In the early 1950's, in order to revive the lost glory and the heritage of ancient Nalanda Mahavihara, his Excellency Dr. Rajendra Prasad, the first President of the Republic of India, declared that the ancient seat of Buddhist learning at Nalanda would be revived. At the insistence of Ven. Bhikshu Jagdish Kashyap and with this goal in mind, the Government of Bihar established a research institute called "Magadh Institute of Post-Graduate Studies and Research in Pali and Allied Languages and Buddhist Learning" at Nalanda in 1951. It later came to be known as Nava Nalanda Mahavihara.

The inspiration behind the establishment of this institute was to develop a centre of higher studies in Pali and Buddhism along the lines of ancient Nalanda Mahavihara. From the beginning, the institute functioned as a residential institution, with a limited number of Indian and foreign students.

The present campus of the Mahavihara is 100 kms from the metropolis of Patna, situated on the southern bank of the historical lake, Indrapuskarani. Close to the northern bank lie the ruins of the ancient University of Nalanda.

On November 20, 1951, the foundation stone of the first building was laid by His Excellency, Dr. Rajendra Prasad. Engraved upon it are the following words:

"Let the rays of the sun of Nalanda rise from the summit of this rock in order to brighten the vernacular after the passing away of its nights of darkness (period of its obscurity)."

Ven. Bhikshu Jagdish Kashyap became the Founder-Director of Nava Nalanda Mahavihara, and continued in that capacity until February 1955. One of his major accomplishments was the complete publication, in 41 volumes, of a critical edition of the entire Pali Tipitaka in Devanagari script. It was very popular and quickly went out of print.