

Based on your request, I have extracted the text from the "Nepal Investment Guide/2021" PDF. Please find the content below:

Page 1

- 10 YEARS OF INVESTMENT BOARD NEPAL ¹
- PARTNERING FOR ECONOMIC PROSPERITY ²
- NEPAL INVESTMENT GUIDE/2021 ³
- Government of Nepal ⁴
- Investment Board Nepal ⁵

Page 2

- **Disclaimer:** The information in this guide is for informational purposes only and is not legal advice. The Investment Board and contributing authors disclaim liability for actions taken in reliance on this guide's content⁶. You should seek professional advice before acting on its basis⁷.
- **Publisher:** Office of the Investment Board Nepal, ICC Complex, New Baneshwor, Kathmandu, Nepal⁸.
- **Contact Information:** Phone: 977-1-4475277, 977-1-4475278; Fax: 977-1-4475281; Email: info@ibn.gov.np; Website: www.ibn.gov.np⁹.
- **License:** This work is licensed under a Creative Commons Attribution 4.0 International License, allowing for commercial use and redistribution with appropriate credit to the publisher¹⁰.
- **Edition:** Fourth Edition, September 2021¹¹.

Page 3

- **NEPAL: AN ATTRACTIVE INVESTMENT DESTINATION** ¹²
- **Provinces:** Province 1, Province 2, Bagmati Province, Gandaki Province, Lumbini Province, Karnali Province, Sudurpashchim Province¹³.

Page 4

- **COUNTRY OVERVIEW:**
 - **NEPAL AT A GLANCE** ¹⁴
 - **ECONOMIC FUNDAMENTALS** ¹⁵
 - **COMPARATIVE AND COMPETITIVE ADVANTAGES** ¹⁶
 - **INVESTING IN NEPAL** ¹⁷
 - **INVESTMENT PROCESS IN NEPAL** ¹⁸
 - **INVESTMENT APPROVING AGENCIES** ¹⁹
 - **REGISTRATION** ²⁰
 - **MAJOR LAWS RELATED TO INVESTMENT** ²¹
 - **INDUSTRIAL INFRASTRUCTURE** ²²
 - **IMPORT AND EXPORT** ²³

Page 5

- **CONTENTS:**

- **SECTORAL OPPORTUNITIES** ²⁴
 - Agriculture ²⁵
 - Energy ²⁶
 - Health and Education ²⁷
 - Information & Communication Technology ²⁸
 - Manufacturing ²⁹
 - Mines and Minerals ³⁰
 - Tourism ³¹
 - Transport Infrastructure ³²
- **ANNEX** ³³
 - Industries or Businesses Restricted for Foreign Investment ³⁴
 - Relevant Agencies and Organisations ³⁵

Page 6

- **ACRONYMS:**

- **BES:** Brief Environmental Study ³⁶
- **BIMSTEC:** Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation ³⁷
- **BIPPA:** Bilateral Investment Promotion and Protection Agreement ³⁸
- **BPO:** Business Process Outsourcing ³⁹
- **BS:** Bikram Sambat (Nepali calendar) ⁴⁰
- **CBS:** Central Bureau of Statistics ⁴¹
- **DG:** Director General ⁴²
- **DOI:** Department of Industry ⁴³
- **DPR:** Detailed Project Report ⁴⁴
- **DTAA:** Double Taxation Avoidance Agreement ⁴⁵
- **EBA:** Everything But Arms ⁴⁶
- **EIA:** Environmental Impact Assessment ⁴⁷
- **EPR:** Environment Protection Rules ⁴⁸
- **EXIM:** Export Import ⁴⁹
- **FDI:** Foreign Direct Investment ⁵⁰
- **FITTA:** Foreign Investment and Technology Transfer Act ⁵¹
- **FMCG:** Fast Moving Consumer Goods ⁵²
- **FS:** Feasibility Study ⁵³
- **FY:** Fiscal Year ⁵⁴
- **GDP:** Gross Domestic Product ⁵⁵
- **GNI:** Gross National Income ⁵⁶
- **GON:** Government of Nepal ⁵⁷
- **GSP:** Generalized System of Preferences ⁵⁸
- **IBN:** Investment Board of Nepal ⁵⁹
- **ICD:** Inland Clearance Depot ⁶⁰
- **ICP:** Integrated Check Post ⁶¹

- **IDS:** Industrial Districts ⁶²
- **IEE:** Initial Environmental Examination ⁶³
- **IIPB:** Industrial and Investment Promotion Board ⁶⁴
- **INR:** Indian Rupees ⁶⁵
- **IRD:** Inland Revenue Department ⁶⁶
- **LDC:** Least Developed Country ⁶⁷
- **MIGA:** Multilateral Investment Guarantee Arrangement ⁶⁸
- **MOF:** Ministry of Finance ⁶⁹
- **NPR:** Nepali Rupees ⁷⁰
- **NRB:** Nepal Rastra Bank ⁷¹
- **NTB:** Nepal Tourism Board ⁷²
- **OCR:** Office of the Company Registrar ⁷³
- **PAN:** Permanent Account Number ⁷⁴
- **PDA:** Project Development Agreement ⁷⁵
- **PIA:** Project Investment Agreement ⁷⁶
- **PPP:** Public-Private Partnership ⁷⁷
- **SAARC:** South Asian Association for Regional Cooperation ⁷⁸
- **SEZ:** Special Economic Zone ⁷⁹
- **SEZA:** Special Economic Zone Authority ⁸⁰
- **USD:** United States Dollar ⁸¹
- **VAT:** Value Added Tax ⁸²
- **WTO:** World Trade Organization ⁸³

Page 8

- **NEPAL AT A GLANCE:**
 - **Country Information:**
 - **Regional Location:** South Asia ⁸⁴
 - **Area:** 147,516 km² ⁸⁵
 - **Population:** 29.1 million (Census 2011) ⁸⁶
 - **Altitude:** 59 to 8,848.86 meters (Mt. Everest) ⁸⁷
 - **Religions:** Hinduism 81.3%, Buddhism 9.0%, Islam 4.4%, Kirat 3.1%, Christianity 1.4%, Others 0.76% ⁸⁸
 - **Languages:** Nepali, written in Devanagari Script, and English, widely used in business ⁸⁹
 - **Currency:** Nepali Rupee (NPR), with an exchange rate of 100 INR = 160 NPR (pegged) ⁹⁰
 - **Time Zone:** GMT+5:45 (Kathmandu, Nepal) ⁹¹
 - **International Dialing Code:** +977 ⁹²
 - **Climate:** Tropical/Sub-Tropical in the Tarai region, moderate in the Hilly region, and Sub-Alpine/Alpine in the Mountain region ⁹³
 - **Form of Government:** Federal Republic, multi-party parliamentary democracy ⁹⁴
 - **Federalism:** Divided into seven provinces ⁹⁵
 - **River Basins:** Mahakali, Karnali, Gandaki, and Koshi ⁹⁶
 - **Nearest Ports:** Kolkata and Visakhapatnam in India ⁹⁷

- **Voltage:** 240 ⁹⁸

Page 9

- **ECONOMIC FUNDAMENTALS:**

- **Macroeconomic Indicators:** A table with data for fiscal years 2011/12 through 2020/21P, including:
 - Annual GDP growth rate at basic prices (%) ⁹⁹
 - Nominal Per Capita GDP (USD) ¹⁰⁰
 - Private Sector Credit (% GDP) ¹⁰¹
 - Trade Volume (% GDP) ¹⁰²
 - Resource Gap as % of GDP ¹⁰³
 - Migrant workers' Remittances as % of GDP ¹⁰⁴
 - FDI Inflows (USD Million)* ¹⁰⁵
 - Balance of Payment - BOP (USD Billion) ¹⁰⁶
 - Forex Reserve (USD Billion) ¹⁰⁷
 - Exchange Rate (USD:NPR) ¹⁰⁸
- **COMPOSITION OF GDP:**
 - Primary Sector (Agriculture, Forestry, Fishery, Mining and Quarrying) ¹⁰⁹
 - Secondary (Manufacturing, Construction, Electricity, Gas and Water) ¹¹⁰
 - Tertiary (Service Sector) ¹¹¹
- **Source:** CBS National Accounts, Economic Survey, Ministry of Finance and Current Macroeconomic Situation, NRB ¹¹²

Page 10

- **COMPARATIVE AND COMPETITIVE ADVANTAGES:**

- **MARKET ACCESS:**
 - Strategic location between China and India ¹¹³
 - Access to India with zero tariff for over 8000 products ¹¹⁴
 - Bilateral agreement under the Belt and Road Initiative Framework with China ¹¹⁵
 - Member of MIGA and WTO ¹¹⁶
 - Access to the European Union with duty-free quota-free (EBA) arrangements ¹¹⁷
 - Access to the United States with duty-free for 77 items ¹¹⁸
- **LABOR FORCE:**
 - 71.5% of the population is of working age (15+ years) ¹¹⁹
 - 40% of the population is young (15-34 years) ¹²⁰
 - Competitive cost of labor (~USD 127 per month) ¹²¹
 - Large English-speaking population in major cities ¹²²
 - High participation of women in the workforce ¹²³

Page 11

- **INVESTMENT ENABLERS:**

- Allows up to 100% foreign ownership in almost all sectors ¹²⁴
- Guaranteed smooth entry, operation, repatriation, and exit of investment ¹²⁵
- Land ownership in the company's name is allowed ¹²⁶
- Various tax holiday provisions for specific sectors and locations ¹²⁷
- Provision for national treatment and non-nationalization of investment ¹²⁸
- Investment protection through PDA for PPP projects and PIA for private projects ¹²⁹
- BIPPA signed with Finland, France, Germany, Mauritius, and the UK ¹³⁰
- **Visa Services:** Tourist visa on arrival, Non-Tourist/Business visa for foreign workers and investors, and Residential visa for investors (Investment \geq USD 1 million)¹³¹.
- **DTAA signed with:** Austria, Bangladesh, China, India, Republic of Korea, Mauritius, Norway, Pakistan, Qatar, Sri Lanka, and Thailand¹³².
- **Nepal in the Region:** Ranked 3rd in "Most Favorable Business Climate in South Asia" (Ease of Doing Business 2020), 5th in "Most Competitive Trade Logistics Performer in South Asia" (Logistics Performance Indicator 2018), and 4th in "Most Competitive Economy in South Asia" (Global Competitiveness Index 2019)¹³³.

Page 12

- **TOP 10 IMPORTS (FY 2019-20):** Diesel, MS Billet, Hot Rolled Sheet, Petrol, LP Gas, Other Coal, Polythene Granules, Rice, Crude Soyabean Oil, Readymade Garment¹³⁴.
- **TOP 10 EXPORTS (FY 2019-20):** Refined Soyabean Oil, Other Textiles, Refined Palm Oil, Woolen Carpet, Readymade Garment, Synthetic Yarn, Juices, Tea, Jute Fabrics, Cardamom¹³⁵.
- **FDI SOURCE COUNTRIES (MILLION NPR, 1USD=116.3NPR IN 2019/20):** China (123,363), India (94,111), UK (13,549), USA (12,323), S. Korea (9,063), Singapore (4,517), Mauritius (3,435), Japan (3,076), Switzerland (2,985), UAE (2,920)¹³⁶.

Page 14

- **INVESTMENT PROCESS IN NEPAL** (as a flow chart):
 1. Initial Consultation ¹³⁷
 2. Investment Application ¹³⁸
 3. Investment Approval ¹³⁹
 4. Company Registration ¹⁴⁰
 5. Tax Registration ¹⁴¹
 6. Central Bank Clearance (only for brownfield investments) ¹⁴²
 7. Industry Registration ¹⁴³
 8. Negotiations and Agreements (PDA for PPP, PIA for private projects, only for IBN projects) ¹⁴⁴
 9. Permits/Approvals/Registration (for Visa, Trademark, Environmental Clearance, Land Acquisition, and others) ¹⁴⁵
 10. Additional Services ¹⁴⁶

Page 15

- **INVESTMENT APPROVING AGENCIES:**

- **Investment Board Nepal (IBN):** For projects with an estimated cost of \geq NPR 6 Billion¹⁴⁷.
- **Department of Industry (DOI):** For projects with an estimated cost of $<$ NPR 6 Billion¹⁴⁸.

Page 16

- **INVESTMENT BOARD NEPAL (IBN):**

- **Legal Provisions:** Established by the Investment Board Act, 2011, and strengthened by the Public-Private Partnership and Investment Act, 2019¹⁴⁹.
- **Mandates:** Investment approval (\geq NPR 6 Billion), project implementation (Energy Projects \geq 200 MW, Other Infrastructure Projects \geq NPR 6 Billion)¹⁵⁰.
- **Functions:** Investment Promotion, Project Development, Project Implementation, Policy Advocacy¹⁵¹.

Page 17

- **COMPOSITION:**

- **IBN:** Chairperson (Prime Minister), Vice-Chairperson (Minister for Finance), Members (Minister for Industry, Commerce and Supplies; Project-Related Minister; Governor, Nepal Rastra Bank; Minister for Forests and Environment; Vice-Chairperson, National Planning Commission; Members from Private Sector), and Member-Secretary (Chief Executive Officer, Office of the Investment Board)¹⁵².
- **OFFICE OF THE INVESTMENT BOARD NEPAL:** Public-Private Partnership (PPP) Unit and Investment Unit¹⁵³.

Page 18

- **PUBLIC-PRIVATE PARTNERSHIP SOLICITED PROJECTS DOCUMENTS REQUIRED:**

- **For EOI:** Details of Individual/Company/Organization, Financial & Technical Capability, Project Business Plan, Financial sources, Economic, Social, Technical, and Environment soundness of project, and other necessary information¹⁵⁴.
- **For RFP:** Preliminary Feasibility Study, Engineering design and sustainability, Estimated Project Cost, Financial Source, Project Business Plan, Preliminary Environmental Study or Study Plan, Fees/rates to be collected, Royalty to be submitted, Benefits/Incentives expected, and Proposed duration of agreement¹⁵⁵.

Page 19

- **PUBLIC-PRIVATE PARTNERSHIP UNSOLICITED PROJECTS:**

- **Process:** Proposal Submission, Evaluation, Letter of Approval/Survey License, Investment Approval, Permits/Approvals/Registration, Project Development Agreement (PDA)¹⁵⁶.

Page 23

- **FEES**

- **PPP PROJECTS:**

- Submission of solicited project proposal: NPR 150,000¹⁵⁷.
- Submission of unsolicited project proposal: NPR 250,000¹⁵⁸.
- Application fee for unsolicited projects to be implemented through negotiation: NPR 250,000¹⁵⁹.
- Performance Guarantee for approval of Study: 0.5% of estimated project cost¹⁶⁰.
- Signing Fee: 0.2% of total project cost¹⁶¹.
- Performance Guarantee under PDA: 0.1% of total project cost¹⁶².

- **PRIVATE PROJECTS:**

- Submission of project proposal: NPR 150,000¹⁶³.
- Signing Fee: 0.2% of total project cost¹⁶⁴.
- Performance Guarantee under PIA: 0.1% of total project cost¹⁶⁵.

- **RFP PURCHASE FEES:** Fees range from NPR 100,000 to NPR 350,000 depending on the estimated project cost¹⁶⁶.

- **SURVEY LICENSE AND TIME EXTENSION FEES:**

- Hydroelectricity: NPR 5,000,000 to NPR 6,000,000 per year, depending on capacity (MW)¹⁶⁷.
- Alternative Energy: NPR 10,000/MW for Solar/Wind/Mineral/Coal/Biomass/Waste to energy¹⁶⁸.
- Other Infrastructure Projects: Fees range from NPR 300,000 to NPR 2,500,000 depending on estimated project cost¹⁶⁹.

Page 24

- **DEPARTMENT OF INDUSTRY (DOI):**

- **Mandate:** FDI Approval for all projects with an estimated cost < NPR 6 Billion¹⁷⁰.
- **Minimum Investment Threshold:** NPR 50 Million (per company, per investor, per project)¹⁷¹.
- **Functions:** FDI Approval, Repatriation, Industry Registration, Industry Promotion, Visa Recommendation, FITTA Implementation, Technology Transfer Approvals, and IEE Approval¹⁷².

Page 25

- **DOCUMENTS REQUIRED FOR INVESTMENT APPROVAL FOR FOREIGN INVESTMENT IN AN EXISTING INDUSTRY BY SHARE TRANSFER:** Project proposal, Joint Venture Agreement, notarized copies of citizenship/passport/company

registration certificates, biodata/company profile, Financial Credibility Certificate, Letter of Authorization, share transfer agreements, minutes of meetings, current Share Holders' List, Audit Report, Tax Clearance Certificate, and Certificate of industry/company registration¹⁷³.

Page 26

- **DOCUMENTS REQUIRED FOR LEASE INVESTMENT IN AN EXISTING INDUSTRY:** Industry registration certificate, approved project proposal, lease agreement, notarized passport/company registration documents of lessor, and documents showing the value of leased equipment¹⁷⁴.
- **DOCUMENTS REQUIRED FOR FOREIGN INVESTMENT THROUGH TECHNOLOGY TRANSFER:** Technology Transfer Agreement, notarized copies of company registration documents, passport/company registration documents of foreign investor, biodata/company profile, minutes of meetings, Letter of Authorization, Audit Report, and Tax Clearance Certificate¹⁷⁵.
- **FEES:** No fee for FDI approval by DOI, but a refundable fund of NPR 20,000 must be deposited by a new foreign investor¹⁷⁶.

Page 29

- **REGISTRATION:**
 - **COMPANY REGISTRATION:**
 - The Office of the Company Registrar (OCR) is the responsible agency under the Ministry of Industry, Commerce and Supplies¹⁷⁷.
 - The Company Act 2006 allows for the incorporation of private limited, public limited, and branch offices¹⁷⁸.
 - **Private Limited Company:** Limits shareholders to 101 and directors to 11¹⁷⁹.
 - **Public Limited Company:** Minimum of 7 shareholders, no maximum limit, minimum paid-up capital of NPR 10 million, must have at least one female director if a female shareholder exists¹⁸⁰.
 - **Branch Office:** Foreign companies can register a branch or liaison office in Nepal¹⁸¹.
 - **DOCUMENTS REQUIRED FOR THE REGISTRATION OF A COMPANY:** Memorandum of Association, Articles of Association, Foreign Investment approval, Passport of authorized person, company registration documents of foreign investor, JVA agreement, Citizenship of Witness, and Power of Attorney¹⁸².
 - **FEES:** Non-refundable fees range from NPR 9,500 to NPR 20,000, with an additional fee of NPR 30 per NPR 100,000 of Authorized Capital¹⁸³.

Page 30

- **TAX REGISTRATION:**

- Any enterprise must register and obtain a Permanent Account Number (PAN) from the Inland Revenue Department (IRD)¹⁸⁴.
- Enterprises with an annual turnover of NPR 5 million or more must also register for VAT¹⁸⁵.
- **DOCUMENTS REQUIRED:** Application form, copy of Citizenship Certificate or other authentic identification for foreigners, Company Registration Certificate, passport size photos, proof of deposit, sketch map of office location, and declaration of estimated taxable amount for VAT¹⁸⁶.
- **INDUSTRY REGISTRATION:**
 - Industries must be registered with the respective sector-specific Government agency/Ministry, and with the DOI if the activity falls under the definition of 'industry' in the Industrial Enterprises Act, 2020¹⁸⁷.
 - **DOCUMENTS REQUIRED:** Foreign investment approval letter, Certificate of Incorporation, Memorandum of Association and Articles of Association, and EIA/IEE report¹⁸⁸.

Page 31

- **CENTRAL BANK CLEARANCE:**
 - Nepal Rastra Bank (NRB) is the central bank¹⁸⁹.
 - **Greenfield Projects:** Approval is not required, but the proponent must submit information to NRB¹⁹⁰.
 - **Brownfield Projects (via share transfer):** Approval is required for bringing in foreign investment¹⁹¹.
 - **DOCUMENTS REQUIRED:** Application to remit foreign investment, copy of company's resolution¹⁹².

Page 38

- **TAXATION:**
 - **Income Tax:** Levied on accessible income from business, employment, or investment¹⁹³. Companies are taxed at a flat rate, while individuals are taxed at progressive rates¹⁹⁴.
 - **Value Added Tax (VAT):** A tax burden borne by final consumers, administered by the IRD¹⁹⁵. Enterprises with an annual turnover of NPR 5 million or more must register¹⁹⁶. It is levied at a flat rate of 13%, with 0% VAT on exports¹⁹⁷.
 - **Capital Gains Tax:** Triggered upon the disposal of an asset¹⁹⁸. Gains for natural persons are taxed at 5-10%, resident entities at 10-15%, and others at 25%¹⁹⁹.
 - **Customs Duty:** Ranges from 0–80% on transaction value, with most raw materials at 0–10% and finished goods at 5–40%²⁰⁰. No duty on exports except for certain products²⁰¹.
 - **Withholding Tax:** A final withholding tax of 5% on dividends distributed by a resident company or partnership²⁰².
 - **Excise Duty:** Ranges from 0–100%²⁰³. Registration is required at the IRD for manufacturing, importing, selling, and storing excisable goods and services²⁰⁴.

Page 39

- **TAX BENEFITS:**

- **Corporate Tax Rates:** Expenses related to business and investment are allowable²⁰⁵.
- **Deductions:** Allowable deductions for expenses²⁰⁶.
- **Losses:** Provisions for carrying forward and offsetting losses²⁰⁷.
- **Double Tax Relief:** Provisions for relief from double taxation²⁰⁸.
- **Annual Tax Returns:** Filing of annual tax returns is mandatory²⁰⁹.

Page 41

- **LABOR LAW:**

- **Employee Hiring Modes:** Regular employment, task-based employment, casual and time-bound workers, short-term and part-time workers, and outsourced workers²¹⁰.
- **Public Holidays & Leave:** One day a week holiday (usually Saturday), 13 public holidays a year (plus an additional for female employees on International Women's Day), 18 days of fully paid home leave, 12 days sick leave, and 98 days of leave for female workers during pregnancy²¹¹.
- **Misconduct and Disciplinary Action:** Employers can take disciplinary measures, including warning, withholding salary increment or promotion, remuneration deduction, and dismissal²¹². Sexual harassment is subject to disciplinary action up to dismissal²¹³.
- **Retrenchment:** Can be done with mutual understanding, with compensation at the rate of one month's salary for each year of service²¹⁴.
- **Foreign Workers:** Provisions for foreign workers are also covered²¹⁵.

Page 44

- **ENVIRONMENT PROTECTION ACT 2019 AND RULES 2020:**

- **Primary Aim:** To balance people, environment, and development²¹⁶.
- **Requirements:**
 - **Environmental Study Report (BES/IEE/EIA):** Must be prepared and approved before project implementation²¹⁷. The report must detail environmental impacts and mitigation measures²¹⁸.
 - **Supplementary Environment Impact Assessment:** May be required for projects with changes post-EIA approval²¹⁹.
 - **Project Implementation Timeline:** Projects must be implemented within three years of BES/IEE/EIA approval²²⁰.
 - **Environmental Monitoring:** Projects should self-monitor every six months²²¹. The Government can also conduct field visits and monitoring²²².
 - **Environmental Auditing:** The Ministry or assigned agency conducts an audit two years after project completion²²³.
- **Penalties:** A fine of up to NPR 50,00,000 may be levied for non-compliance²²⁴.

Page 45

- **PROPERTY LAWS:**

- **INTELLECTUAL PROPERTY:**

- Primarily governed by the Copyright Act, 2059 (2002) and the Patent, Design and Trademark Act, 2022 (1965)²²⁵.
 - Nepal is a signatory to international conventions and a member of WIPO²²⁶.
 - The Ministry of Industry, Commerce and Supplies handles industrial intellectual property, while the Ministry of Culture, Tourism and Civil Aviation handles copyrights²²⁷.

- **LAND ACQUISITION:**

- **Private Land:** An entity with approved foreign investment can acquire land in accordance with the Land Acquisition Act 1977²²⁸. The approving authority can assist in identifying the required land²²⁹.
 - **Forest Land:** Leased to the company as per the approved DPR and environmental reports, following the process prescribed by the Ministry of Forests and Environment²³⁰.
 - **Government (Non-Forest) Land:** Leased to the company according to the “Government land Registration and Leasing Policy 2071” for short (5 years), medium (20 years), or long (30 years) terms, with a possibility for renewal²³¹.

Page 46

- **DISPUTE RESOLUTION:**

- The PPP and Investment Act 2019 and FITTA 2019 have special provisions for dispute settlement²³².
 - Disputes should be settled through mutual consultation or negotiation within 45 days²³³.
 - If no provision exists, disputes are settled through arbitration in accordance with Nepal's arbitration law²³⁴.
 - For foreign investment, arbitration will be in compliance with the rules of the United Nations Commission on International Trade Law (UNCITRAL)²³⁵.

- **SOCIAL ASPECTS:**

- Provisions for resettlement, rehabilitation, and benefit sharing for affected families are dependent on negotiations and laid out in the PDA/PIA document²³⁶.
 - The Land Acquisition Act 1977 allows for the acquisition of private land for development projects with compensation²³⁷.
 - IBN encourages the use of International Social Performance Standards²³⁸.

Page 47

- **HEDGING:**

- A hedging facility can be obtained after getting approval from the Central Bank (NRB) to bring in a foreign loan²³⁹.

- The hedging fee is determined by NRB²⁴⁰.
- The facility is available for infrastructure development projects, primarily for hydropower projects, transmission lines, railway lines, fast-track roads, and other specified projects²⁴¹.
- **DOCUMENTS REQUIRED:** Memorandum of Association, Articles of Association, project implementation approval letter, loan agreement, foreign investment approval letter from IBN/DOI, approval from NRB to bring foreign currency, and company registration and tax clearance certificates²⁴².

Page 49

- **INDUSTRIAL INFRASTRUCTURES:**
 - **Special Economic Zone (SEZ):** A commercial area established to attract investment and promote foreign trade²⁴³.
 - **STATUS OF SEZs APPROVED AND ANNOUNCED BY GON:** A table listing 16 SEZ projects, their locations, areas, and current status (FS completed, DPR completed, or construction ongoing)²⁴⁴.

Page 51

- **SEZ ACT (FIRST AMENDMENT 2019) BASIC FEATURES:**
 - **Authority:** An SEZ Authority is established to construct and maintain infrastructure and provide one-stop services²⁴⁵.
 - **Private Sector:** Allowed to establish, operate, and manage SEZs²⁴⁶.
 - **Licensing:** A license is needed to establish an industry, with a maximum validity of 30 years and a possible renewal of 10 years²⁴⁷.
 - **Export Requirement:** Must export 60% of total production or services²⁴⁸.
 - **Rebates:** A rebate on land/building rent is provided for three years (50% in year 1, 40% in year 2, and 25% in year 3)²⁴⁹.
 - **Income Tax Exemption:** Full exemption for the first 5 years²⁵⁰. For the next 10 years, a 50% exemption for industries using 60% of domestic raw materials and for 5 years for other industries²⁵¹.
 - **Income Tax Rebate:** Industries in Hilly or Himalaya Region SEZs get a full exemption for the first 10 years and a 50% rebate for the remaining contract period²⁵².
 - **Dividend Tax Exemption:** 100% for the first 5 years and 50% for the next 3 years²⁵³.
 - **VAT Facility:** Zero VAT on materials/services exported and raw materials sold to industries in SEZ²⁵⁴.
 - **Customs Duty Exemption:** Entitled to customs duty concessions for importing raw materials, machinery, and vehicles²⁵⁵.
 - **Foreign License-holders:** Entitled to repatriate funds from share sales, dividends, and foreign loan principal/interest²⁵⁶. Can transact in foreign currency through accounts in commercial banks²⁵⁷.
 - **One-Window Unit:** A one-window unit will provide all relevant services²⁵⁸.
 - **Prohibitions:** Strikes and protests are strictly prohibited²⁵⁹.

Page 52

- **DRY PORTS AND ICPs:**

- **Kolkata (India):** The main port for almost all sea freight imports, located 704 KM from Birgunj²⁶⁰.
- **Visakhapatnam (India):** A recently added port, located 1436 KM from Birgunj²⁶¹.
- **China:** Efforts are underway to diversify transit facilities with sea and land ports in Tianjin, Lianyungang, Shenzhen, Zhanjiang, Lanzhou, Lhasa, and Shigatse²⁶².
- **List of Dry Ports/ICPs:** Biratnagar, Kakarbhitta, Bhairahawa, Dodhara Chandani, Nepalgunj, Birgunj, Nechung, Chobhar Kathmandu, Tatopani²⁶³.

Page 53

- **INDUSTRIAL DISTRICTS:**

- **STATUS OF IDs APPROVED AND ANNOUNCED BY GON:** A table listing the progress of new industrial districts in various locations²⁶⁴.
- **BENEFITS:** Low cost initial investment with already developed land and sheds, and basic physical infrastructure like roads and utilities²⁶⁵. Supporting facilities such as banks, clinics, and security are provided²⁶⁶.
- **Industrial Districts in operation:** A table listing the name, location, province, and area of existing industrial districts²⁶⁷.

Page 54

- **IMPORT AND EXPORT:**

- **IMPORTS REGISTRATION:**

- Registration is required at the Department of Commerce for trading firms²⁶⁸.
- The Office of the Company Registrar and the Department of Industry registration certificate must mention "Import" and an objective for trading or industrial purposes²⁶⁹.

- **IMPORT PREPARATION:**

- Pay the tariff²⁷⁰.