



INVEST IN NEPAL

a story of resilience and growth

INVESTMENT MEMORANDUM

DECEMBER 2024



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*Nepal is open for
business and investment.*

”

Message from FNCCI President

Dear investors and partners,

I'm filled with a sense of pride and optimism for the future of our beloved Nepal. Our journey so far, fraught with challenges, has also been abundant in milestones, and the path ahead is shining with opportunities.

Thanks to the strong government and focused leadership of our Rt. Hon'ble Prime Minister, we are tirelessly working towards creating a more conducive environment for businesses, both local and foreign. Our economic foundations are rock-solid. We have managed to maintain a stable foreign exchange reserve and ensure controlled inflation along with an impressive credit rating, BB-.

But numbers only tell part of our story. The true testament to Nepal's progress is our people's spirit. We have significantly improved our per capita income while reducing multi-dimensional poverty in the last couple of decades. We wear the socio-economic achievements as a badge of honor. It's not just an economic statistic; it's a testament to the growing aspirations of our people and the burgeoning market potential of our nation.

Nature has been generous to Nepal. Our land, rich in minerals and waters, is waiting to be harnessed. Add to this our young, vibrant population, eager to make their mark, and you see why Nepal is becoming a magnet for visionary investors.

Our advancements in sectors like tourism, with the rise of new international airports, or our untapped hydropower potential, speak volumes of our nation's promise. And as the world looks to embrace nature post the pandemic, Nepal's organic produce and herbal riches offer a lot of promise of health and wellness.

To our esteemed investors and partners, I invite you to join us in this exciting chapter of Nepal's growth story. Together, we can co-author a tale of success, sustainability, and shared prosperity.

With warm regards,

Chandra Prasad Dhakal

President, FNCCI

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FROM TIMELESS LEGACY TO BOUNDLESS POSSIBILITY

With roots anchored in ancient wisdom and spirituality, from the profound teachings of Buddha to the insights of age-old sages, Nepal has been a beacon of enlightenment to the world. This land, which has gracefully balanced its deep-rooted traditions with evolving aspirations, stands as a testament to adaptability and vision.

While history has presented its set of trials, the true spirit of Nepal is marked not by these challenges but by its remarkable ability to rise, innovate, and transform. With each trial, Nepal has emerged not weakened but fortified, echoing its intrinsic resilience and determination.

Today, this nation, once primarily known for its spiritual and scenic allure, is scripting a new narrative. Significant strides in social and human capital, a notable decline in poverty, and an ambitious drive towards urbanization and modernization showcase Nepal's unwavering commitment to progress.

Positioned at the crossroads of booming economies like China and India, and in proximity to rising economic hubs like Bangladesh, Nepal is not just geographically strategic but stands as an untapped goldmine of opportunities. As the world pivots to Asia, Nepal is rapidly evolving into an investment nexus, connecting age-old traditions with future-focused ambitions.

As you embark on this investment journey, we invite you to not just witness, but be part of Nepal's incredible story of growth, resilience, and infinite potential. Understand why Nepal is more than just a destination; it's where legacy meets opportunity, awaiting your partnership.

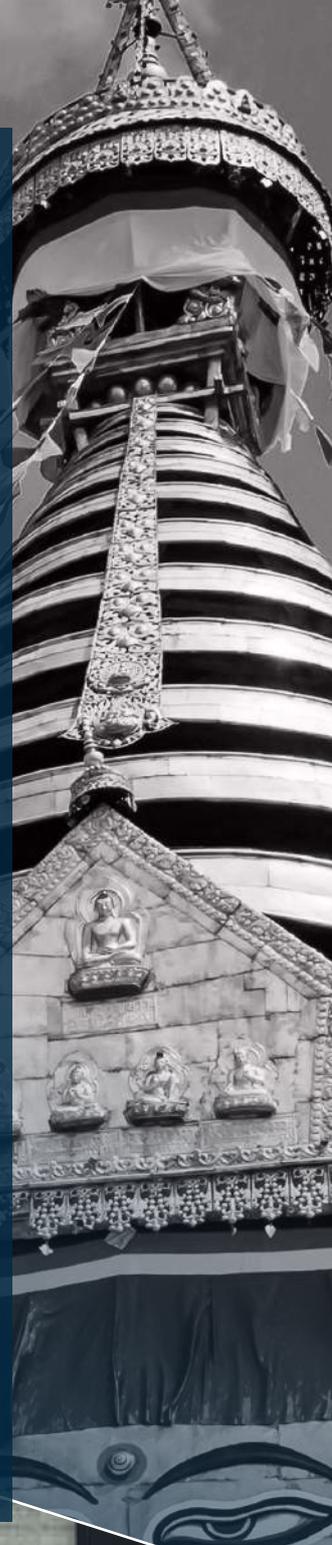






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Nepal's Economic Overview: Resilient and Rising

Nepal is now steadfast to becoming a lower-middle-income economy and graduating from the Least Developed Country (LDC) Status.

Nepal's journey towards becoming a lower-middle-income economy and graduating from the LDC status is a testament to its resilience and potential. Despite challenges like a prolonged civil war and significant natural disasters, the nation has made impressive human development and economic strides, particularly when compared to its regional peers.

Nepal's Growth Momentum: A Decade of Steadfast Growth, Touching Heights Pre-Pandemic, Gaining Momentum Post-Pandemic



Nepal maintained a compounded annual growth rate (CAGR) of 4.4 percent over FY13-FY23



Nepal's average growth rate in the three years preceding the COVID-19 pandemic was 7.75 percent



The economic growth for the next three years (FY24, FY25, and FY26) is forecasted to be an average of 4.83%

Nepal's Diverse Economic Canvas: Service-Driven Heartbeat with Agrarian Roots & Industrial Ambitions

There is a noticeable shift in Nepal's economy from subsistence-based agriculture to modernized service and industrial sector

The service sector contributes the largest 62.9 percent gross value added in GDP



The industrial sector contributes 13.0 percent gross value added in GDP

The agriculture sector accounts for 24.1 percent of gross value added in GDP

External Accounts of Economy



By mid July 2024 **Balance of Payments** remained at a surplus of **US \$ 3.77 billion**.



By mid October 2024 **Gross foreign exchange** reserves stood at **USD 16.60 billion**.

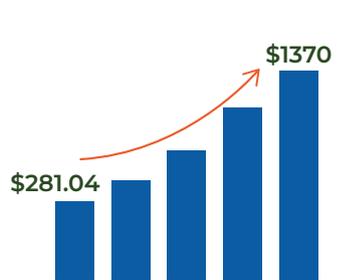
Development Milestones: Nepal's Rise Against the Odds

From Humble Beginnings to Economic Progress

Within just two decades, Nepal has stood tall, turning challenges into stepping stones. The nation's GDP growth, from USD 6.33 billion in 2003 to USD 42.25 billion in 2023, isn't just a figure. It's a testament to Nepal's relentless drive and commitment to its vision of sustainable development.

A Surge in Economic Metrics

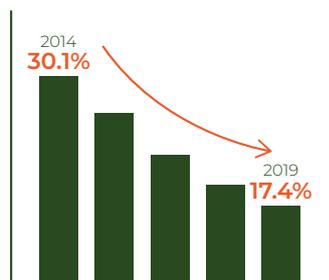
GNI per capita isn't just a metric; it's a reflection of the prosperity and well-being of every Nepali. The surge from \$281.04 in 2003 to \$1,370 in 2023 narrates a tale of an economy that isn't merely thriving but of a people whose potential is being unlocked and recognized.



GNI Per capita (USD) increased approx five folds from \$281.04 in 2003 to \$1,370 in 2023.

A Human Development Triumph

Nepal succeeded to reduce the Multidimensional Poverty Index from 30.1% in 2014 to 17.4% in 2019, a 42% reduction in just five years.



Shining in South Asia

Amidst the vibrant tapestry of South Asia, Nepal emerges, not just as a participant but as a beacon of progress and promise.

Nepal's Demographic Potential: A Blend of Youth, Skill, and Experience

Nepal is in the mid to late stages of a demographic transition that holds the potential to induce catalytic economic growth and is slated to enjoy a demographic dividend of unprecedented scale. Foreign Investors can seize this demographic dividend.

A Flourishing Employment Landscape

From 2008 to 2018, Nepal saw the creation of over 4 million jobs, with nearly half being wage jobs, underscoring a steady shift towards a structured employment framework. This growth in wage jobs — from 17% in 2008 to 24% in 2018 — showcases a maturing job market and evolving economic structure.



Youth at the Forefront



Nepal's population is nearly 30 million people in 2022 and will reach its peak population of 35.32 million by 2049

By 2030, Nepal will have a 6 percentage point rise in the economically active population providing a window till 2047 to leverage the demographic dividend

The median age of Nepal is around 24 years

Higher Participation, Greater Potential



Nepal has an active working population of about 14 million

60.5 percent of Nepal's population belongs to the productive age group (15-59 years) category

A labour force participation rate of 77 percent means Nepal is higher than its South Asian peers in this aspect

Returnees: A Wealth of Experience Returns Home



The 756 thousand returnee migrants tell a tale of homecoming. These individuals, with international exposure, bring back a wealth of skills that can be channeled across sectors — from plant and machinery assembly to service & crafts, and even skilled agriculture, forestry, and fisheries. Their return represents an opportunity: to integrate global know-how with local wisdom.

Global Trade & Market Access: Nepal is Strategically Positioned for Expansive Market Reach

Trade Dynamics: An Arena of Opportunities

Nepal's distinct consumption patterns over the last decade underline its evolving marketplace. While there has been a considerable emphasis on imports due to a robust demand, this scenario provides vast opportunities for foreign investors and businesses to tap into Nepal's vast consumer base and production potential.



Import Nrs. 1593 billion
in 2023/24



Export Nrs. 152.38 billion
in 2023/24

Nepal's Geographical Dividend: A Gateway to Lucrative Markets

Nepal's strategic positioning between the economic behemoths of China and India isn't just a geographical fact; it's a business advantage. Beyond its immediate neighbors, Nepal enjoys significant market access globally



South Asian Outreach:

Benefiting from the SAFTA and BIMSTEC Free Trade Agreements, Nepal revels in duty and tax-free arrangements across the region.



Open Door to India:

An open border coupled with duty-free benefits solidifies Nepal's trading relationship with its southern neighbor.



Inroads into China:

With zero tariffs on over 8000 products and the Belt and Road Initiative Framework, Nepal's northern trade corridors are buzzing with potential.



European Connection:

The European Union opens its market to Nepal under the Duty-Free Quota-Free (EBA) arrangements.



American Markets:

A decade-long agreement (starting 2016) with the United States offers duty-free access for 77 items, including garments.

Multilateral Agreements



The Nepal Opportunity

Strategic Positioning: Bridging Emerging Economies

Located between the economic powerhouses of India and China, Nepal boasts over 1400 KM of open border with India to the south and streamlined connectivity to China in the north. This unique geographic advantage presents untapped potential for businesses looking to operate at the crossroads of major markets.

Empowering Investment: A Landscape Primed for Growth

Nepal is not just open to foreign investments; it actively encourages them. With 100% foreign investment permitted in most sectors and a competitive corporate tax structure, Nepal positions itself as a lucrative destination for global investors.

Transparent Tax Benefits:

General corporate income tax at 25%, while priority sectors such as Energy, Transport, Infrastructure, and Manufacturing enjoy a reduced 20% rate.

Clear Investment Laws:

Continuous efforts are being made to liberalize and streamline investment-related legislations, fostering an environment of trust and collaboration with the private sector.

Protecting & Facilitating Global Partnerships

Effortless Profit Repatriation:

Under FITTA 3(20), 2019, investors have the freedom to easily repatriate their investments and earnings. This ensures that foreign investors can seamlessly manage their finances and operations.

Bilateral Tax Treaties:

Nepal has proactively forged tax treaties with 11 nations, including China, to avoid double taxation, thereby ensuring more predictable and favorable taxation for international businesses.

Investment Safeguard Mechanisms:

With mechanisms like Project Development Agreement (PDA) and Project Investment Agreement (PIA), alongside provisions of Non-Nationalization and National Treatment, Nepal reassures foreign investors of the security and longevity of their investments.



Opportunities in Import Substitution:

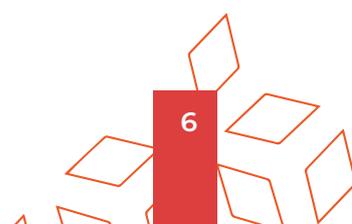
Nepal's consumption-driven economy, bolstered by remittances, indicates a significant market demand. Yet, its limited domestic manufacturing capacity opens the door for foreign investors to set up production facilities, cater to local demands, and yield attractive investment returns.

Hassle-Free Immigration for Investors:

Nepal simplifies the journey for foreign investors and workers with policies like on-arrival tourist visas, Non-Tourist and Business Visas for Foreign Workers and Investors, and even Residential Visas for substantial investments.

Access to Global Banking Connections

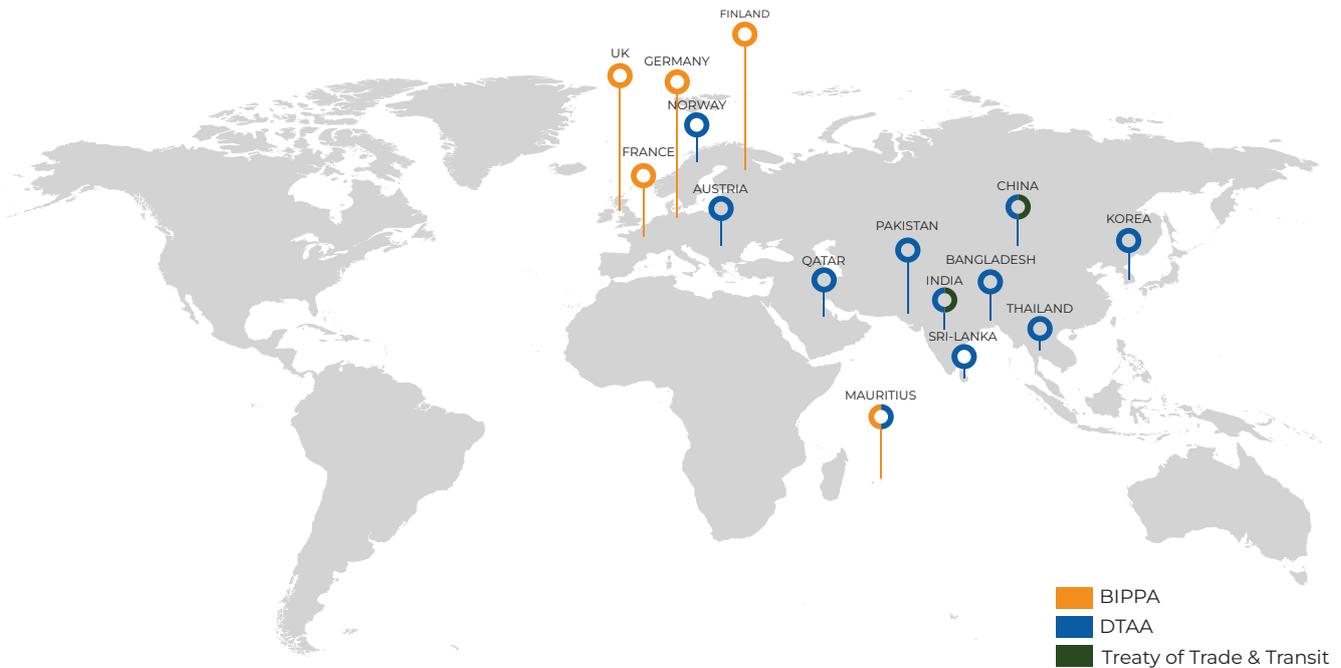
There are established global banks with investment as well as branch operations in Nepal. Investors can avail these services for a smooth and efficient banking transactions.



Global Agreements and Success

Bilateral Treaties & Agreements: A World of Opportunities

Nepal's dedication to fostering international relationships is evident in its myriad of bilateral agreements with nations around the globe. These agreements serve as a testament to Nepal's commitment to ease of business and collaboration with international partners



Success in Action

Foreign Investments: Thriving Ventures in Nepal

Foreign investment and business ventures have always found a conducive environment and fruitful collaborations in Nepal. Here are some of the noteworthy ventures that have become success stories



Investment Sectors in Nepal: A World of Opportunity

Nepal's strategic location and unique resources offer a diverse range of sectors for prospective investors. Discover the potential and pathways to success in these prime sectors:



Explore the untouched beyond the peaks



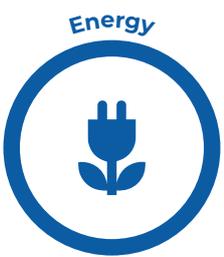
Unlocking the value of Nepal's agrarian roots



Nepal's next frontier for growth



Laying the foundation for tomorrow's Nepal



Powering progress by tapping into Nepal's natural reservoirs



Exploring modern finance in the heart of Asia



A land with vast natural reserves hiding beneath its topography



Building the future with wellness and wisdom



Tourism

Overview

Nepal is bestowed with immense diversity in geography & climate, and has a rich cultural and historical heritage. In 2023, tourism revenue from foreign tourists visiting Nepal for various purposes increased by 45.6% to Rs. 68.7 billion, compared to Rs. 46.73 billion in 2022.

Growth Drivers



VISION 2025:

The National Tourism Strategy 2016-2025 sets the compass towards a whopping 2.52 million arrivals annually by 2025.



STRATEGIC FOCUS

The Industrial Enterprise Act 2019 earmarks adventure, rural, religious, and sports tourism as priority sectors.



INVESTOR PARADISES

Any venture into the tourism industry exceeding Nrs 2 billion capital is greeted with a five-year income tax holiday, followed by a three-year 50% reduction.



GROWTH STORY

Prior to 2019, Nepal witnessed a significant average year on year growth of more than 25% for three consecutive years

Opportunities



Tourism Infrastructure: Hotels, Recreation centres, Cable Cars



Adventure Tourism: Zip-Line, Bungee, Rafting, rock-climbing, high-altitude cycling



Ecological & Cultural Tourism: Community run Homestays



Tourism related Auxiliary services surrounding leisure, adventure and medical tourism



Potential for expanding the market for Meetings, International Conferences and Events (MICE) tourism

Spotlight on hill stations

Nepal presents a unique topography for investing in hill stations which can offer unique landscape and climate. The hill stations can offer year-round tourist flow, diverse flora and fauna, cultural immersion.





Agriculture & Agro Processing

Overview

The agricultural sector in Nepal is gradually transitioning from subsistence to commercial scale.

Growth Drivers

- Various multilateral and bilateral as well as regional agreements provide Nepal an easy access to the international market with a low tariff bracket.
- Agriculture sector business can avail concessional lending in the form of interest rate subsidy, refinancing and even direct credit facility.
- Effective tax rate of 70% for agriculture industry that provides direct employment to at least 100 Nepalese national during a whole year
- Agriculture sector business can avail upto 100% tax exemption based on their employment generation, geographic location and investment amount. 0% VAT on primary and basic agricultural goods

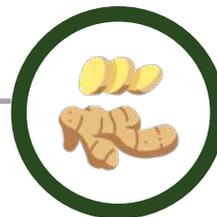
Opportunities



FDI in Agriculture in Nepal is permitted in secondary and tertiary agro activities i.e. processing, packaging, branding. This also allows foreign investments in agri-related infrastructure across logistics & supply chain, modern phytosanitary facilities, packaging and cold storages as well as marketing/branding infrastructure.



- Tea is one of the priority export sectors identified by NTIS 2016
- Favorable soil condition, high altitude, and excellent climate to grow tea
- Strong potential to penetrate the U.S. and European organic tea markets.



- Nepal is one of the top five producers and exporters of ginger in the world
- Ginger is a priority export sector identified by NTIS for value chain development.



- Nepal is the largest producer of large cardamom
- In the fiscal year 2023/24, Nepal exported Nrs. 7.9 Billion cardamoms with 5% share in total export.
- Huge scope in centralizing the collection and establishing efficient production and value chain will help in the industry's growth



- Demand for MAPs especially as inputs for consumable and cosmetic goods has been on the rise globally.
- Investors can eye packaging and branding aspects to create high value addition and integrate processed MAP to the international market.

泊尔首批青貯飼料輸華啟運儀式
Inauguration for the First Batch
Nepali Haylage Export to China



Digital Economy & ICT

Overview

Increased access to the internet and uptake of digital services has re-configured connectivity and information sharing among the masses. This ICT enablement has led public and private sectors to fundamentally alter their service delivery and quality control mechanisms.



Digital Infrastructure:

Internet penetration soared from 45% in FY21 to 54.88% in FY22. Broadband connectivity (Density) by mid-June 2024 149.23%.



eCommerce Wave:

Nepal is the 75th largest market for eCommerce with a predicted revenue of US\$695.0 million by 2024.



Economic Backbone:

IT service exports have become a pivotal contributor to Nepal's GDP and foreign currency reserves. From 1% of Nepal's GDP and 2.9% of forex in 2020, the contributions mushroomed to 1.4% and 5.5% respectively by 2022. IT companies alone fueled 0.5% of the GDP and a hefty 2.2% of the forex.

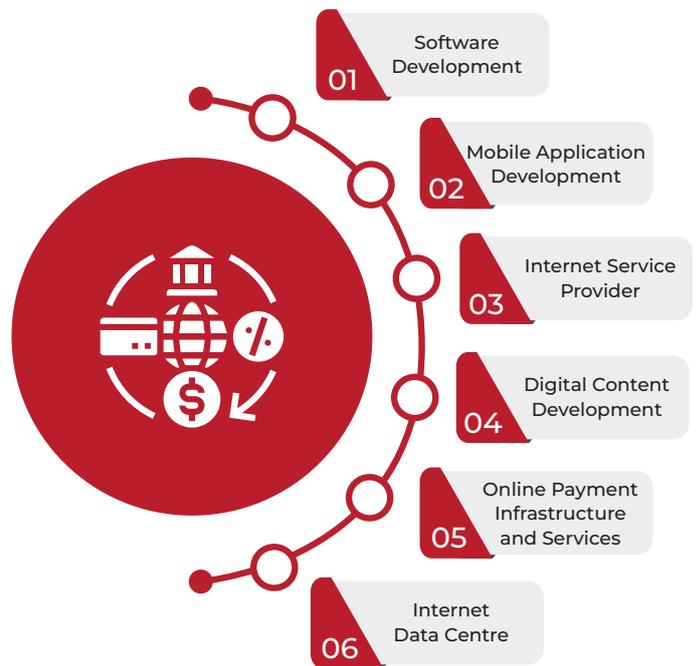


The Freelancer Force:

Freelancers are the unsung heroes. In 2022, they contributed 0.8% to the GDP and a massive 3.4% to the forex—outpacing the IT companies.

There is an unrealized additional potential of contributing USD 4 billion

Opportunities



Nepal has a large young skilled and low-wage, english speaking workforce. Hence, it has a huge potential for BPOs. These companies are operating successfully, catering to both domestic and international clients.

fuse | machines

Daraz

INCESSANT RAIN

deerwalk

Growth Drivers

ICT Growth Trajectory:

The last three years have been revolutionary:

2020	2021	2022	2023
IT service exports totaled USD 308 million, with IT companies shipping out services worth USD 88 million.	A climb continued with IT service exports by IT companies reaching USD 112 million, marking a 26.8% surge compared to 2020. Overall, IT service exports nudged to USD 314 million.	Total IT service exports exploded to USD 515 million. While IT companies celebrated an 80.5% growth in service exports, freelancers saw a 55.2% boost. These numbers underline an insatiable global demand for Nepalese IT expertise.	As per the World Trade Organization's digitally delivered services trade dataset, Nepal's total export of digitally delivered services (DDS) was valued at US\$835.8 million in 2023.

Financial Innovation & Banking

Overview

- Policies of financial sector liberalization and globalization have transformed Nepal's financial sector. Several joint venture banks along with the domestic private sector participation have resulted in the domination of the banking sector by private banks.
- Financial institutions dominate the stock market as they account for more than three-fourths of market capitalization.
- Financial market infrastructures including Credit Information Bureau (CIB), Central Securities Depository and Clearing Ltd (CDSC) and Nepal Clearing House Ltd (NCHL) support the Nepali financial sector.
- Nepal Rastra Bank (NRB) has recently launched a real-time gross settlement system (RTGS) for real-time transfer of high-value transactions.
- CIB operates a secured transaction registry aimed at promoting bank credit to SMEs against the collateral of movable and intangible property thereby reducing the cost of doing business.

Growth Drivers

Foreign BFIs can invest 20% to maximum 85% of paid-up capital in JV with Nepal's BFIs

BFIs can borrow in foreign currencies up to 100% of their core capital

Multilateral institutions are allowed to local currency bonds while commercial banks can issue debenture of a minimum 25% of their paid up capital

Fintech companies providing a holistic solution-set across mobile and internet banking, coupled with QR-based payment solutions have been well received in Nepalese Market.

Opportunities



Alternative Assets Class

Private Equity and Venture Capital investing is picking up in Nepal



BaaS

Amidst increased demand from Nepali banks for Banking-as-a-Service (BaaS) solutions white-label internet and mobile banking solutions have an immense market incentive for rendering interoperable solutions to Nepalese BFIs.



Fintech

Demand for Fintech solution is extensive.

Opportunity for Chinese Banks



With the increasing trade volume with China and surging FDI, Nepal is primed for an influx of Chinese banking operations. This can either come through country branch operations of a Chinese bank or even a JV with a local bank.



Urban & Industrial Infrastructure

Overview

Nepal is one of the world's least urbanized and fastest urbanizing countries.

The economic, spatial and mobility trends in Nepal signals an inevitable urbanization and urban growth such that the rate of upgradation of urban infrastructure is likely to lag and get exasperated if sufficient capital injection does not occur in the interim .

Rapid urbanization and declaration of new municipalities by merging rural municipalities have increased the urban population of Nepal to 62.2 percent.

Nepal's infrastructure Investment needs are quoted at 10-15 percent of GDP annually.

Growth Drivers

National Urban Development Strategy (NUDS), an inter-ministry and interagency endorsed 15-year strategic plan (2015-2031) to realize the need for a consolidated strategy for urban development. NUDS features the following national objectives



Strengthening urban-rural linkages



Upgrading inter and intra-provincial, regional road connectivity standards



Improving connectivity infrastructure in key Tarai urban centers



Facilitating small towns in realizing their comparative advantage



Facilitating higher level functions in major provincial/regional urban centers



Creating infrastructure for "smart" cities in priority locations

Opportunities



Smart Cities



Integrated Waste Management



E-Governance



ICT enabled Public Service Delivery

Public-Private Collaboration in Infrastructure



Industrial Infrastructure:

Special Economic Zones (SEZs) are not mere industrial hubs but growth catalysts. The government's vision extends to cross-border SEZs and expansive industrial parks. Collaborating through PPP models, this initiative represents unmatched opportunities for investors and industrialists.



Roads to Tomorrow:

The government is shifting gears, steering road infrastructure projects through the PPP model. This not only opens avenues for foreign contractors but also beckons global investors to be part of Nepal's growth story. Notably, Chinese enterprises have marked their territory, but the arena is vast with untapped potential.



Energy

Overview

With over 6000 rivers & rivulets and with altitude variation ranging between 100 to 8848 meters, Nepal offers tremendous hydro potential.

Growth Drivers



Growth Catalysts:

Power Consumption Uplift:

Energy consumption in 2023 reached 10,693 GWh, up from 9,317 GWh in 2022, driven by industrial growth and increased household demand.

Green Energy Integration:

10% of total energy from wind, solar, and biomass, with an emphasis on weaving renewable sources into the national grid.

Electricity Export to Bangladesh:

In 2024, Nepal, India, and Bangladesh signed a trilateral agreement to export 40 MW of electricity annually for five years, generating an estimated Nrs. 330 million yearly and boosting sub-regional energy connectivity.

Regional Collaboration:

The GoN's vision amplifies South-Asian collaboration to bolster power trade. Landmarks include BIMSTEC grid integration, power trade pacts with India and Bangladesh, and more.

Investor-centric Policies:

With 17% ROI guaranteed by the ERC for projects beyond 100 MW, 100% FDI allowance in energy, and significant tax reliefs, the investor climate is vibrant.

Opportunities



Hydropower:

The 10-year blueprint envisions a monumental 15,000 MW of hydropower generation.



Solar & Wind:

Untapped potentials of 2,100 MW and 3,000 MW lie in solar and wind energy sectors respectively.



Future-Forward Infrastructure:

Opportunities to invest in energy infrastructures, like EV charging points.

The Trans-Himalayan Ambition:
An electrifying partnership between Nepal and China is underway. Although still in its nascent phase, the 400 kV trans-Himalayan power line promises to fuse Rasuwagadhi and Kerung, crafting an energy artery across the northern border.

Mines and Minerals

Overview

Nepal, cradled in the 2,500 km Himalayan belt, is a land with vast natural reserves hiding beneath its topography. While 83% of its expanse is mountainous, these very mountains hold the key to a variety of minerals indispensable to industries and construction. From limestone, coal, talc, red clay to granite, marble and precious gems, the list is exhaustive. As of now, a total of 63 minerals have been identified.

Growth Drivers

- **Private Sector Participation:** Over 400 licenses have been issued to delve into mineral commodities, with an additional 222 licenses specifically for extraction.
- **Tax Incentives:** A substantial tax waiver for initial five years is provided to industries meeting specific criteria, with subsequent partial exemptions.
- **Foreign Direct Investment (FDI) Boost:** Liberal policies have ushered in foreign investments, with significant players like Hongshi and Huaxin stepping in.
- **Infrastructure Demands:** The infrastructure boom in Nepal necessitates an increasing demand for minerals, primarily limestone.

Establishment of “Dhaubadi Falam Khani Ltd”, a Government of Nepal owned company for excavating and mining the recently discovered highgrade iron ore. The chemical analysis was done in Chemical Laboratory of Department of Mines and Geology, Lainchaur, Kathmandu and South-West Metallurgical and Geological Testing Center (SMGTC), Chengdu.

Opportunities



Metallic Minerals:
Ores containing metals like iron, copper, zinc, and gold are found scattered across Nepal.



Non-Metallic Minerals:
Magnesite, phosphorite, quartz, and more, are present in various parts of Nepal.



Fuel Minerals:
Resources like petroleum, peat, and natural gas trace their origins to Nepal's subsurface.



Gemstones:
Tourmaline, aquamarine, and more add to Nepal's gemstone repertoire.



Decorative & Dimension Stones:
Indigenous rocks, including marbles and granites, enrich Nepal's aesthetic mineral portfolio.



Construction Minerals:
Rocks suited for construction, such as basalt and sandstone, are in abundance.



Recent discovery of gas and oil seepage in western Nepal with approximately 10 petroleum and natural gas exploration sites identified

Unchartered areas for mines and minerals exploration; specifically for petroleum, uranium, cobalt, manganese etc.



Health & Education

Overview

A high out of pocket expenditure to access quality health services indicates that the private sector needs to seize the potential.

Nepal showed a faster increase in the expected years of schooling compared to its neighbors in the South Asia region while the shadow price of human capital, which is measured in terms of return to education, is low.

Growth Drivers

Education

-  Rising demand for quality education
-  Private sector involvement in technical and vocational education verticals have received support and investment from various development partners
-  VAT exemption for schools and universities, different research programs, income earned from professional/ vocational trainings conducted with non-profit earning motive
-  Over 110,000 Nepali students obtained No Objection Certificates (NOCs) to study abroad in the fiscal year 2023/24, according to the Ministry of Education, Science, and Technology. 30.8% applied for Australia. China is another most sought after destination for engineering and medical studies.

Health

-  Demand for specialized healthcare services is on the rise. Private sector investment has been well received in the past as evidenced by supportive regulatory reforms by the government
-  Proliferation of partnership between Nepalese and foreign hospitals; Norvic Hospital and Medanta Hospital India, Grande Hospital and Samitivej Hospital Thailand, Vayodha Hospital and Fortis Escorts Heart Institute India

Health

-  VAT exemptions on medical/surgical services provided by government institutions, human blood and its products, x-ray film and oxygen gas used for treatment
-  Full exemptions on various equipment used by visually impaired and people with different abilities

Opportunities



Technical and Vocational Education



Digital literacy and ICT enabled education solutions



Research and Innovation Infrastructure



Tertiary and curative care for General and specialized health needs



Pharmaceutical manufacturing



Cold-Chain logistics



E-Learning Platforms



Telemedicine

Policy, Legal and Institutional Framework

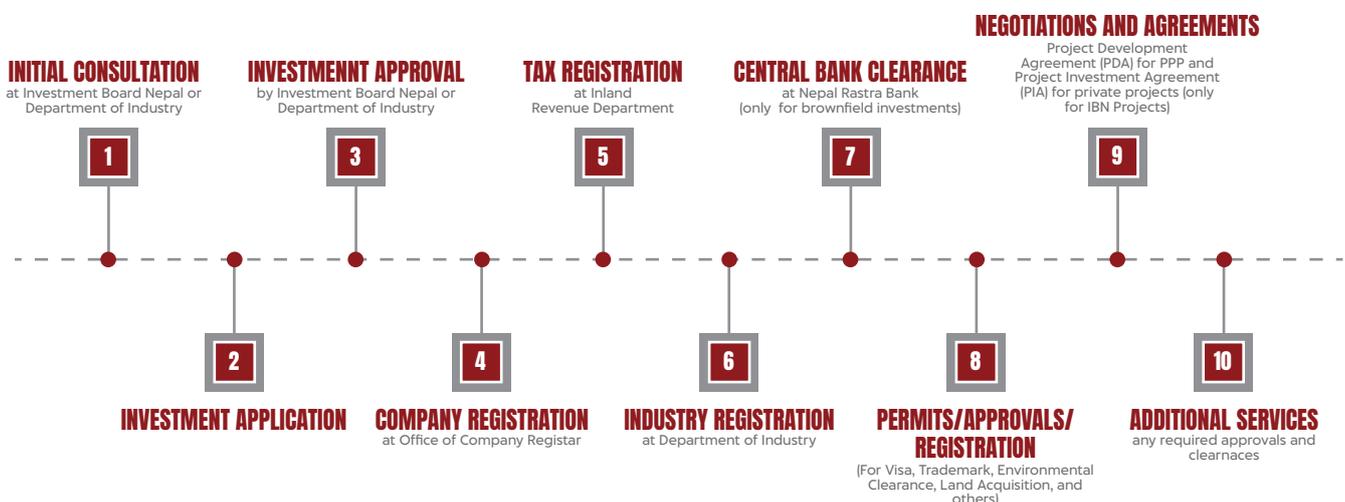
Major Laws Related to Investment

- ⚖️ **Foreign Investment and Technology Transfer Act (FITTA) 2019**
 - Minimum Investment- approx. Nepalese Rupees 2 Crores.
 - National Treatment
 - No Nationalization
 - One Stop Service Center
 - Full repatriation of profits, benefits, income, proceeds of sale of shares
 - Dispute settlement mechanism
- ⚖️ **Public Private Partnership and investment Act (PPPIA) 2019**
- ⚖️ **Labor Act 2017**
- ⚖️ **Company Act 2006 (amended in 2019)**
- ⚖️ **Industrial Enterprises Act (IEA) 2020**
- ⚖️ **Environment Protection Act 2019**

Investment Approving Agency



Investment Approving Process



Recent Reforms to Investment Laws

The Act to Amend Some Nepal Acts, 2081 B.S., aims to remove legal barriers and foster an investor-friendly climate to boost FDI.

FITTA, 2019:

- FDI approvals, previously required from the Investment Board for investments exceeding NPR 6 billion, can now be obtained directly from the Department of Industry (DOI).
- Nepali industries can transfer technology abroad and open branches overseas with approval from the Department of Industry.
- The requirement to obtain a recommendation from the Ministry of Industry for obtaining project loans from foreign financial institutions has been removed.
- FDI industries in Nepal can now use contract or sub-contract manufacturing for their main products or services, lifting previous restrictions.

 **National Parks and Wildlife Conservation Act, 1973:** The Government of Nepal grants permission for ecotourism and sustainable industries in national parks, reserves, and conservation areas with proper approval.

 **Special Economic Zone Act, 2015:** SEZ industries are facilitated to export at least 15% of production in the first 4 years and 30% thereafter.

 **Public Private Partnership and Investment Act, 2019:** The Secretary of the Ministry of Finance shall serve as a member of the Monitoring and Facilitation Committee.

 **Forest Act, 2019:** The Government of Nepal permits mineral excavation in National Forests only if environmentally safe, with exceptions for boulders, stones, and soil allowed exclusively for national priority projects, Investment Board-approved projects, or industries of national pride.

 **Land Act, 2021:** Entities with land exceeding the prescribed can now request acquisition of excess land with valid reasons, and may sell it with approval from the Government of Nepal.

 **Land Acquisition Act, 2023:** The maximum compensation for land acquired by non-government institutions is capped at three times the minimum land value used for registration.

 **Industrial Enterprise Act, 2019:** Has simplified the registration and operation of startups, provides access to incubation centers, and offers incentives to IT industries with over one billion in investments to foster growth and innovation.

National Startup Enterprise Policy, 2080

The Government of Nepal introduced the National Startup Policy, 2080, to encourage investment in startups and attract both domestic and foreign investors, including FDI.

High level Economic Reform Commission

Government of Nepal has formed an Economic Reform Commission to revitalize the national economy and promote sustainable economic development.

Bilateral Investment Framework

The Government of Nepal approved the Bilateral Investment Framework as part of broader efforts to create an investor-friendly environment and ensure the security of foreign investments

FNCCI's Unwavering Commitment to Nepal's Investment Landscape

At FNCCI, we recognize the importance of forging strong relationships, fostering informed dialogue, and creating platforms for international collaboration. Our mission is driven by a commitment to facilitate meaningful and sustainable investments in Nepal.



Pioneering Initiatives & Engagements

FNCCI has consistently taken the lead in organizing diverse events and initiatives such as workshops, seminars, roadshows, and conferences to engage and inform stakeholders about Nepal's potential. Our expos offer unparalleled platforms for businesses to network, learn, and grow.



Catalyzing Global Partnerships

FNCCI is not just confined within Nepal's borders. We have extended our efforts through B2B interaction meetings in various countries across the globe. These strategic engagements pave the way for cross-border collaborations, facilitating a mutual exchange of knowledge, resources, and investment.



Comprehensive Investment Memorandum

To offer stakeholders a holistic view of Nepal's investment scenario, FNCCI presents the Investment Memorandum. This comprehensive document captures the current state of Nepal's economy, highlights FDI opportunities, and delves deep into the nation's sector-based investment possibilities. It's your go-to guide for a concise yet thorough insight into investing in Nepal.



FDI Help Desk: Your Direct Line to Investment Support

Understanding the intricacies of foreign investments can be challenging. That's why FNCCI has set up the FDI Help Desk – a one-stop solution for foreign investors. Our dedicated help desk ensures a streamlined, hassle-free investment experience in Nepal.



Join Us in Shaping Nepal's Future

With FNCCI by your side, you're not just investing in Nepal; you're becoming a part of a transformative journey. We're here to guide, support, and empower every step of the way. Let's together unlock the boundless potential Nepal holds.

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Federation of Nepalese Chambers of Commerce and Industry

FNCCI is a Government of Nepal accredited umbrella organization of Private Sector in Nepal which is recognized nationally and internationally. Organized as a representative body of business organizations in the country, it represents the interest of private sector and is involved in promotion of socio-economic development of Nepal through private sector led economic growth.

Published by:

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