the 2023 earthquake, survivors in Jajarkot and nearby districts face a dual crisis of inadequate housing and acute drinking water shortages. The disaster damaged 480 water systems and dried up natural sources, forcing families to travel long distances or use unsafe water. Rising cases of diarrhea and typhoid are reported, particularly among women and children, while insufficient funding continues to delay reconstruction efforts. [Read more](#)
- Madhesh 'Beti Padhau' Program Halted Amid Mismanagement:** The Madhesh Government has halted its "Mukhya Mantri Beti Padhau, Beti Bachau" program, aimed at supporting girls' education through bicycles, scholarships, and other facilities. Despite procuring over 42,000 bicycles, around 7,000 remain unused in a Janakpur warehouse. About NPR 45 crore went unspent over two fiscal years. Delays by the Commission for the Investigation of Abuse of Authority, weak accountability, and administrative negligence led to the program's collapse, disappointing many girls. [Read more](#)
- Weak Enforcement Leaves Court Decisions Unimplemented:** A recent Supreme Court report has revealed widespread failure in implementing court rulings due to government negligence. Of Rs 46.52 billion in fines to be collected, only 31.56% has been recovered, leaving Rs 31.83 billion pending. Similarly, only 33.19% of 171,592 years of prison sentences have been served, while NRs 90.47 crore in victim compensation remain unpaid. Despite a judgment execution directorate, implementation remains below 25% over a decade, prompting calls for legal reforms and stricter enforcement measures. [Read more](#)
- Government Orders Refund of Excess Fees in Private Schools:** The government has warned that private schools charging fees beyond approved standards must refund the excess amount to students to avoid legal action. The Education Ministry found that some schools were enrolling students early and collecting unauthorized fees, violating existing laws and Supreme Court orders. Authorities have now instructed local governments and security agencies to enforce compliance under the Education Act and have established a help desk to address fee-related grievances. [Read more](#)
- Driving License Printing Accelerated to Clear Backlog:** The government increased driving license printing to around 40,000 per day to address a long-standing backlog. Authorities aim to clear approximately 2.9 million pending licenses by the end of fiscal year 2083 through strict monthly targets. The initiative is part of broader service delivery reforms. The system has also introduced online status tracking and postal distribution to improve efficiency, transparency, and accessibility for service seekers across the country. [Read more](#)
- IRD Enforces New Employee Code to Ensure Transparency:** Nepal's Inland Revenue Department (IRD) has introduced a new code of conduct replacing the 2074 BS rules. It bans informal interactions between tax officials and taxpayers and prohibits misuse of authority during inspections. Officials must uphold integrity, fairness, and accountability while avoiding roles as intermediaries. The code promotes digitization to improve efficiency and transparency, aiming to strengthen good governance and build a corruption-free tax system. [Read more](#)

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nepal@accountabilitylab.org