

# **The Nexus Between State Fragility and the Proliferation of Organized Crime in Nepal: A Comparative Analysis**

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**Abstract:** Transnational organized crime groups, government bodies, semi-official organizations, and unconventional groups frequently pursue similar objectives, especially in their pursuit of swift and often illegal benefits. Their methods, whether semi-legitimate or outright illegal, revolve around achieving their objectives swiftly and with minimal risk of punishment. This convergence of interests blurs the lines between these entities, leading them to be termed as "silent partners" in organized crime. These partners could include private individuals, government officials, or groups associated with official bodies.

These entities collaborate under the umbrella of organized crime to achieve their goals, which typically involve accessing state power, financial resources, or other government assets. They employ a range of methods, from subtle and peaceful to violently coercive, to achieve these ends. This includes activities like extortion, the illegal seizure of public resources and property, and engaging in money laundering to integrate into the legitimate private sector. Despite their collaborative efforts, they strive to maintain secrecy and avoid public acknowledgment of their involvement in such activities.

The data analysis reveals that several interconnected concepts are increasingly relevant, including: unraveling the complexities of organized crime networks, examining prominent organized crime cases in Nepal, understanding corruption within Nepal, addressing Nepal's challenges with organized crime, the global nature of transnational crime threats, the relationship between state failure and criminal activities, investigating different models of organized crime, the role of local organizations in crime, the worldwide consequences of illegal production, mapping the logistical networks of transnational crime, how fragile states act as entry points for transnational organized crime, the interplay between local crime dynamics and local organizations, and the evolution and transformation of traditional organized crime. These concepts underscore the expanding and increasingly severe impact of organized and transnational crimes.

**Keywords:** corruption, fragile-state, nexus, organized crime, transnational crime

## **INTRODUCTION**

The nexus between the two countries has to function well in the process of controlling the organized crime and when both governments of Nepal and India function actively and effectively, then only the organized crime tends to be lesser that what has been taking place. In this sense, Felbab-Brown (2013) contends that in Nepal, political competition has often centered on narrow, localized conflicts rather than on establishing robust governance systems designed to advance national interests and improve the well-being of all citizens. The focus of various political actors has been on gaining influence over specific communities, voting groups, resources, and networks of patronage. Despite Nepal's resource wealth, it faces severe economic difficulties, making it crucial to avoid further political stalemate. The current political climate in Nepal is marked by widespread protests that lack clear resolutions or long-term governance strategies (Felbab-Brown, 2013, pp. 56-57). From an external viewpoint, Nepal appears to be experiencing a notable decline in administrative capacity, evidenced by widespread issues with merit-based staffing and inefficient service delivery systems (Felbab-Brown, 2013, p. 57). Over the last twenty

years, particularly during the 1996–2006-armed conflict, various regions of Nepal were controlled by irregular armed groups, political factions, local militias, and criminal elements, rather than by a centralized state authority. Although organized crime is still in its early stages in Nepal, it encompasses both politically and economically motivated crimes, surpassing other forms of political and economic activity (Felbab-Brown, 2013, p. 57).

Following the conflict, there has been an observable and entrenched association between political parties and criminal factions in Nepal. This alliance frequently involves political parties engaging with criminal groups for activities such as showcasing street power, generating funds for political campaigns, and obtaining contracts and favors from the government (Felbab-Brown, 2013, p. 57). As a result, the current criminal environment in Nepal is characterized by relatively small criminal entities that are limited to specific geographical areas. These organizations employ straightforward strategies and organizational structures (Felbab-Brown, 2013, p. 57). Following the political transformations of 1990 and especially after the 2006 people's revolt, Nepal's successive governments have consistently advocated for a zero-tolerance stance on crime and criminal behavior (Felbab-Brown, 2013). Despite these commitments, Nepal appears to be increasingly vulnerable to organized crime groups (OCGs) and their collaborators in recent times. Understanding the concept of organized crime is crucial in this context. According to Gus Taylor (1962), organized crime, or racketeering, tends to flourish in new business sectors that lack established norms or traditions, where economic changes occur rapidly. Taylor highlights that serious threats of violence and crime emerge during periods of significant social change, such as rapid urbanization, industrial shifts, cultural clashes, improving living standards, and the emergence of new opportunities for which society is unprepared (Taylor, 1962). In the present scenario, Nepal seems to be falling deeper into the grasp of organized crime groups day by day, despite governmental efforts to combat such activities (Taylor, 1962). In organized crime, the dominant figures often demonstrate greater strength and cunning. Similar to vulnerable and fragile nations in Asia, Africa, and South America, criminal gangs in Nepal are highly amassing influence and wealth, expanding their reach rapidly and with increasing aggression. Currently, there is widespread concern about the potential emergence of a robust alliance and collaboration among the government, regular and irregular groups, and organized crime groups (OCGs), operating covertly within legitimate businesses through illegitimate means. Such partnerships are feared to pose significant long-term risks to the nation and its people.

Following the enactment of the Federal Constitution in 2015, Nepal is undergoing comprehensive restructuring of its entire system and procedures. Consequently, it is inherently in a fragile state, susceptible to various forms of organized and transnational crime. These criminal elements may capitalize on the transitional phase to strengthen and institutionalize their operations, seeking safe havens, transit points, or even establishing criminal bases. Such developments could potentially destabilize not only Nepal but also the broader South Asian region. In recent times, there has been an increasing trend among prominent figures from diverse fields such as the Chief Justice of the Supreme Court, Army Chiefs, Inspector Generals of Police, journalists, business leaders, and helicopter pilots to author biographies and books. These publications have provided valuable insights to the Nepalese populace about the intricate economic, social, and political landscape. They shed light on illicit and unethical collaborations between government stakeholders, influential intermediaries, and private entities, often in conjunction with national and international organized crime groups. In her book "Nyaya [Justice]," Former Chief Justice Sushila Karki highlights significant cases she presided over, where she portrays officers of Nepal government and the common people as secret partners involved in the activities of corruption, both illicit and ostensibly legitimate transactions that border on criminal activity (Karki, 2018, pp. 217-299). Similarly, former Inspector General of Police Achyut Krishna Kharel discusses in his biography instances where politicians, ministers, and high-ranking government officials have politicized crime and engaged in illegal activities, such as gold smuggling through Nepal's international airports (Kharel, 2018). Prominent journalist Sudheer Sharma characterizes Nepal as a testing ground for foreign agents, organized crime syndicates, and various nefarious activities. Additionally, Sudheer Adhikari has

documented the long-standing nexus of organized crime in Nepal, detailing incidents of violence and assassinations linked to notorious figures like Dawood Ibrahim, whose activities have spanned decades and have international ramifications, including the smuggling of counterfeit Indian currency and the assassinations of prominent individuals within Nepalese borders (Adhikari, 2012). Since the onset of the armed conflict in 1996, post-conflict Nepal can be viewed as a period highly beneficial to both local and international Organized Crime Groups (OCGs) and Transnational Organized Crime Groups (TOCGs). During this time, the Nepal Police, once recognized as a credible law enforcement and investigative agency, suffered significant deterioration in its effectiveness and authority. The government and irregular forces negotiated and reduced its mandate, power, and influence.

This reorganization involved creating new agencies, including the Department of Immigration, the Department of Money Laundering, and the Department of Transport and Licensing. However, in the current situation, these departments have become more of a liability than a benefit to the government (Felbab-Brown, 2013). These departments have not operated effectively or actively in their intended roles of investigating, containing, and controlling organized crime and financial misconduct.

Currently, the Nepal Police and Armed Police, which once played a proactive role, are now primarily limited to reactive and protective functions, reducing their effectiveness in addressing serious and organized crime. The creation of new agencies, including the Department of Immigration, the Department of Transport, and the Department of Money Laundering, has further fragmented the authority and jurisdiction of the Nepal Police (Felbab-Brown, 2013). While this fragmentation has eroded the police's overarching power, it has also created opportunities. The establishment of these new departments provided Organized Crime Groups (OCGs) with greater opportunities to exploit divisions among them. However, these departments lacked the necessary expertise, capacity, and robust enforcement capabilities required to effectively combat organized crime, transnational crimes, and money laundering. These deficiencies made it difficult for them to assert authority and tackle these complex challenges effectively. Likewise, the enforcement of criminal law and financial investigations are interlinked and mutually supportive.

The task of investigating money laundering has been assigned to a separate group of government officials who have so far made little progress in handling such cases, which highlights an issue related to organized and transnational crime. These restructured arrangements have contributed to the emergence of newly affluent and adventurous individuals, expanding the gray areas in society. Since the outbreak of the armed conflict led by the Communist Party of Nepal (Maoist) [CPN (M)], the Nepal Police gradually lost its authority and control due to persistent attacks from Maoist insurgents. As a result, the Nepal Police was ill-equipped for the armed confrontations during the insurgency. Meanwhile, the CPN (M) employed irregular methods to gain power and wealth, leading to a range of armed criminal activities, including bank robberies, kidnappings, extrajudicial killings, extortion, and illegal land grabs.

The Comprehensive Peace Agreement (CPA-2006) in 2006 officially recognized the CPN (M) People's Liberation Army and their associated group, the Young Communist League (Felbab-Brown, 2013). The United Nations Mission in Nepal (UNMIN) was tasked with managing the cantonments and reintegrating Maoist combatants. During this period, Nepalese security forces played a minimal role, often appeasing rebel factions and conflicting political parties.

This situation created opportunities for illegal and criminal activities by national and foreign elements, operating in legal, semi-legal, and sometimes illicit ways, contributing to a climate of impunity and lawlessness on a significant scale. It has become one of the most complicated tasks in controlling the crime as Adhikari, (Academia. DOI: <http://doi.org/10.25058/179400x.1709>) has discussed about the difficulties of transforming from one religion to another one in his "Fear in Religion." But it has become essential to control it by exploring the facts of the crimes that have been taking place in the transnational levels.

## RESEARCH QUESTIONS

The aforementioned various experts and the research scholars have argued about the burning issues of the crimes and how the Maoist revolt has taken place in the country but they have not discussed about the organized crimes and the its nexus for the proliferation of the criminal activities. So, the research has carried out to fulfil the gaps left by the other researchers and it attempted to answer the following research questions.

- What is the concept of the organized crimes?
- How have the organized crimes established the nexus with the state and proliferated it?

## **OBJECTIVES OF THE RESEARCH**

The objectives of the research are to provide the concept of the organized crimes and also to explore the root of the proliferation of the crime. The specific objectives are:

- A) To identify the organized crimes.
- B) To explore how the organized crimes have established the nexus with the state and proliferated it.

## **METHODOLOGY OF THE RESEARCH**

This research adopts a descriptive research methodology and utilizes secondary sources to explore contemporary security challenges and international efforts aimed at mitigating them. It focuses on key internal security issues that states confront, analyzing strategies and advancements intended to combat these challenges. The study examines governmental mechanisms and initiatives implemented to address modern security threats, encompassing policies, planning procedures, legal frameworks, security structures, and regional and global cooperation among nations. Additionally, discourse analysis is employed to evaluate the operational practices of law enforcement agencies. Based on this examination, the study concludes by assessing the role and effectiveness of law enforcement agencies in today's context.

## **ANALYSIS**

The analysis has been carried out on the various concepts like unraveling the web of organized crime, key organized crime cases in Nepal, corruption in Nepal, navigating Nepal's organized crime challenges, the global threats posed by transnational crime involve examining the failures of states and the connections between criminal networks. This includes investigating various models of organized crime, the role of local organizations, and the worldwide effects of illicit production. It also entails mapping out transnational logistical networks and understanding how fragile states can serve as entry points for organized crime. Additionally, the study of local organizations and their crime dynamics is crucial, as is the analysis of traditional organized crime in terms of its evolution and deviations (Felbab-Brown, 2013), the detrimental effects of organized and transnational crime respectively.

## **UNRAVELING THE WEB OF ORGANIZED CRIME**

The concept of organized crime often conjures images influenced by movies and media portrayals, where criminal bosses and kingpins are depicted as glamorous figures. Ambitious and daring young Nepalis often view these figures as role models, imagining them in opulent environments, seated behind marble desks, dressed in expensive suits with ties perfectly adjusted. However, what these admirers might fail to recognize is that these so-called role models, the leaders and heads of organized crime syndicates, may ultimately be the very individuals who deceive and exploit them financially (Crowley, 2009). Key traits of organized crime include the use of fear, intimidation, and violence to achieve their goals (Crowley, 2009), and focusing primarily on gaining power, accumulating wealth, and commanding respect through tactics such as conspiracy, coercion, and corruption, among others. Organized Crime Groups (OCGs) are known for embracing high-risk ventures, engaging in financial fraud, money laundering, and various forms of white-collar crime. Comparatively, the level of violence associated with organized crime in Nepal appears to be lower than in countries like Mexico, Colombia, and Afghanistan, possibly because organized crime in Nepal is still in its early stages of development. It is universally acknowledged that monetary



gain and profit serve as major motivating factors for criminals, regardless of whether they operate within organized or less organized groups, or in white-collar or blue-collar realms. Additionally, criminal activities of any kind typically involve illegal, unethical, and prohibited actions under the law.

### **KEY CASES OF THE ORGANIZED CRIME IN NEPAL**

During the fiscal year 2016/17, the Nepalese government designated Rs. 204 billion for capital expenditure on infrastructure projects. It was reported that around Rs. 20 billion, or 10 percent of this amount, was allocated as bribes and commissions to civil servants, engineers, department heads, secretaries, and ministers (Pangeni, 2017). A former president of the Federation of Contractors' Association noted this issue (Pangeni, 2017), this practice of offering commissions is widely known and prevalent in almost all public procurement processes. The Ministry of Procurement and IT spokesperson acknowledged that these commissions are unofficial and are not documented in official paperwork, and are not openly discussed. For instance, engineers involved in road and bridge projects are said to receive commissions ranging from Rs. 2.5 million to Rs. 15 million for contracts worth Rs. 500 million. These commissions are distributed across the system, with junior staff and officers reportedly receiving 60 percent, and ministers receiving 40 percent. Those who fail to satisfy ministers and politicians reportedly face transfers. In cases of large contracts worth billions of rupees, commissions are allegedly collected by senior officials and political parties themselves. Despite warnings from the police, corrupt proceeds are said to be distributed among gang leaders and ringleaders, who reportedly receive around 2 percent. Additionally, the Treasury Controller's Office and the Auditor's Office are reported to receive commissions of up to 0.2 percent each.

Understanding and interpreting organized crime in Nepal presents a complex and varied challenge. For instance, the illegal production, sale, and distribution of substandard drugs are equated with the trafficking of illicit substances like hashish, heroin, and precursor chemicals used in illegal drug manufacturing worldwide. According to the list of substandard drugs provided, it is imperative that the responsible department, distributors, and sellers of these products face immediate prosecution and severe penalties. They should be treated with the same rigor as traffickers of narcotic drugs, such as hashish and marijuana. However, there appears to be a collective reluctance from the public, accountable stakeholders, and the government to address this systemic organized crime and corruption due to the substantial financial interests involved. It is paradoxical that all responsible parties remain silent in such critical cases, thereby endangering the lives of three million Nepalis.

The 55th Attorney General's Annual Report highlights instances of Organized Crime Groups (OCGs) collaborating with internal agencies, constitutional bodies, and the government of Nepal, as illustrated in the accompanying table. For example, a report from the Attorney General's Office documents instances of questionable accounting and embezzlement by corrupt officials at various local levels across the provinces. This type of corruption involves a network of organized crime, with government ministries, semi-governmental agencies, and private entities working in collusion. Such offenses are as serious as traditional forms of organized crime that involve weapons and physical violence. This situation illustrates systemic organized crime within the government, driven by the cooperation between officials and private sectors.

The expenditure practices of the Election Commission of Nepal (EC) vividly highlight issues of mismanagement and potential corruption involving public offices, international donors, and private entities. According to an audit report presented to the President of Nepal by the Office of the Auditor General, the EC, responsible for conducting several elections, allegedly used millions of rupees from foreign donors without offering adequate audit documentation (LEC spends millions, 2018). Despite receiving substantial funds, including 280.90 million from UNDP, 290.95 million from USAID, and technical assistance from IDEA, the EC failed to submit financial reports or seek audit assistance from the OAG. Moreover, allegations surfaced regarding nepotism in awarding contracts for voter education

programs and logistics production. During elections, the EC also reportedly granted election officers an additional 121 percent of their salary as allowances.

In addition to these issues, the EC was criticized for not maintaining financial discipline, failing to account for forfeited aid, and accruing outstanding debts amounting to 190.71 million rupees ("EC spent Millions in Dollar Funds with Audit OAG Report 2018, Apr 13"). A notable instance of a decade-long organized crime network is gold smuggling in post-conflict, low-income Nepal. In May 2018, the violent murder of a gold courier, Sanam Sakya, highlighted the extensive gold smuggling operations that had been ongoing for ten years, with an estimated 7 tons of gold being trafficked up to that point. Defenders of gold smuggling argued that the imbalance between supply and demand for gold justified such activities in Nepal. This defense, coupled with governmental indifference, provided a substantial basis for organized criminal networks to sustain their operations in Nepal for years.

Raju Chaudhan states that 85% of gold is imported into Nepal outside the formal banking channels mandated by the government. The Gold and Silver Business Association argues that no gold business individuals have ever been investigated or prosecuted, thus questioning the government's authority to label such transactions as illegal. This situation highlights significant gaps in investigative processes, the authority granted for investigations, and the clarity in both substantive and procedural laws concerning gold transactions in Nepal. Consequently, despite widespread outcry, the investigation into the 33 kilograms of gold and the prosecution of those involved have yielded no results to date.

### **CORRUPTION IN NEPAL**

Broadly speaking, corruption refers to actions undertaken by individuals with influence and personal interests. It typically involves deliberate actions or intentions aimed at obtaining unfair or unlawful advantages through unethical or immoral methods. Corruption is marked by the intentional exploitation or misappropriation of one's power or position for personal gain or advantage.

According to the 2018 Corruption Perception Index by Transparency International (TI), Nepal was ranked 124th out of 175 countries in terms of perceived corruption levels worldwide. The report also indicates that Nepal's average corruption ranking from 2004 to 2018 stood at 127.40 (Transparency International Report, 2019). Public confidence in Nepal's financial system, politicians, and political parties has been steadily declining. Politicians in positions of authority and their inner circles are significant contributors to corrupt activities.

Nepal needs to adopt measures to prevent the involvement of politics in students, teachers, educational institutions, and the civil service.

The Nepalese government is misappropriating state funds by directing financial aid to selected, dubious recipients without ensuring proper accountability. This mismanagement has caused unnecessary damage to the country and its citizens. The government's leadership, by either deliberately ignoring or hesitating to address this corruption, may be seen as complicit, thereby endorsing and sustaining corrupt practices. The World Happiness Report 2018 ranked Nepal 101st out of 156 countries worldwide (Wostey, 2018). Consequently, Nepal's political leaders have a moral obligation and legitimate authority to address and rectify these irregularities. The referenced article highlights the problematic and unethical connections between organized criminals, brokers, commission agents, and the politicization of crime, which has led to what is known as "the criminalization of politics and the politicization of crime." Recently, the government attempted to regulate Transport Syndicates, which it had initially created to bolster its political system. However, the government had to retract its decision upon discovering that these syndicates had grown into organized entities wielding influence comparable to the government itself. This revelation shocked the public, revealing that five major syndicates had monopolized control over all public transportation nationwide. For instance, the Prithvi Rajmarg (Highway) Bus Syndicate alone governed 1,375 vehicles, spending over 30 million annually on welfare and 50 million on insurance, with a workforce of 400 administrative staff and 700 drivers. Similarly, the Kayu (Amika Transport) Syndicate operated across seven districts, spending 40 million annually, managing 200 buses, and involving 650

transport agencies. These examples underscore how private organizations like transport syndicates have become indispensable partners for the government's operations. Today, various professional organizations, such as medical associations, bar associations, and even syndicates, function as allied entities of political parties.

Currently, there exist five dominant transport syndicates that wield significant control over the entire national transportation sector. These include the Narayani Transport Management Syndicate, West-Nepal Bus Business Organization in Butwal, Prithvi Highway Bus Management Syndicate, Amiko Transport Services Committee in Kathmandu, and Rapti Zone Private Bus Business Committee. These syndicates collectively exert substantial influence and authority within the transportation industry across Nepal. It indicates that the organized syndicates are gaining influence and may eventually evolve into business cartels, if not already verging on becoming organized criminal syndicates. However, what is common among these syndicates, labor unions, student groups, and sports associations is their adoption of characteristics akin to criminal syndicates and cartels observed elsewhere in the world. These groups share common traits such as a strong drive for profit, aggressive protection of their interests, adherence to their own systems of rewards and punishments, and a unified front to safeguard their interests and challenge governmental authority for their own benefit rather than the country's welfare. There are numerous examples of the government and its institutions appear powerless or unwilling to address instances of bureaucratic overreach and misconduct. The UN Convention against Transnational Organized Crime defines organized crime groups (OCGs) as structured collectives of three or more individuals who, over an extended period, work together to commit one or more serious crimes for the purpose of obtaining financial or other material benefits (UNODC, 2010). In practical terms, organized crime in Nepal focuses on rapidly and extensively maximizing financial profits through both legal and illegal means. This pattern has been particularly noticeable in the social, political, and economic spheres of post-conflict Nepal following the Comprehensive Peace Agreement of 2006 (UNODC, 2010). Similar to perceptions in other countries, Nepalese views on organized crime are often shaped by its glamorized depiction in fictional portrayals on television and in movies. However, the reality is far removed from these sensationalized representations, as organized crime groups typically consist of less sophisticated individuals characterized as "seedy, immoral, and unscrupulous." This disparity between perception and reality also extends to the strategies and resources allocated for combating this threat, influencing expectations on various levels (Keene, 2018, p. 8). The threat has to be addressed through the policy of the government and the authority on time for the security of the citizens.

### **NAVIGATING NEPAL'S ORGANIZED CRIME CHALLENGES**

Until the 1990s, organized crime was primarily viewed as a challenge for law enforcement agencies. However, the landscape shifted with the emergence of transnational organized crime (TOC) as a significant security concern, influenced by globalization and market dynamics (Williams, 2009). In Nepal, while organized crime has historical roots, its prevalence has been amplified in recent years due to shifts in socio-political ideologies towards globalization, democratic freedoms, and evolving social contexts.

Apart from political and socio-economic factors, additional elements have accelerated the growth and influence of organized crime groups (OCGs) and transnational organized crime (TOC) in Nepal. With the widespread availability and affordability of Internet and mobile phone technologies, these advancements inadvertently facilitated global criminal networks. As a result, OCGs emerged, leveraging the technological, physical, and economic advantages offered by globalization. This enabled them to expand geographically across borders and establish more sophisticated networks and connections than ever before (Keene, 2018, p. 4). In 2000, the United Nations (UN) Convention against Transnational Organized Crime represented a major international policy response to the rising threat of organized crime. Further concerns about the increasing prevalence of such crime were highlighted by various entities, including the UN Office on Drugs and Crime (UNODC, 2010). Likewise, the complex nature of organized crime and its associated risks have been thoroughly examined and debated within Nepal.



However, due to a lack of sufficient comprehension, seriousness, and commitment from both the government and the public, local organized crime groups (OCGs) and transnational organized crime (TOC) have gained substantial advantages.

Locally, people in Nepal are well-acquainted with infamous individuals like Chakre Milan, Min Krishna Maharjan, Dinesh Adhikari (also known as Chari), Gaite, Deepak Manange, Ganesh Lama, and many others in the capital city. These individuals are widely recognized as lawbreakers, enforcers, government contractors, and intermediaries, yet they often operate with impunity, shielded from accountability by various stakeholders—whether governmental, public, or private.

Vertically, many individuals within the government, political circles, and bureaucracy are repeatedly implicated in scandals and controversies but evade indictment, action, or prosecution.

Prominent Nepalese business leaders and socio-political figures are occasionally suspected of engaging in capital flight, money laundering, tax evasion, and international fraud, with billions of dollars reportedly hidden in offshore locations such as Panama, Switzerland, and other foreign banks. In Nepal, as in many other countries, there is a tendency among scholars and practitioners to oversimplify and generalize both the nature of organized crime and the methods for addressing it (Keene, 2018, p. 9). Specifically, when addressing fragile states, there is a frequent use of broad terms like "OCGs" or "TOC" to describe various forms of organized criminal activity, often treating transnational organized crime as a direct result of the fragile conditions without fully understanding the complex factors involved (Keene, 2018, p. 9). Consequently, this could explain why Nepalese government officials, law enforcement authorities, and the general populace sometimes perceive organized and transnational crime as a routine occurrence, treating it with insufficient seriousness as though it were insignificant.

### **GLOBALIZING THREATS OF TRANSNATIONAL CRIME**

The national crime leads to the global criminal activities and hence it becomes the main source of the global crime. In this context, controlling the local crime means minimizing the global criminal activities.

### **OECD DEFINES TRANSNATIONAL ORGANIZED CRIME AS**

"Transnational organized crime (TOC) has evolved recently to become a primary concern on the global stage. Advances in technology, communication, and the global political economy have significantly transformed the behavior and operations of TOC. It has established a presence in numerous countries worldwide, regardless of their developmental status. TOC operates as a dynamic and diverse industry involved in various illegal activities such as drug trafficking, human trafficking, piracy, and counterfeiting.

While it can impact stable nations, TOC primarily exploits conflict-ridden or otherwise vulnerable states, using them as bases for international criminal enterprises (Miraglia & Briscoe, 2012)." "However, most widely accepted definitions emphasize two critical elements in defining TOC: 1) the trade in illicit goods and services, and 2) an organized structure with some hierarchical form aimed at profiting from these illicit activities. Additionally, TOC sustains its operations through violence or the threat of violence, along with corrupt relationships with public officials (Miraglia & Briscoe, 2012). The clandestine nature fundamental to TOC's survival complicates efforts to fully comprehend its scope and operational diversity. Nevertheless, our contemporary understanding of TOC has significantly improved compared to the past. However, the challenge remains the inadequate comprehension of this phenomenon.

The Organization for Economic Co-operation and Development (OECD) provides an elucidation of TOC as follows. The broad categorizations often used to categorize global threats by bracketing together international crime and fragile states tend to overlook crucial distinctions in how specific countries and regions are integrated into illicit markets (Miraglia & Briscoe, 2012)." The better the joint actions of the superpowers, the sooner it becomes easy to control the organized crimes.



### **STATE FAILURE AND CRIMINAL NEXUS**

The US Fund for Peace and Foreign Policy magazine have identified 12 indicators of state failure, categorized into social, economic, and political dimensions. Social indicators include demographic pressures, populations of refugees and internally displaced persons, ethnic violence, and brain drain. Economic indicators involve uneven economic development, economic decline, balance of payments issues, inflation, unemployment, and capital flight. Key political indicators are the criminalization of politics, widespread corruption, lack of transparency and accountability, declining public trust in institutions, deterioration of public services, politically motivated violence, abuse of legal and political rights, infiltration of security institutions by vested interests, factionalism among ruling elites and state institutions, and increasing foreign interference (Fund for Peace, 2018). Despite the current majority government in Nepal and its push for rapid economic growth, these indicators reveal a more troubling reality. It is crucial to examine these issues in the context of local, national, and international organized crime, corruption, money laundering, capital flight, and brain drain. According to the Fragile State Index 2018, Nepal is ranked 33rd with 91.0 points, ahead of Afghanistan (9th with 107.3 points), Pakistan (17th with 98.9 points), Bangladesh (39th with 89.1 points), Sri Lanka (47th with 86.6 points), India (72nd with 77.9 points), Bhutan (83rd with 76.0 points), and Maldives (86th with 74.4 points) (The Fund for Peace, 2018). The presence of organized crime often grows during periods of state fragility, underscoring the need for a stronger state response.

### **EXPLORING THE ORGANIZED CRIME'S MODELS**

The OECD has categorized various kinds of organized crime's models into the following groups:

Local groups primarily focused on local criminal activities,

Local groups involved in global operations, particularly in the production of illicit things,

Logistical networks in organized crime in transnational level, and

Weaker condition of the state serving as transit points in transnational organized crime.

### **THE ORGANIZATIONS OF THE LOCAL AREA AND THE CRIME OF LOCAL DYNAMICS**

The crime of the local area can intensify in the absence of effective state governance or integration within the state framework. This scenario is evident in post-conflict nations where organized crime groups engage in the important tasks of crime often intertwined in the connection of the nation. However, their involvement in markets of the transnational level tends to be sporadic rather than systematic. Addressing localized crime requires a strategy focused on disrupting local operations using local stakeholders effectively. It's crucial to prioritize thoughtful consideration and responses to prevent exacerbating social unrest that could lead to widespread public challenges against government institutions. Instances such as the police encounter involving figures like Dinesh Adhikari, known as "Chari," Ghaite, Ganesh Lama, Chakre Milan, and various other local leaders across Nepal fall within this category. Such cases also underscore the risks associated with police actions that may lead to retaliatory violence and contribute to a culture of gun violence, akin to situations observed in countries like Mexico, Afghanistan, and Sudan, among others affected by post-conflict challenges.

### **THE ORGANIZATIONS OF THE LOCAL AREA, WORLD'S IMPACT OF THE PRODUCTION IN ILLICIT ACTIVITIES**

In contrast to crimes limited within local borders, addressing local organizations with global influence requires heightened international efforts and coordination. Recent media reports in Nepal have highlighted instances where Nepalese entities with global connections have come under public scrutiny. Revelations have included revelations of seven business entities linked to the Panama Papers, 52 businesses with undisclosed foreign bank accounts, and the controversial procurement of wide-body aircraft, involving individuals suspected of having international ties.

These cases are indicative of organized crime originating domestically with questionable activities abroad. For instance, some involve the cultivation and production of illicit substances or goods in conflict-ridden areas, which are then distributed globally through international commercial networks. A notable example involves a prominent pharmaceutical company owner and founder of Sunrise Bank, who was arrested by Nepal's Narcotic Control Bureau. Investigations revealed that the chemicals traded were neither produced nor used in medical production within Nepal. Despite public outcry, this case stalled without further legal action or prosecution.

Similarly, the infamous case of the 33-kilogram gold smuggling serves as another example of such transnational crimes. These instances underscore the challenges in addressing organized crime with international dimensions, where local actors leverage global networks to evade scrutiny and accountability. The critical element influencing the effectiveness of such organized crime groups (OCGs) is their illicit supply chain, which demands logistical expertise in transportation and distribution, alongside local and global connections for success. Therefore, a comprehensive strategy involving both domestic and international interventions would be most suitable to dismantle these criminal networks, both within the country and across borders.

#### **MAPPING LOGISTIC NETWORKS IN TRANSNATIONAL LEVEL**

The significance of the third category, transnational logistical networks, stems from their crucial function as intermediaries in the worldwide distribution of illegal goods. While the UNODC estimates that up to 85% of the overall trade value is linked to drug trafficking, these well-established illicit networks can also facilitate the trafficking of other criminal commodities (UNODC, 2010). The trafficking has to be uprooted on time.

#### **FRAGILE STATES AS A GATEWAYS FOR TRANSNATIONAL ORGANIZED CRIME**

The fourth and final category recognized by the OECD is fragile states, where countries can serve as safe havens for both local and transnational organized crime. It is significant because instead of combating crime, these states inadvertently support and facilitate criminal activities (OECD, 2018, p. 11). It has become necessary to combat with the global organized crimes jointly.

#### **TRADITIONAL ORGANIZED CRIME AS AN EVOLUTION AND DEVIATION**

In the past two decades, there has been a notable evolution in the activities of organized crime groups (OCGs) and transnational organized crime (TOC).

Consequently, these less structured formations pose challenges for intelligence analysts and law enforcement agencies in conducting current network analysis and operations, given the frequent changes in relationships and membership (Keene, 2018, p. 12). Such condition leads to the chaos to the entire society.

#### **THE DETRIMENTAL EFFECTS OF ORGANIZED AND TRANSNATIONAL CRIME**

Organized crime group (OCG) activities can detrimentally impact the stabilization, peace-building, and development of a country through various means. For instance, illicit funds can distort the political landscape by financing specific political parties over others. Consequently, this situation may lead to corrupt parties gaining or maintaining political power. Impact on Local Economy: Organized crime's widespread presence can destabilize the local economy in various ways. When legitimate economic activities are undermined by OCG operations, it results in economic instability, inflation, unfair competition, and corruption. This can further escalate into increased crime rates when legitimate economic opportunities become scarce or unattainable, ultimately leading to more conflict and violence (Keene, 2018, p. 13). Effects on Post-Conflict Economies: In fragile post-conflict economies, governments and communities naturally strive to strengthen local economic conditions. However, organized groups disrupt healthy economic growth through syndicates, partisan politics, illegal practices, corruption,

intimidation, and violence. This undermines societal trust and deters new businesses from emerging, thereby reducing legitimate economic opportunities and fair market competition (Keene, 2018, p. 14). Economic Drain and Investment Climate: A poor economic environment also contributes to brain drain and capital flight, while deterring foreign investors and donors from investing in the country. Without a robust economy, there are fewer opportunities for investment and economic growth. If the government and organized crime groups overlook these issues, it jeopardizes the economic well-being of the country (Keene, 2018, p. 14). Negative Consequences of Criminal Money: Even when criminal money remains within the country, it brings about numerous adverse effects that harm the local economy and destabilize the nation. For example, criminal money circulation can lead to inflation, driving up the cost of living and causing financial hardship for the population. In such scenarios, where foreign aid is limited or withdrawn, countries may resort to crime as a means of survival, prompting petty criminals to join or form new organized crime groups (Keene, 2018, p. 14). Transport syndicates and trade unions bear a striking resemblance to this category in many ways. Numerous impoverished and conflict-affected countries across Africa and Asia, including Afghanistan, Sudan, Sierra Leone, CIS countries, former Yugoslavian states, and even Nepal, can be categorized similarly. In these nations, when people turn to crime or join organized crime groups or insurgent factions in exchange for payment or basic sustenance, it reinforces the influence and power of these groups (Shawand & Kemp, 2012). Thus, the transnational crime has become global threat.

#### **IRREGULAR FORCES AS CHALLENGES**

According to international humanitarian law (IHL), the term 'irregular forces' denotes combatants who are integrated into a country's armed forces during an armed conflict but are not members of the regular armed forces of that country (Boczek, 2005). Before the 2006 Comprehensive Peace Agreement, the Communist Party of Nepal (Maoist) could be categorized as Nepal's irregular force. According to the Hague Conventions (1899, 1907, and Hague IV), for forces to be classified as 'regular armed forces,' they must meet four specific conditions. Firstly, they must be under the command of a responsible individual who is accountable for their actions in a conflict. Secondly, they should display a distinct and recognizable emblem from a distance. Thirdly, these groups openly carry weapons. Fourthly, their activities must comply with the laws and customs of war as outlined by The Geneva Convention (1949). Groups that do not meet these criteria are classified as irregular forces, which include insurgent groups and terrorist organizations (Keene, 2018, p.16). Timely addressing terrorism is crucial.

The primary distinction between organized crime groups (OCGs) and irregular groups lies in their motivations and objectives. OCGs are primarily driven by economic profit and power, often conducting their activities with the intent to maximize financial gain through both legal and illegal means. In contrast, irregular groups are typically motivated by political objectives, such as bringing about political change or addressing grievances. However, there are similarities in that both types of groups can be viewed as enterprises seeking to achieve their respective goals. OCGs operate essentially as businesses, albeit illicit ones, whereas irregular groups may be more ideologically driven and willing to engage in armed conflict to advance their cause (Keene, 2018, p. 15). The primary driver behind terrorism and irregular groups is not purely financial; rather, financial resources are utilized to support their ideological, political, or status-driven objectives ("Money laundering & Terrorist Financing - A Global Threat," 2004). Much of the funding for terrorist activities comes from donors, with some being fully aware of the use of their contributions and others potentially unaware (Keene, 2018, p. 17). When conventional funding sources such as donations fall short or are inaccessible, terrorists might turn to alternative methods, means such as criminal activities including extortion and ransom from hostage-taking to fund their operations. Similar to any criminal network, terrorist organizations can generate funds through a range of criminal activities, spanning from petty crimes to sophisticated organized crime ("Money laundering & Terrorist Financing - A Global Threat, 2004"). The global terrorism has to contemplated jointly by all superpowers and other nations.

In certain instances, terrorists engage in trafficking and criminal activities not just as a strategic maneuver, but also to sustain their organization financially. These activities can also help them garner political support and legitimacy among local populations who rely on them for protection and livelihood. Such illicit practices thrive in fragile states where the risk of prosecution is minimal due to the feeble or lack of rule of law (Keene, 2018, p. 19). Both organized crime groups (OCGs) and irregular powers often exhibit the capability to transition between legal and illegal markets to fund their operations, often through the practice of money laundering. Traditionally, money laundering involves concealing the origins of funds obtained from criminal activities, typically the sale and distribution of illegal goods and services, in order to make them appear legitimate. Money laundering techniques are employed not just for illicit drug proceeds, but also for a variety of other criminal endeavors (Keene, 2018, p. 20). Such crimes can lead to the chaos and lawlessness everywhere.

### **ORGANIZED CRIME AND IRREGULAR GROUPS AS A COMPLEX RELATIONSHIPS**

Some scholars and practitioners recognize the potential for organized crime groups (OCGs) and irregular groups, including terrorist organizations, to converge through collaboration, alliances, and strategic alignment, eventually reaching common objectives. There are arguments suggesting that this partnership could evolve beyond mere convergence into hybrid groups, characterized by shared ideologies, operational methods, and goals for financial gain (Keene, 2018). Adhikari et al (2020) have argued and presented the vision for the solution of the economic crisis and managing the ecology and environment globally.

### **THE ORGANIZED CRIME IN TRANSNATIONAL LEVELS IN WEAK NATIONS: CHALLENGES AND IMPACTS IN MIXED OBJECTS**

The idea of hybrid entities is derived from the convergence theory, which suggests that two separate groups may gradually combine to create a new, hybrid entity. As noted in a 2012 European Parliament report, these hybrid groups can often begin as organized crime organizations, entities adopting terrorist methods while also pursuing political objectives. Conversely, they may begin as terrorist groups leveraging criminal tactics, eventually using ideological rhetoric as a cover for engaging in organized crime (Keene, 2018). Adhikari et al (2022) have pleaded for the superpowers in managing the criminal activities in the world and it can be useful in this context.

### **TRANSNATIONAL ORGANIZED CRIME AND SECURITY ORGANIZATIONS IN NEPAL**

Politicians in Nepal have expressed concerns over transnational organized crime (TOC) and organized crime groups (OCGs), making them a top policy priority. This emphasis filters below to security organizations like the Police of Nepal and Armed Police Force of Nepal, requiring tangible actions to fulfill these commitments. However, there is a significant risk that addressing TOCs and OCGs in an ad-hoc manner and through broad generalizations could be counter-productive as well as detrimental in both community and the state as a whole (Keene, 2018, p. 8). Adhikari (2020) has pointed out the global environmental as well as security crisis and it has become applicable ideas in maintaining the security.

### **CONCLUSION**

Through the analysis of the data, it has been found that the various concepts like unraveling the web of organized crime, key organized crime cases in Nepal, corruption in Nepal, navigating Nepal's organized crime challenges, globalizing threats of transnational crime, state failure and criminal nexus, exploring models of organized crime, regional groups, the global effects of illegal production, tracing transnational logistical networks, fragile states as entry points for transnational organized crime, regional organizations and local crime patterns, traditional organized crime as an evolution and deviation, the detrimental effects of organized and transnational crimes are in proliferous conditions day by day respectively.



The fundamental queries for all stakeholders in Nepal revolve around whether there exists a foundational comprehending of united crime, the crime of international level, and the crimes of the white-collar kinds at a conceptual and methodological level. Equally crucial is the examination of the government's dedication and effectiveness in deterring, preventing, or ideally eradicating the root causes and effects of organized crime. Dealing with these forms of crime is significantly more intricate, challenging, and risky compared to addressing sporadic, emotionally driven street crimes. The following concluding recommendations can be considered: It is imperative to enhance awareness and understanding of the nuanced aspects of organized crime, transnational crime, and white-collar crimes among stakeholders. The government should demonstrate a robust commitment and proactive measures to combat organized crime, focusing on comprehensive strategies rather than ad-hoc responses. Efforts should prioritize long-term prevention and deterrence strategies, aiming to address underlying socio-economic factors that contribute to the growth of organized crime. Collaboration and coordination among various agencies, both domestically and internationally, are essential to effectively tackle the cross-border dimensions of organized crime. Continuous evaluation and adaptation of strategies based on evolving trends and challenges in organized crime are necessary to ensure efficacy and relevance. Acknowledge organized crime groups (OCGs) as a major threat to national security. Enhance network analysis to improve intelligence assessments by expanding the scope of the network. Tackle corruption by understanding how it enables connections between OCGs, irregular groups, and government officials, and develop strategies to counter this issue. Address deficiencies in intelligence by adopting a multidisciplinary approach with experts from various fields. Offer training and education to increase comprehension of the interactions between OCGs, irregular groups, and corrupt officials. Implement a unified strategy for comprehensive intelligence gathering on OCGs and state actors, and encourage dialogue to promote a collaborative approach to tackling the problem. Anticipate potential unintended consequences and investigate methods to address them.

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