



MINISTRY OF INDUSTRY

Invest Nepal

Guiding our Business

•

•

•

•

•



CONFEDERATION OF NEPALESE INDUSTRIES



Go

•

•

•

•

•


•

•

- [Foreign Investment in Nepal](#)
- [Forms of Foreign Investment \(FI\)](#)
- [Areas allowed for FI](#)
- [Entry Conditions on Investment](#)
- [FDI Approval process of Nepal](#)
- [FDI Approval Procedure](#)
- [Foreign Equity Investment in a New Industry](#)

- [Deposits and Fees](#)
- [Technology Transfer](#)
- [Foreign Investment in an Existing Industry by Share Transfer](#)
- [Loan Investment in an Existing Nepalese Industry](#)
- [Doing Business in Nepal](#)
- [Industries Permissible for Foreign Investment](#)
- [Treatment and Protection of Foreign Investors](#)
- [National Treatment](#)
- [Non-discrimination](#)
- [Dispute Settlement](#)
- [Repatriation](#)

Investment Procedures

Last Update On : 2014-04-03 

Foreign Investment in Nepal

Foreign investment in Nepal is regulated and administered by the Foreign Investment and Technology Transfer Act and Industrial Enterprises Act. The Department of Industries (DOI) is the sole agency for administration and implementation of the Foreign Investment and Technology Transfer Act in Nepal.

Forms of Foreign Investment (FI)

FI can be made in any industry in the following forms:

1. Investment in shares (equity);
2. Reinvestment of the earnings derived from equity;
3. Investment made in the form of loans or loan facilities; and
4. Investment in kinds, e.g. machineries and equipment.

However, as per the decision of the Government made on September 5, 2012, the minimum amount of FDI has increased to NPR 5 million for each investor from USD 20,000 (Approximately NPR 1.6 million).

Areas allowed for FI

Foreign investors are permitted to own up to 100% equity share in any industries except the following:

1. Cottage industries (except industries using electricity more than 5 kW)
2. Personal service businesses (e.g. hair cutting, beauty salon, tailoring, driving training, etc.)
3. Arms and ammunition industries
4. Gunpowder and explosives
5. Industries related to radio-active materials
6. Real estate business (excluding construction industries)
7. Film industries (national languages and other recognized languages of Nepal)

8. Security printing
9. Bank notes and coins
10. Retail business (excluding international chain retail businesses with business in at least two countries)
11. Tobacco (excluding more than 90% exportable)
12. Internal courier service
13. Atomic energy
14. Poultry
15. Fisheries
16. Bee keeping
17. Consultancy services (e.g. management, accounting, engineering, legal services); (Maximum of 51% FI is allowed)
18. Processing of food grains on rent
19. Local catering Services
20. Rural tourism

Entry Conditions on Investment

FITTA 1992 allows foreigners to invest only in private limited companies and in public limited companies registered with the Company Register Office (CRO). They are not allowed to invest in proprietorship or partnership firms.

"Private Limited Company" means a company which by its articles:

1. Limits the number of its shareholders from 1 to 50, excluding persons who are in the employment of the company, and
2. Prohibits any invitation to the public to subscribe in its shares.

"Public Limited Company" means a company that:

1. Has a minimum number of 7 shareholders (there is no maximum limit), and
2. Offers shares and debentures to the public through a prospectus which complies with the requirements of the Companies Act 2006 and Securities Act 2007.

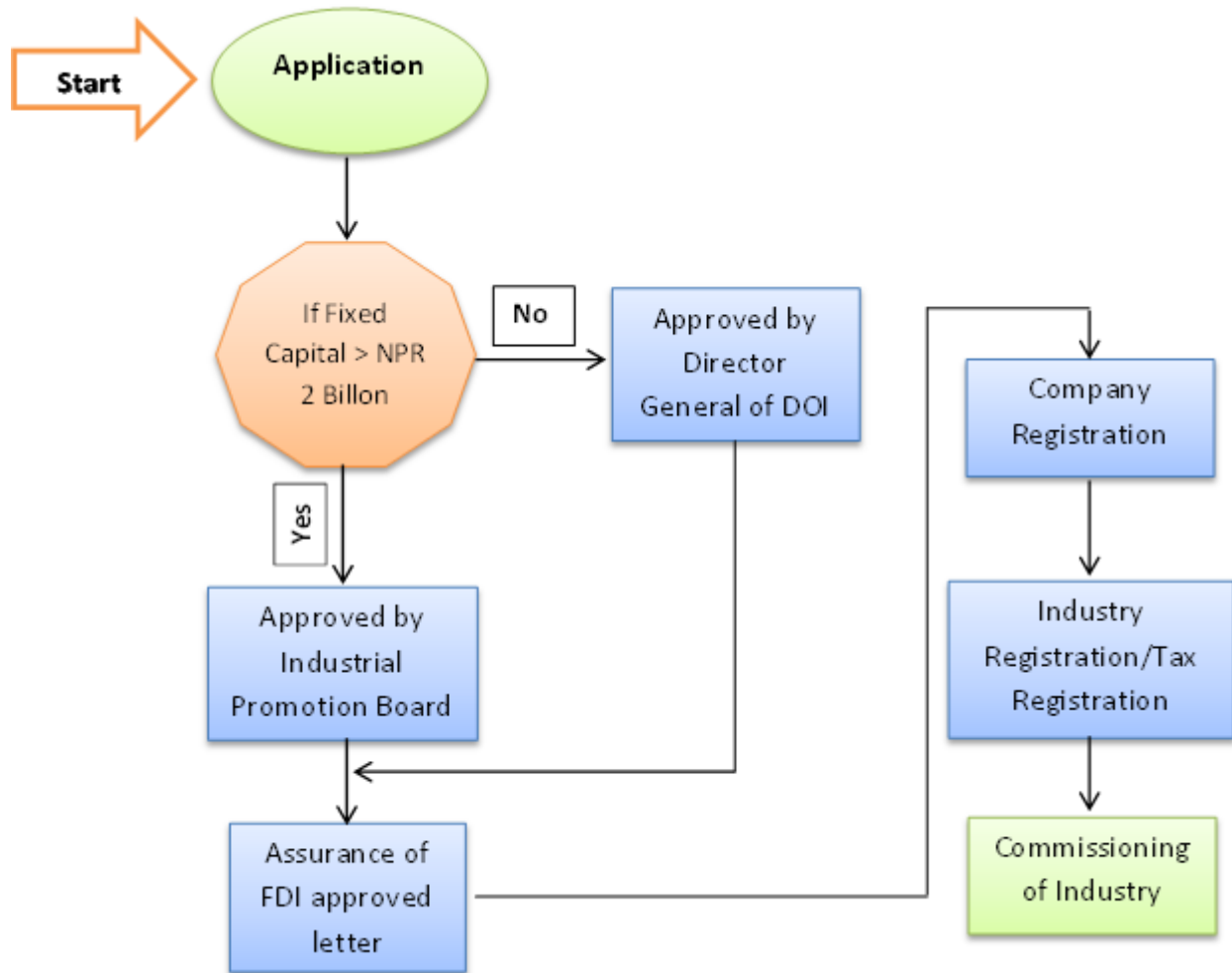
FDI Approval process of Nepal

Present FDI Approval process

- Once the applicant submits the application with required documentation at the registration unit, it goes to the Director General who then forwards it to the FDI Director.
- The documents are assessed by the officers and staff at the FDI section.
- The application is presented in the FDI approval committee.
- Copies of the project reports must be sent to the License Director and Technical Director prior to the meeting.
- The members of the committee study the documents, discuss it objectively, and express their concerns, if any.

- Even if there are concerns expressed or other documents to be received, the applications are generally recommended for final approval with the condition that the concerns are addressed and the documents received.
- Once these conditions are fulfilled, the application is sent to the Director General for final approval. It takes 5-10 days for FDI approval, from the application date.

FDI Approval Procedure



After obtaining approval for foreign investment, the industry is required to apply for registration of industry at the DOI within 35 days. If the registration cannot be done within the stipulated time, the investor will have to apply for an extension of the validity period.

Note: If the capital investment is more than NRs. 10 billion, the Investment Board can directly deal with the investor, and the procedure will be followed accordingly.

Foreign Equity Investment in a New Industry

Documents required:

SN	Document	No. of Copies
1	Project Report	3
2	Joint Venture Agreement (JVA), in case of more than one investor	3
3	Citizenship certificate of local party or Certificate of Incorporation, including Memorandum of Association and Articles of Association if the local party is a company	1
4	Copy of passport of foreign party or Certificate of Incorporation, including Memorandum of Association and Articles of Association if the party is a company	1
5	Bio-data / Company profile of the foreign party	1
6	Financial Credibility Certificate (FCC) of the Foreign Investor provided by a home country bank or domiciled country bank	1
7	Authority letter from the concerned companies or individuals to carry out any necessary work on their behalf, if applicable	

Deposits and Fees

The fees need to be deposited at the time of Foreign Investment Approval, and are refundable after the operation of industry.

(Amount in Nepalese Rupees)

Range of Fixed Asset	Deposit
Fixed assets less than or equal to 2,500,000	4,000
2,500,000 less than (Fixed assets) less than or equal to 5,000,000	7,000
5,000,000 less than (Fixed assets) less than or equal to 10,000,000	10,000
10,000,000 less than Fixed assets	20,000

The amount shall be deposited at the **Nepal Rastra Bank** Account number SA.A. 131232

The non-refundable fees for the Company Registration:

Range of Authorized Capital	Fee
500,000 less than (Authorized Capital) less than or equal to 2,500,000	9,500
2,500,000 less than (Authorized Capital) less than or equal to 10,000,000	16,000
10,000,000 less than (Authorized Capital) less than or equal to 20,000,000	19,000

Similarly, an additional fee will be calculated at the rate of NPR 30 per NPR 100,000 of authorized capital.

Technology Transfer

Technology transfer is possible even in areas where foreign investment is not allowed.

Forms of Technology Transfer to be made under an agreement between an industry and a foreign investor include:

1. Use of any technological right, specialization, formula, process, patent or technical know-how of foreign origin;
2. Use of any trademark of foreign ownership; and
3. Acquisition of any foreign technical consultancy, management and marketing service.

Documents required:		
SN	Document	No. of Copies
1	Technology Transfer Agreement (TTA)	3
2	Citizenship certificate of local party or Certificate of Incorporation, including Memorandum of Association and Articles of Association, if local party is a company	1
3	Copy of passport of foreign party/or Certificate of Incorporation, including Memorandum of Association and Articles of Association, if the party is a company	1
4	Bio-data / Company profile of the foreign party	1
5	Industry Registration Certificate	1
6	Copy of the minutes of the Board of the recipient company	1
7	Authority letter from the concerned companies or individuals to carry out any necessary work	

on their behalf, if applicable

Foreign Investment in an Existing Industry by Share Transfer

Documents required:		
SN	Document	No. of Copies
1	Request from the share transferor	
2	Request from the share transferee	
3	Share Transfer Agreement	3
4	Copy of minutes of the Board meeting of Nepalese company regarding inclusion of foreign investor into the company	1
5	Copy of minutes of Board meeting, Certificate of Incorporation and company profile of the foreign party if the party is a company	1
6	Copy of passport and Bio-data of foreign party, if party is an individual	1
7	Financial Credibility Certificate of the Foreign Investor provided by a bank	1
8	Current Share Holders' List as certified by the Company Registrar's Office	1
9	Auditor's Report	1
10	Tax clearance certificate	1
11	Authority letter(s) from the companies concerned to sign on behalf of the companies	

Loan Investment in an Existing Nepalese Industry

Documents required:		
SN	Document	No. of Copies
1	Loan Agreement	3
2	Certificate of Incorporation, including Memorandum of Association and Articles	1

	of Association of the lending agency	
3	Certificate of Incorporation, including Memorandum of Association and Articles of Association of the lending agency	1
4	Industry Registration Certificate	1
5	Copy of the minute of the Board of the recipient company regarding the loan to be acquired	1
6	Authority letter from the concerned companies or individuals to carry out any necessary work on their behalf, if applicable	

Doing Business in Nepal

Summary of procedures for starting a business in Nepal—and the time and cost

SN	Procedure	Time to complete	Cost to complete
1	<p>Verify the uniqueness of the proposed company name</p> <p>Verification of the uniqueness of a company name can now be done online. To reserve the available company name, the company must submit an application to the Office of the Company Registrar. The company name reservation can also be completed online for no charge.</p>	1 day	No Charge
2	<p>A professional verifies and certifies the memorandum and articles of association</p> <p>Although professional verification or certification prior to submission to the official agency is no longer required, entrepreneurs continue to use the services of professionals in practice for verifying and drafting the memorandum and articles of association. This is mainly done to avoid mistakes since there are no standard memorandum and articles of association's forms that entrepreneurs can use.</p>	5 days	NPR 10,000 depending on the professional's charges
3	<p>Buy a stamp to be attached to registration form</p>	1 day	NPR 5
4	<p>Register at the Office of the Company Registrar, Department of Industry</p> <p>To register a company, the promoter must submit an application as prescribed by the Ministry of Industry, Commerce, and Supplies.</p>	7 days	NPR 9,500

	<p>Online filing of the required documents has been introduced. The registration fee is based on the company's authorized capital:</p> <p>Up to NPR 100,000 (authorized capital): NPR 1,000.00 NPR 100,001 to NPR 500,000: NPR 4,500.00 NPR 500,001 to NPR 2,500,000: NPR 9,500.00 NPR 2,500,001 to NPR 10,000,000: NPR 16,000.00 NPR 10,000,001 to NPR 20,000,000: NPR 19,000.00 NPR 20,000,001 to NPR 30,000,000: NPR 22,000.00 NPR 30,000,001 to NPR 40,000,000: NPR 25,000.00 NPR 40,000,001 to NPR 50,000,000: NPR 28,000.00 NPR 50,000,001 to NPR 60,000,000: NPR 31,000.00 NPR 60,000,001 to NPR 70,000,000: NPR 34,000.00 NPR 70,000,001 to NPR 80,000,000: NPR 37,000.00 NPR 80,000,001 to NPR 90,000,000: NPR 40,000.00 NPR 90,000,001 to NPR 100,000,000: NPR 43,000.00 More than NPR 100,000,000: NPR 43,000 plus NPR 30 for each additional NPR 100,000.</p>		
5	Make a company rubber stamp	1 day	NPR 275
6	<p>Register for VAT and income Tax with the Inland Revenue Office, the Ministry of Finance</p> <p>The company must disclose the office address and withhold 10% tax of the rent for at least 3 months and deposit it to the tax office. If the company's objectives include goods or services subject to VAT, both registrations (VAT and income tax) should be obtained simultaneously.</p>	1 day	No Charge
7	<p>Enroll the employees in the Provident Fund</p> <p>From the basic salary of each employee, 10 % is deducted each month, and a matching contribution is made by employer. The contribution is made to the provident fund and released on employee retirement. The employer also has to pay gratuity on retirement of an employee at the rate prescribed by labor regulation. Both of these rules are applicable only if the company appoints 10 or more employees.</p>	1 day	No Charge

Source: Doing Business – 2014, Economy Profile, Nepal

Summary of procedures for dealing with construction permits in Nepal —and the time and cost

SN	Procedure	Time to complete	Cost to complete
1	<p>Purchase building permit application from Kathmandu Metropolitan City (KMC)</p>	1 day	NPR 1,000
2	<p>Request and obtain temporary building permit The 35 days are divided as follows:</p> <p>Day 1: BuildCo submits the drawings to the municipality along with a copy of the title certificate.</p> <p>Day 2: The municipality forwards the file to the municipality ward office where the land is located.</p> <p>Day 4: The ward office checks the field and sends a notice to the site's neighbors.</p> <p>Day 8: Start of the maturation of notice period.</p> <p>Day 23: Start of the local inquiry done by the ward office.</p> <p>Day 27: The ward office sends the file back to the municipality.</p> <p>Day 29: The municipality starts the process of issuing a temporary approval of the drawings. At least one of the neighbors must give their consent in order for the project to be approved. Otherwise, the builder can submit a "commitment letter" certifying that he is responsible for any potential dispute in the future. This can delay the approval process to around 2 months.</p> <p>An applicant must submit the following documents along with the building permit application:</p> <ul style="list-style-type: none"> Identity document of the owner (or Company Registration Certificate) Certification by a registered architect or engineer Cadastral extract Proof of land ownership/lease Building Plans Lot plan Proof of tax payment Structural plans (not required for buildings with ground coverage area of less than 1,000 sq.ft and less than 3 stories) <p>The originals of all documents must be demonstrated when submitting the</p>	35 days	NPR 282,000

	<p>copies to the Urban Development Department of Kathmandu Metropolitan City.</p> <p>The building permit fee is calculated as follows:</p> <p>Built-up area up to 3,000 sq.ft: 10.00 rupees per sq.ft</p> <p>Built-up area between 3,001 and 5,000 sq.ft: 15.00 rupees per sq.ft</p> <p>Built-up area 5,001 sq.ft and above: 20.00 rupees per sq.ft</p> <p>For apartment housing and group housing, the application fee is a flat 25.00 rupees per sq.ft.</p> <p>In addition to the building permit fee, the Urban Development Department also charges a Designer Fee of 2,000.00 rupees. The project designer must be licensed by the Department. The license is called Certificate of Designer and is renewed every year at the Municipality.</p> <p>The annual fee is 3,000.00 rupees. The Municipality charges an additional 2,000.00 rupees for each building design.</p>		
3	<p>*Receive inspection from respective ward</p> <p>The ward office visits the site and distributes a notice to neighbors.</p>	1 day	No Charge
4	<p>Request permanent building permit</p> <p>The company applies for the permanent building permit once the construction has reached plinth level.</p>	1 day	No Charge
5	<p>* Receive plinth inspection from the Municipality</p> <p>Before issuance of the construction permit, an on-site inspection is conducted by an official from the municipality or the Town Development Committee to ensure that the construction (up to plinth level) conforms to the approved drawings. The company's engineer or architect has to be present during the inspection.</p>	1 day	No Charge
6	<p>Obtain permanent building permit</p> <p>After inspecting the construction site, the municipality engineer writes a "site report" and issues a permit for construction above the plinth level.</p>	30 days	No Charge
7	<p>Request completion certificate</p>	1 day	No Charge
8	<p>* Receive final inspection from the Municipality</p> <p>Before issuance of the completion certificate, the municipality conducts an on-site inspection to check if the construction conforms to the approved</p>	1 day	No Charge

	drawings. An inspector visits the site in 2-3 days after the request for completion certificate and writes a report to the more senior engineer.		
9	Obtain completion certificate There will be 4 signatures on the completion certificate: (1) junior engineer, (2) senior engineer, (3) chief engineer of Kathmandu Metropolitan City and (4) departmental engineer. It takes approximately 7 days to get the certificate after the inspection. These signatures are required for any kind of permit.	30 days	No Charge
10	Request and obtain water and sewage connection BuildCo submits an application for water and sewerage service to the drinking water and sewerage offices. The drinking and sewerage offices then send their recommendation to the road department to grant permission to dig the road for the connection. The Department of Roads then grants its permission to dig the road. The tap and sewer connection is then carried out.	15 days	NRP 8,000
11	* Receive inspection from water and sewage offices	1 day	No Charge
12	* Obtain Telecommunications Connection The client must fill out the application form and submit it to NTC together with company registration certificate, PAN, etc. NTC will check the junction box and give client the quote (deposit, connection fee, etc.).	7 days	NRP 2,200
13	* Receive Telecommunications Inspection	1 day	No Charge

* Takes place simultaneously with another procedure.

Source: Doing Business – 2014, Economy Profile, Nepal

Summary of procedures for getting electricity in Nepal—and the time and cost

SN	Procedure	Time to complete	Cost to complete
1	Submit application to Nepal Electricity Authority (NEA) and await site inspection The photocopy of documents needed to be submitted along with application form mentioning the load in kW / MW and type of voltage	7 calendar days	NPR 50.00

	<p>(low voltage/medium voltage/high voltage) are: citizenship of owner, land deed, certificate issued from the commerce department to operate the warehouse, tax registration certificate, construction approval certificate from the municipality, contract agreement between land owner and warehouse runner, if the land is leased.</p> <p>No need of notarization, NEA personnel will attest after verification with the original copies. Approval of load estimate - In this case an approval from Regional director or Manager may be required – decided on case by case basis and in about 50% of cases, this might be so.</p>		
2	<p>Nepal Electricity Authority conducts site inspection, verifies load estimate and provides estimated cost</p> <p>It is expected that someone from owner's side is present during external site inspection to answer any questions that NEA personnel might have. NEA personnel will make a visit to site to ascertain the appropriateness of the place where the energy meter is to be installed, and also they check the transformer installed at consumer's site (As per NEA rule, the consumer has to install his own transformer for the load above 50kVA.).</p> <p>Approval of load estimate is needed to decide how much of a supply is needed for the building. - In this case an approval from Regional director or Manager may be required – decided on case by case basis, and in about 50% of cases, this might be so.</p>	7 calendar days	No Charge
3	<p>Get transformer tested at NEA lab and complete connection works</p> <p>Cost includes purchase of Poles, Insulators, Transformer (150KVA), cutout, lightning arrestor, earthing materials, hardwares, drop cable, MCCB, meter box and other fitting materials. Cost also includes purchase of Distribution transformer.</p> <p>Distribution Transformer can only be purchased after approval of load estimate. Availability of DTs in ready stock is not always the case, and there is always some waiting time. The transformer has to be tested for quality as it has been purchased privately. The installation of the transformer is done by a private contractor.</p>	35 calendar days	NPR 754,005.00
4	<p>Submit test report and request and receive site inspection</p> <p>Customer has to make payment, submit NEA test report.</p>	7 calendar days	NPR 35,500.00
5	<p>NEA performs external connection, and electricity starts flowing</p>	14 calendar days	No Charge

Source: Doing Business – 2014, Economy Profile, Nepal

Summary of procedures for registering property in Nepal—and the time and cost

SN	Procedure	Time to complete	Cost to complete
1	<p>Obtain tax clearance certificate and certificate of access and building from the Municipality (relevant ward committee)</p> <p>The seller must go to the local government to certify the type of road that adjoins the property. Kathmandu municipality is divided into 25 wards. The seller has to go to the ward committee to take the certificate in one day and it costs Rs 3000. At the same time, he can obtain a tax clearance letter. A tax clearance certificate must be obtained from the Municipality regarding the payment of the property tax.</p> <p>If the property is not yet registered in the Municipality for tax purposes then it might take a few days to collect the necessary papers of building permit, land deed, land revenue papers, field visit of municipal engineers to verify and assess the property, etc. In any case it should not take more than seven days.</p>	2 days	<p>The cost of obtaining certificate is different in different municipality. In Kathmandu Municipal corporation it cost NPR.105 to 1005 for obtaining certificate of access and building.</p> <p>NPR 5,000 for main road. NPR 3,000 for side road. NPR 2,000 for gravel road. NPR 1,000 for track road.</p> <p>Obtaining the Tax clearance certificate involves</p> <p>Payment of land revenue and Payment of land and building property tax.</p> <p>This tax is applicable only for plots containing buildings of any kind and if it is situated in municipal area.</p>
2	<p>Hire lekhandas or a junior lawyer</p> <p>Legally, the parties can prepare the transfer deed by themselves, but normally it is done by the lekhandas, or scribes.</p>	1 day	NPR 7000
3	<p>Registration of the deed and issuance of a new title certificate</p> <p>The transfer deed is submitted for registration to the Land Revenue Office. The authenticity of the seller is checked by the Land Revenue Office against the Citizenship Certificate. The existence of</p>	2 days	4.5% of property price (registration fee)

	<p>liens or encumbrances on the property is also checked on the same day by the Land Revenue Office.</p> <p>The registration fee (4.5% of property price in case of municipal areas, according to Finance Act of 2065 Nepalese calendar (2008), implemented in June 2008) is paid at the Land Revenue Office at the moment of applying for registration. Parties must sign and thumb print on the transfer deed. After the verifications of all documents by the officer, the transfer deed will be registered and the title certificate will usually be issued on the same day.</p> <p>The documentation shall include: Land Ownership Certificate (already in possession of the seller) Citizenship Certificate of seller and buyer or/ Incorporation Certificate of Company Tax clearance certificate from the Municipality/ Village Development Committee (obtained in Procedure 1)</p>		
--	--	--	--

Source: Doing Business – 2014, Economy Profile, Nepal

Industries Permissible for Foreign Investment

Industry Category	Maximum FDI Permissible	Name of the competent authority (Regulator)	Relevant Acts & Policies	Remarks
Manufacturing	100%	Department of Industry	Industrial Enterprises Act, 1992	No additional procedures required except for certain industries which required special permission
Financial Services/Banks and Finance Companies and Branch Office of a Foreign Bank	(20 to 85)%	Nepal Rastra Bank	Nepal Rastra Bank Act Foreign Investment and Technology	Approval of Nepal Rastra Bank required thereafter, registration of the company is done and applicable

			Transfer Act (FITTA) Foreign Exchange Regulation Act (FERA)	filed for license operate a bank, financial institu
Airline Industry	(49 to 95)%	Civil Aviation Authority of Nepal	The Aviation Policy 2063 (2006) Civil Aviation Act, 2053, Civil Aviation Rules, 2052 (1996)	FDI is permissi domestic airline international air flying schools a and maintenanc
Telecommunications	80%	Nepal Telecommunication Authority, Ministry of Information and Communication	Telecommunication Act	Approval of Ne Telecommunica Authority is req operate services obtain license p operation
Roads, Ropeways, Cable car	100%	Transport Management Office	-	-
Media & Advertising – TV, Radio and Newsprint	100%	Ministry of Information and Communication	The Nepal Broadcasting Regulation, 2052 (1995) National Broadcasting Act 2049 (1993)	The MOCI and provides license establishing me broadcasting bu Nepal
Pharmaceutical & Chemical Industries	100%	Department of Health Services	Industrial Enterprises Act Drug Act	Approval from Department of I Administration setting up the ir manufacturing ; selling the drug required
Textile and Garment	100%	Department of Industry	Industrial Enterprises Act	No specific requirements
Agriculture and Dairy	100%	Ministry of Agriculture and Co-	-	No specific requirements

		operatives		
Consultancy and Management Services	51%	No Specific	Foreign Investment and Technology Transfer Act (FITTA)	Accountancy, Engineering, Le Management Se not allowed
Mining	100%	Department of Mines	Department of mines and Geology (Department) Act Mines and Minerals Act, 2050 (1993) Mines and Minerals Regulations, 2056 (1999)	License from the Department of l has to be obtain mining activitie Nepal
Hydro-Power Generation	100%	Department of Electricity Development	Electricity Act Electricity Rules	Approval from DOED is requir to operation of 1 industry
Power Trade	-	Department of Electricity Development	Electricity Act Electricity Rules	Export of powe is permitted for companies gene electricity
Transmission Lines	100%	Department of Electricity Development	Electricity Act Electricity Rules	-
Hotels, Resorts & Restaurant	100%	Ministry of Tourism	Tourism Policy, Tourism Act	Approval from Department of 7 required for ope restaurant, hote
IT & IT enabled (BPO, KPO)	100%	Department of Science and Technology	IT Act	No specific requirements
Vocational, Educational Training and Coaching	100%	No specific	Foreign Investment and Technology Transfer Act	Only Skill Train Language allow

Hospitals & other Medical Services	100%	Ministry of Health & Population	Nepal Health Professional Act, Nepal Medical Council	Approval from Ministry of Health required for establishment of hospitals and private medical service
Recreational Health Centers	100%	Ministry of Health & Population	-	-
Solid Waste Disposal & Management	100%	Ministry of Environment, Science and Technology	Environment Protection Act	-
Film Industry	100%	Cinema Board of Nepal	Motion picture (Production, Exhibition and Distribution) Act 2026 (1969) and Rules	Film produced in Nepali language if the film is not allowed (Film Act 1992)
Cargo Industry	100%	No specific	-	Domestic Cargo permitted under
Medical Education	100%	Ministry of Education	MoHP's Directive on Establishment, Operation, Standards and Infrastructure of Private and Non-governmental Health Institution, 2061	Affiliation to a University has to be entered into and approval from the Ministry of Education is required
Engineering Education	100%	Ministry of Education	Technical Education Policy of Ministry of Education	Approval is granted under the Technical Education Policy of Ministry of Education
Management Education	100%			
Insurance & Re-insurance	JV Company Branch Office	Insurance Board	Insurance Act and related directives	Approval from Insurance Board to be obtained prior to commencement of business in Nepal
Construction	100%	No Specific	Local Self Governance Act	Approval from Department of Local Transport and Planning required

Thermal & Alternative/ Renewable energy	100%	Ministry of Energy	Electricity Act	Allowed only in Generation
--	------	--------------------	-----------------	-------------------------------

Source : Nepal-India Chamber of Commerce and Industry – Doing Business in Nepal (A Guide for Indian Investors)

Treatment and Protection of Foreign Investors

Nepal has entered into Bilateral Investment Promotion and Protection Agreement (BIPPA) with six countries, these are;

Country	Agreement	Date of Agreement
India	Agreement between the Government of Nepal and the Government of India for the Promotion and Protection of Investment	October 21, 2011
Finland	Agreement between the Government of Nepal and the Government of Republic of Finland on the Promotion and Protection of Investment	February 3, 2009
Mauritius	Agreement between the Government of the Republic of Mauritius and His Majesty's Government of Nepal for the Promotion and Reciprocal Protection of Investments	August 3, 1999
United Kingdom of Great Britain and Northern Ireland	Agreement between His Majesty's Government of Nepal and the Government of the for the Promotion and Reciprocal Protection of Investments United Kingdom of Great Britain and Northern Ireland for the Promotion and Protection of Investments	March 2, 1993
Germany	Treaty between the Federal Republic of Germany and the Kingdom of Nepal concerning the Encouragement and Reciprocal Protection of Investments	October 20, 1986
France	Agreement between His Majesty's Government of Nepal and the Government of the Republic of France on the Reciprocal Promotion and Protection Investments	May 2, 1983

- Nepal and USA entered on Trade and Investment Framework Agreement (TIFA) on April, 2011.

National Treatment

- Industries established with foreign investment are entitled to enjoy all the facilities and incentives including income tax facilities as provided to the local investors.

Non-discrimination

- There is no discrimination between a Nepali and foreign investors, and among various foreign investors in matters of licensing, incorporation, tax, availability of visa, labor relation and repatriation.
- There are two exceptions with respect to India:
 1. Indian workers do not require a visa.
 2. Indian investors can invest and repatriate in Indian currency, whereas third country investors can do so only in convertible currencies.
- Furthermore, some differential treatment may occur with investors from countries with which Nepal has entered into BIPPA.

Dispute Settlement

- For industries with fixed assets investment of up to NRs. 500 million, if the dispute cannot be settled by mutual consultations in the presence of the DOI, it shall be settled by arbitration in accordance with the prevailing arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL)
- The arbitration should be held in Kathmandu
- The laws of Nepal shall be applicable in arbitration
- For industries with fixed assets investment of above NRs. 500 millions, disputes may be settled as mentioned in the Joint Venture Agreement/Share Purchase Agreement.

Repatriation

Foreign investor making investment in foreign currency shall be entitled to repatriate the following amounts:

1. The amount received by the sale of the share of foreign investment as a whole or any part thereof;
2. The amount received as profit or dividend from foreign investment;
3. The amount received as the payment of principal or interest on any foreign loan;
4. The amount received under the agreement for the technology transfer in such currency as set forth in the concerned agreement as approved by the DOI; and/authorized



0092907