INVESTMENT OPPORTUNITIES IN NEPAL

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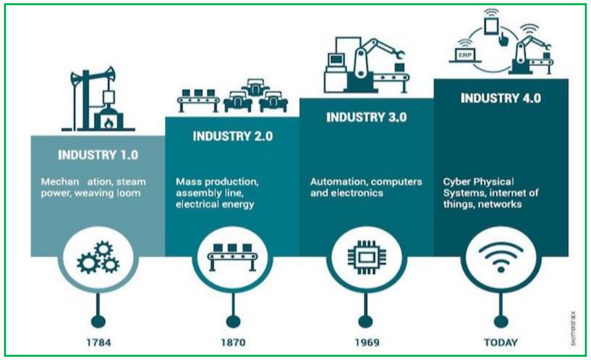
Investment: Path to Get Rich



- **Saving to investment**
- **Innovative ideas**
- **Inefficient to efficient**
- **Profit to reinvestment**
- **Poor to rich**

Summary

- Nepal: A Virgin Land for Investment
- Investment Opportunities
- Why to Invest?
- Initiation of Investment

Nepal: A Virgin Land for Investment

Untouched/Underutilized Natural Resources

- Many resources and sectors are still to be utilized
- Virgin rivers, lakes, streams, lands and landscapes

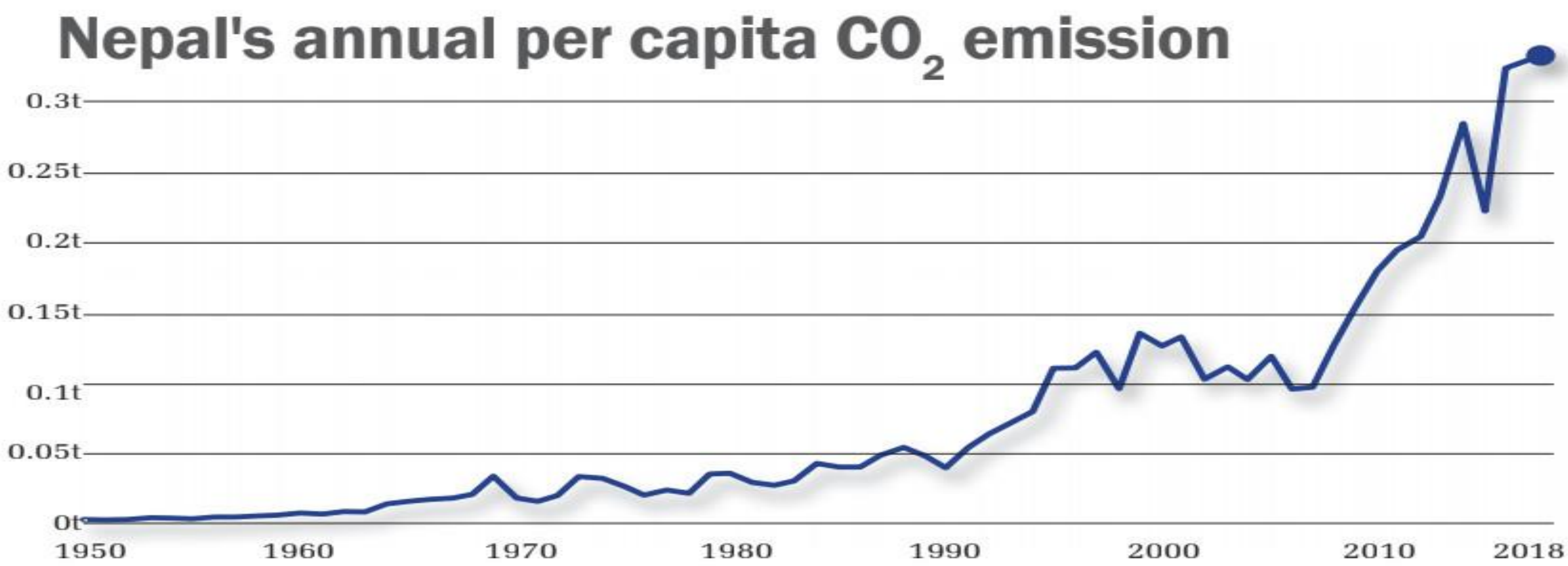
Potential for Development





- Hydropower potential- viable 42,000 MW, total 83,000 MW
- Organic Agriculture: herbal plants, cash crops, food crops
- Agro-based industries in the sub-urbs

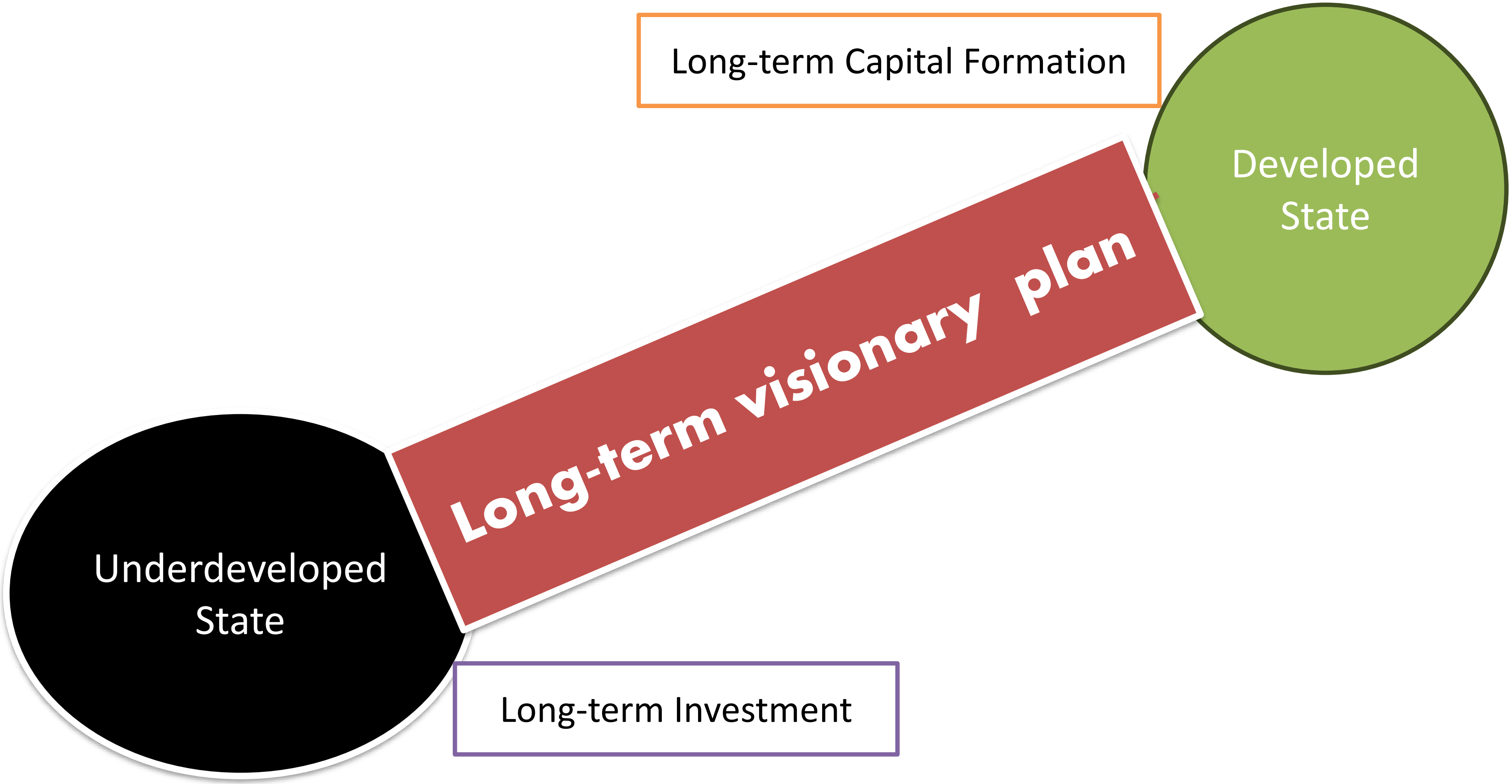
Sustainable Environment



Source: World Bank, 2023

- CO_2 emission increasing but still low Carbon foot print
- Best investment destination as it emits insignificant
- Potential to serve clean and renewable energy.

Long term Investment Horizon



- **Investment Requirement till 2030 : Estimated NPR 2020 Billion Per Year to Meet Sustainable Development Goals (SDGs)** **(source: IBN, 2024)**

Nepal: A Virgin Land for Investment

- Opportunities to unlock untapped potential, create value, and contribute to economic growth while balancing environmental and social considerations.

- Effective long term visionary planning, strategic decision-making, and responsible stewardship are essential for maximizing returns and sustainability in virgin land investments.

Nepal: Indicators

- Logistic Performance Indicator 2022, 114th Most Competitive Trade Logistic Performer, Position in South Asia: 5 (Source: World Bank).

- Doing Business Index 2020, 94th Most Favorable Business Climate, Position in South Asia: 3 (Source: World Bank).

- Global Competitiveness Index 2020, 94th Most Competitive Economy, Position in South Asia: 4 (Source: World Economic Forum).

Investment Opportunities

Demographic Dividend

Working Age Population (15-64 years): 65%

Young Population (15-40 years): 41%

Source: UNFPA, 2023

Government Incentives

- **UP TO 100%:** Ownership Allowed to Foreign Investors
- **REPATRIATION:** Fully Allowed
- **COMPETITIVE CORPORATE INCOME TAX (CIT)**
  - General: 25%
  - Priority Sectors (Energy, Transport Infrastructure, and Manufacturing): 20%
- **TAX HOLIDAY:** for Some Sectors/Locations (up to 10 years)

Low Labor Cost

LOW COST OF LABOUR: Compared to other Peer Countries

Occupation	Per month (NPR)	Dearness Allowance per month (NPR)	Total per Month (NPR)
Domestic workers Minimum wage (effect from January 1, 2019)			13,450.00
Employees working in a tea estate Minimum wage with effect from August 18, 2023	8,934.00	4,959.00	13,893.00
General Minimum Wage Minimum wage with effect from August 18, 2023	10,820.00	6,480.00	17,300.00

Source: Ministry of Labor, Employment and Social Security, Nepal

Growing Sectors

- Tourism and Hospitality
- Hydropower/Renewal Energy
- Agriculture and Agro-processing
- Information Technology and Outsourcing
- Infrastructure Development
- Manufacturing
- Education and Training
- Healthcare Services
- Real Estate and Construction

Investment Policies

- Foreign Investment and Technology Transfer Act (FITTA) 2019
- Industrial Enterprises Act 2020
- Company Registration Act
- Foreign Exchange (Regulation) Act
- Industrial Policy
- Special Economic Zone Act
- Taxation Laws
- Labour Laws
- Land Acquisition and Use Laws
- Environmental Regulations

- Government of Nepal is amending some of the provisions of 12 laws to make Investor Friendly Climate before Nepal Investment Summit 2024.
- Investment Board of Nepal is the single window to process investment.

Model of Investment

Public	PPP	Private
Government	Mixed	Private

- ❖ **Public Investment: Government Level**
- ❖ **PPP: Mixed (Government/Private Sector/People)**
- ❖ **Private Investment: Private Sector/ People**

Why to Invest ?

Three Billion's Market in the Neighborhood

Country	Population
India	1.43 billion
China	1.42 billion
Bangladesh	0.17 billion
Total	**3.02** billion

Market in Neighborhood

- More than 3 billion people
- 38 % of world population

Source: UNFPA, 2024

International Access for Nepali Products

Open boarder access to	
8000+ Products Duty Free to	
77 Items Duty Free Till 2026 access	
Duty Free Quota Free (EBA) access to	

Source: IBN, 2024

Agreement to Other Countries

DTAA with	 (Austria, Bangladesh, China, Norway, Pakistan, Qatar, India, Korea, Mauritius, Sri Lanka, Thailand)	11 Countries
BIPPA with	 (Finland, France, Germany, Mauritius, UK)	5 Countries
Treaty of Trade and Treaty of Transit with		
Transit and Transport Agreement with		

Source: IBN, 2024

Member of Multilateral/Regional Organizations

WTO		AIIB	
UN System		SAARC	
World Bank		BIMSTEC	
IMF		BRI	
ADB		BBIN	

Initiation of Investment

Plan for Investment

- **Participate in Nepal Investment Summit 2024 in Kathmandu (28-29 April 2024)**
- **Research more on the projects and sectors**
- **Identify sector and project to invest**

Analyze Challenges/Risks

- ❖ Unstable Political Situation
- ❖ Bureaucratic Delay
- ❖ Infrastructure Deficit
- ❖ Access to Finance
- ❖ Market Fragmentation
- ❖ Skilled Labour Force
- ❖ Natural Disaster Risks
- ❖ Geopolitical Risks

Identify and Invest

- Identify local business partners (if needed)

- Identify local banking partners

- Initiate investment process

- Invest in the feasible projects

Thank You!